UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)
X QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended December 31, 2009

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

For the transition period from ______________ to ______________

Commission File Number: 000-51992

LIBERTY BANCORP, INC.
(Exact name of registrant as specified in its charter)

Missouri	20-4447023
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

16 West Franklin Street, Liberty, Missouri	64068
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code (816) 781-4822

Not applicable
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X . No .

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (Section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ___. No ___.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer", and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one): Large accelerated filer ___ Accelerated filer ____ Non-accelerated filer (Do not check if a smaller reporting company.) ___ Smaller reporting company X.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes . No X .

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding February 10, 2010
Common Stock, par value $0.01 per share	3,600,261

LIBERTY BANCORP, INC.

FORM 10-Q

FOR THE QUARTER ENDED DECEMBER 31, 2009

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Part I. FINANCIAL INFORMATION
Item 1. Financial Statements

Consolidated Balance Sheets
(Unaudited)

Assets		December 31, 2009	September 30, 2009
Cash and due from banks	$	12,457,298	26,512,327
Federal funds sold		25,324,000	-
Total cash and cash equivalents		37,781,298	26,512,327
Securities available for sale- taxable, at market value (amortized cost of $15,746,523 and $10,222,298, respectively)		15,991,967	10,849,552
Securities available for sale - non-taxable, at market value (amortized cost of $9,734,337 and $9,765,909, respectively)		9,854,081	9,914,624
Mortgage-backed securities - available for sale, at market value (amortized cost of $7,361,814 and $8,822,806, respectively)		7,482,002	8,956,810
Stock in Federal Home Loan Bank ("FHLB") of Des Moines		3,360,000	3,910,100
Loans receivable, net of allowance for loan losses of $4,002,403 and $3,536,837, respectively		299,194,625	302,246,097
Loans held for sale		2,800,889	459,270
Premises and equipment, net		12,581,175	12,702,627
Bank-owned life insurance ("BOLI")		9,084,979	8,975,562
Foreclosed real estate, net		2,030,232	2,822,423
Accrued interest receivable		1,509,467	1,557,970
Goodwill		1,191,603	1,191,603
Core deposit intangible, net		820,167	865,333
Other assets		2,642,420	1,433,540
Total assets	$	406,324,905	392,397,838
Liabilities and Stockholders' Equity			
Deposits	$	288,321,508	276,203,274
Accrued interest payable		244,354	307,911
Advances from FHLB of Des Moines		65,115,860	69,140,862
Securities sold under agreement to repurchase		591,753	547,019
Advances from borrowers for taxes and insurance		106,642	1,079,264
Other liabilities		7,566,401	1,334,817
Total liabilities		361,946,518	348,613,147
Commitments and contingencies			
Stockholders' equity:			
Preferred stock, $0.01 par value; 1,000,000 shares authorized; shares issued and outstanding - none		-	-
Common stock, $0.01 par value; 20,000,000 shares authorized; 4,761,712 shares issued		47,617	47,617
Treasury stock, at cost, 1,151,902 shares and 1,139,837 shares		(11,236,747)	(11,100,506)
Additional paid-in capital		32,670,310	32,600,040
Common stock acquired by ESOP		(221,660)	(268,805)
Accumulated other comprehensive earnings, net		337,168	640,636
Retained earnings - substantially restricted		22,781,699	21,865,709
Total stockholders' equity		44,378,387	43,784,691
Total liabilities and stockholders' equity	$	406,324,905	392,397,838

See accompanying notes to unaudited consolidated financial statements.

LIBERTY BANCORP, INC.

Consolidated Statements of Earnings
(Unaudited)

	Three Months Ended December 31,	
	2009	**2008**
Interest income:		
Loans receivable	$ 4,768,587	4,308,606
Mortgage-backed securities	81,030	153,876
Securities - taxable	88,142	190,940
Securities - non-taxable	113,616	141,307
Other interest-earning assets, net of service charges	(1,553)	6,089
Total interest income	5,049,822	4,800,818
Interest expense:		
Deposits	983,884	1,464,136
Securities sold under agreement to repurchase	4,343	9,000
Advances from FHLB	407,770	426,259
Total interest expense	1,395,997	1,899,395
Net interest income	3,653,825	2,901,423
Provision for loan losses	438,000	129,055
Net interest income after provision for loan losses	3,215,825	2,772,368
Noninterest income:		
Loan service charges	35,219	21,499
Gain on sale of loans	157,973	20,453
Gain on sale of securities available for sale	245,733	12,843
Change in cash surrender value of BOLI	109,417	109,580
Deposit account and other service charges	355,412	294,081
Total noninterest income	903,754	458,456
Noninterest expense:		
Compensation and benefits	1,401,593	1,179,922
Occupancy expense	202,904	184,354
Equipment and data processing expense	317,742	283,430
Operations from foreclosed real estate, net	44,422	175,681
FDIC premium expense	85,295	62,000
Professional and regulatory services	126,774	119,937
Advertising	131,301	66,939
Correspondent banking charges	24,676	33,362
Supplies	34,687	58,107
Amortization of core deposit intangible	45,167	34,666
Other	224,192	190,827
Total noninterest expense	2,638,753	2,389,225
Earnings before income taxes	1,480,826	841,599
Income taxes	476,000	236,000
Net earnings	$ 1,004,826	605,599
Basic and diluted earnings per share	$ 0.28	0.16
Dividends per share	$ 0.025	0.025

See accompanying notes to unaudited consolidated financial statements.

LIBERTY BANCORP, INC.

Consolidated Statements of Comprehensive Earnings
(Unaudited)

	Three Months Ended December 31,	
	2009	**2008**
Net earnings	$ 1,004,826	605,599
Other comprehensive earnings:		
Reclassification adjustment for gains (loss) in earnings, net of tax of $(86,006) and $(4,495), respectively	(159,727)	(8,348)
Unrealized gains (losses), net of tax of $(38,388) and $166,819, respectively	(140,477)	317,815
Amortization of unrecognized gain, net on benefit plans	(3,264)	(3,264)
Comprehensive earnings	$ 701,358	911,802

See accompanying notes to unaudited consolidated financial statements.

LIBERTY BANCORP, INC.

Consolidated Statements of Cash Flows
(Unaudited)

	Three Months Ended December 31, 2009	Three Months Ended December 31, 2008
Cash flows from operating activities:		
Net earnings	$ 1,004,826	605,599
Adjustments to reconcile net earnings to net		
cash provided by (used for) operating activities:		
Depreciation expense	184,020	155,719
Amortization of core deposit intangible	45,167	34,666
ESOP expense	43,607	51,874
Incentive Plan expense	73,807	75,874
Amortization of premiums and (discounts) on investments, net	1,451	17,803
Amortization of premium on loans	7,667	16,000
Amortization of deferred loan fees, net	(3,728)	(28,510)
Provision for loan losses	438,000	129,055
Loans held for sale - originated	(8,074,306)	(2,272,900)
Loans held for sale - proceeds from sale	5,890,660	1,719,072
(Gain) loss on foreclosed real estate, net	(12,706)	121,942
Gain on sale of securities available for sale	(245,733)	(12,843)
Gain on sale of loans	(157,973)	(20,453)
Increase in cash surrender value of BOLI	(109,417)	(109,580)
Decrease (increase) in:		
Accrued interest receivable	48,503	(48,256)
Other assets	(1,084,486)	386,270
Increase (decrease) in:		
Accrued interest on deposits and other liabilities	6,005,944	(301,026)
Accrued income taxes	158,819	-
Net cash provided by (used for) operating activities	4,214,122	520,306
Cash flows from investing activities:		
Net change in loans receivable	2,609,533	(12,865,605)
Mortgage-backed available for sale:		
Principal collections	1,332,431	1,003,930
Proceeds from maturities	128,833	-
Securities available for sale:		
Principal collections	26,166	59,221
Purchased	(19,999,800)	-
Proceeds from sales	4,724,990	2,937,611
Proceeds from maturity or call	10,000,000	260,000
Proceeds from foreclosed real estate, net	804,897	332,336
Purchase of stock in FHLB of Des Moines	(172,100)	(678,000)
Redemption of stock in FHLB of Des Moines	722,200	412,500
Purchase of premises and equipment	(62,568)	(255,039)
Cash paid in acquistion of KLT Bancshares, Inc., net	-	(1,041,494)
Net cash provided by (used for) investing activities	$ 114,582	(9,834,540)

(Continued)

See accompanying notes to unaudited consolidated financial statements.

LIBERTY BANCORP, INC.

Consolidated Statements of Cash Flows
(Unaudited)

(Continued)

	Three Months Ended December 31, 2009	Three Months Ended December 31, 2008
Cash flows from financing activities:		
Net increase (decrease) in deposits	$ 12,118,234	12,743,955
Increase (decrease) in advances from borrowers for taxes and insurance	(972,622)	(834,867)
Proceeds from advances from the FHLB	13,000,000	277,000,000
Repayment of advances from the FHLB	(17,025,002)	(271,025,002)
Securities sold under agreement to repurchase:		
Proceeds	2,619,516	1,861,426
Repayments	(2,574,782)	(1,825,979)
Repurchase of common stock	(136,241)	(1,443,092)
Cash dividends	(88,836)	(95,018)
Net cash provided by (used for) financing activities	6,940,267	16,381,423
Net increase (decrease) in cash and cash equivalents	11,268,971	7,067,189
Cash and cash equivalents at beginning of period	26,512,327	8,084,603
Cash and cash equivalents at end of period	$ 37,781,298	15,151,792
Supplemental disclosures of cash flow information:		
Cash paid (received) during the period for:		
Interest on deposits	$ 1,047,441	1,459,949
Interest on securities sold under agreement to repurchase	4,343	9,000
Interest on advances from FHLB of Des Moines	408,214	413,258
Real estate acquired in settlement of loans	-	3,539,556
Loans originated to finance the sale of foreclosed real estate	-	302,500
Net cash paid in acquisition of KLT Bancshares, Inc.:		
Cash paid to Farley State Bank shareholders	$ -	(4,500,000)
Acquisition costs paid	-	(128,631)
Total cash payments	-	(4,628,631)
Cash and cash equivalents acquired	-	3,587,137
Net cash paid in acquistion	$ -	(1,041,494)

See accompanying notes to unaudited consolidated financial statements.

Notes to Unaudited Consolidated Financial Statements

(1) Basis of Presentation

The accompanying unaudited interim financial statements have been prepared in accordance with U.S. generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by U.S. generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments considered necessary for a fair presentation have been included. Such adjustments were of a normal recurring nature. The results of operations for the three-month period ended December 31, 2009 are not necessarily indicative of the results that may be expected for the year or any other interim period. For additional information, refer to the consolidated financial statements and footnotes thereto of the Company for the year ended September 30, 2009 contained in the Company's Annual Report on Form 10-K filed with the Securities Exchange Commission ("SEC") on December 22, 2009. Subsequent events have been evaluated through February 12, 2010 which is the date the financial statements were filed with the SEC.

In preparing financial statements in conformity with U.S. generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and income and expenses during the reporting period. Actual results could differ significantly from those estimates. Material estimates that are particularly susceptible to significant change in the near term relate to determination of the allowance for loan losses and the fair values of financial instruments.

(2) Organization

Liberty Bancorp, Inc. (the "Company" or "Liberty Bancorp") a Missouri corporation, was formed on February 14, 2006 and became the holding company for BankLiberty (formerly Liberty Savings Bank, F.S.B., and referred to herein as the "Bank") upon completion of the Bank's conversion (the "Conversion") from a mutual holding company form to a stock holding company structure on July 21, 2006. A total of 2,807,383 shares of common stock were sold in the stock offering at the price of $10.00 per share. In addition, a total of 1,952,754 shares of common stock were issued to the minority shareholders of the former Liberty Savings Bank, F.S.B. representing an exchange ratio of 3.5004 shares of Company common stock for each share of Liberty Savings Bank, F.S.B. common stock. Fractional shares in the aggregate, or 36 shares, were redeemed for cash. Total shares outstanding after the stock offering and the exchange totaled 4,760,137 shares. Net proceeds of $25.6 million were raised in the stock offering, excluding $1.2 million which was loaned by the Company to a trust for the Bank's Employee Stock Ownership Plan (the "ESOP"), enabling it to finance the purchase of 153,263 shares of common stock in the offering and exchange. Direct offering costs totaled approximately $1.3 million. In addition, as part of the second-step conversion and dissolution of Liberty Savings Mutual Holding Company, the Bank received $694,000 previously held by this entity.

(3) Business Combination

On November 7, 2008, the Company acquired KLT Bancshares, Inc., the parent company of Farley State Bank ("the acquisition"). Shareholders of KLT Bancshares, Inc. received total merger consideration of $4.5 million, consisting of entirely cash. The Company incurred acquisition costs of $251,000. The acquisition was accounted for using the purchase method under Statement of Financial Accounting Standards FASB ASC 805-10-10, "Business Combinations." Fair value adjustments on the assets acquired and liabilities assumed are depreciated or amortized as applicable, over the estimated useful lives of the related assets and liabilities. The core deposit intangible of $1.1 million is amortized over 10.2 years using the double declining balance method. The Company recorded fair value accounting adjustments of $422,000, net of income taxes of $247,000 and core deposit intangibles of $665,000, net of income taxes of $391,000. Based upon Farley State Bank's stockholders' equity of $2.5 million, goodwill amounted to approximately $1.2 million at November 7, 2008. The excess purchase price has been allocated to goodwill and identifiable intangible assets in accordance with current accounting literature. As a result of the acquisition, the Bank operates two additional full-service offices which expanded its market area.

Notes to Unaudited Consolidated Financial Statements

The following table summarizes the assets acquired and liabilities assumed at November 7, 2008, the date of acquisition:

Cash and due from banks	$ 1,353,137
Federal funds sold	2,234,000
Securities available for sale	9,658,286
Federal Home Loan Bank stock	68,300
Loans, net	20,743,173
Property and equipment, net	2,775,127
Accrued interest receivable	210,863
Goodwill	1,191,603
Core deposit intangible	1,056,000
Other assets	389,946
Total assets acquired	39,680,435
Deposits	33,964,121
Accrued interest payable	215,834
Advances from borrowers for taxes and insurance	69,896
Other liabilities	40,860
Deferred tax liability	638,468
Total liabilities assumed	34,929,179
Purchase price, including acquisition costs	$ 4,751,256

The consolidated statement of earnings for the three months ended December 31, 2008 include the results of operations of the acquired entity from November 8, 2008 through December 31, 2008.

The following pro forma information, including the effects of the purchase accounting adjustments, summarizes the results of operations for the three months ended December 31, 2009 and 2008 as though the acquisition had been completed as of the beginning of each period.

	Three Months Ended December 31,	
	2009	**2008**
Total interest income	$ 5,049,822	5,007,765
Total interest expense	(1,395,997)	(1,962,985)
Net interest income	3,653,825	3,044,780
Provision for loan losses	(438,000)	(552,983)
Total noninterest income	903,754	472,844
Total noninterest expense	(2,638,753)	(2,614,338)
Income before income taxes	1,480,826	350,303
Income taxes	(476,000)	(149,158)
Net earnings	$ 1,004,826	201,145
Pro forma basic and diluted earnings per share	$ 0.28	0.05

Notes to Unaudited Consolidated Financial Statements

The pro forma results of operations do not purport to be indicative of the results that would actually have been obtained had the acquisition occurred on the date indicated or which may be obtained in the future.

(4) Earnings Per Share

Following is a summary of basic and diluted earnings per common share for the Company for the three months ended December 31, 2009 and 2008:

	Three Months Ended December 31,	
	2009	2008
Basic earnings per share:		
Net earnings	$ 1,004,826	605,599
Less dividends paid:		
Common stock	87,070	92,830
Participating securities	1,766	2,188
Undistributed earnings	$ 915,990	510,581
Weighted-average basic shares outstanding	3,515,420	3,748,079
Add: weighted-average participating securities outstanding	70,640	87,520
Total weighted-average basic shares and participating securities outstanding	3,586,060	3,835,599
Distributed earnings per share	$ 0.02	0.03
Undistributed earnings per share	$ 0.26	0.13
Net earnings per share	$ 0.28	0.16
Diluted earnings per share:		
Undistributed earnings	$ 915,990	510,581
Total weighted-average basic shares and participating securities outstanding	3,586,060	3,835,599
Add: Dilutive stock options	9,622	18,803
Total weighted-average diluted shares and participating securities outstanding	3,595,682	3,854,402
Distributed earnings per share	$ 0.02	0.03
Undistributed earnings per share	$ 0.26	0.13
Net earnings per share	$ 0.28	0.16
Anti-dilutive option shares	49,674	40,555

Notes to Unaudited Consolidated Financial Statements

(5) <u>Retirement Benefits</u>

The components of the net periodic cost for postretirement medical benefits are summarized as follows:

	Three Months Ended December 31, 2009	Three Months Ended December 31, 2008
Service cost	$ 1,671	1,671
Interest cost	3,678	3,678
Amortization of transition obligation	3,134	3,134
Amortization of prior service cost	(2,416)	(2,416)
Amortization of actuarial gain	(5,342)	(5,342)
Net periodic cost	$ 725	725

Directors' retirement plan expense was $5,349 for the three month periods ended December 31, 2009 and 2008. The expense consisted primarily of interest cost.

(6) <u>Stock Options</u>

As authorized by the Company's 2003 Incentive Equity and Deferred Compensation Plan (the "2003 Plan"), the Board of Directors granted 78,760 options to non-employee directors and 96,260 options to certain officers and employees during fiscal 2004. The Plan authorizes the award of up to 258,064 shares of common stock, subject to restrictions, to be issued to directors, officers and employees of the Bank. The Plan provides for the grant of stock options, stock appreciation rights, restricted stock and unrestricted stock. Options expire ten years from the date of the grant. Stock options to directors were fully vested on the grant date of June 16, 2004. Options granted to the Bank's CEO are vested over three years and three months and options granted to certain other officers and employees are vested over a five-year period. On January 27, 2005 the Board of Directors granted an additional 38,504 options to certain officers and employees. Options granted to the CEO are vested over a period of three years and eight months and options granted to certain officers and employees are vested over a five-year period. On November 23, 2005 the Board of Directors granted an additional 42,440 options to directors and officers. Options granted to the board, CEO, and certain officers, were vested over a ten-month period.

In connection with the completion of the Conversion in July 2006, the Company assumed the 2003 Plan and all outstanding options and shares were adjusted based upon the 3.5004 exchange ratio. The exercise prices were adjusted to reflect the proportional change in values that resulted from the exchange.

As authorized by the Liberty Bancorp, Inc. 2007 Equity Incentive Plan (the "2007 Plan"), the Board of Directors granted 25,150 options to non-employee directors and 65,500 options to certain officers and employees on February 27, 2007. In addition, the Board of Directors granted 5,000 options to one employee on April 1, 2009. The 2007 Plan authorizes the award of up to 100,691 options to purchase shares of common stock, subject to restrictions, to directors, officers and employees of the Bank. The Plan provides for the grant of stock options, stock appreciation rights, restricted stock and unrestricted stock. Options expire ten years from the date of the grant. All 95,650 options granted are vested over a five-year period.

Notes to Unaudited Consolidated Financial Statements

Under the measurement provisions of FASB ASC 718-10-30 and FASB ASC 718-10-35, "Compensation – Stock Compensation," compensation expense is recognized based on the fair value of unvested stock awards at the implementation date and new awards granted thereafter, which includes restricted stock and stock options, at the grant date and is recognized on a straight-line basis over the requisite service period.

Stock option compensation expense is as follows:

	Three Months Ended December 31, 2009	Three Months Ended December 31, 2008
Pretax	$ 10,465	14,227
After tax	9,695	13,466
Basic and diluted earnings per share	$ 0.00	0.00

At December 31, 2009, the total unrecognized compensation expense related to nonvested stock options was approximately $94,000 and is expected to be recognized over the weighted-average period of 2.61 years.

A summary of the Company's stock option activity under the Plan for the three months ended December 31, 2009 is as follows:

	Number of Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term in Years	Aggregate Intrinsic Value
Outstanding at October 1, 2009	326,488	$ 8.37	5.78	$ 105,303
Granted	-	-	-	-
Exercised	-	-	-	-
Expired	-	-	-	-
Forfeited	-	-	-	-
Outstanding at December 31, 2009	326,488	8.37	5.53	105,303
Exercisable at December 31, 2009	264,321	7.82	5.13	101,653
Vested and expected to vest at December 31, 2009	264,321	$ 7.82	5.13	$ 101,653

Restricted Stock Awards

On February 27, 2007, as authorized by the 2007 Plan, the Board of Directors granted 31,400 restricted stock awards to non-employee directors and 78,000 awards to certain officers and employees and on April 1, 2009 the Board of Directors granted 5,000 awards to one employee. The Plan authorized the award of up to 125,649 shares of common stock, which were repurchased by a trust to fund the restricted stock awards. All awards are vested over a five-year period. A summary of the Company's restricted stock compensation expense is as follows:

Notes to Unaudited Consolidated Financial Statements

	Three Months Ended December 31, 2009	Three Months Ended December 31, 2008
Restricted Stock Compensation Expense	$ 63,342	61,647

At December 31, 2009, the total unrecognized expense was $563,000 and is expected to be recognized over the weighted-average period of 2.25 years.

A summary of the Company’s nonvested restricted stock award activity for the three months ended December 31, 2009 is as follows:

	Number of Nonvested Shares	Weighted-Average Grant Date Fair Value
Nonvested at October 1, 2009	70,640	$ 11.03
Granted	-	-
Vested	-	-
Forfeited	-	-
Nonvested at December 31, 2009	70,640	$ 11.03

(7) Securities

Securities are summarized as follows:

	December 31, 2009			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Market Value
Available for sale - debt securities:				
U.S. Treasury obligations	$ 6,500,000	-	-	6,500,000
Federal agency obligations	8,974,533	325,467	(18,825)	9,281,175
State and municipal obligations	9,734,337	293,927	(174,183)	9,854,081
Agency mortgage-backed securities	7,361,814	121,203	(1,015)	7,482,002
	32,570,684	740,597	(194,023)	33,117,258
Available for sale - equity securities	271,990	-	(61,198)	210,792
	$ 32,842,674	740,597	(255,221)	33,328,050
Weighted-average rate	3.15%			

Notes to Unaudited Consolidated Financial Statements

	September 30, 2009			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Market Value
Available for sale - debt securities:				
Federal agency obligations	$ 9,950,308	600,055	-	10,550,363
State and municipal obligations	9,765,909	348,672	(199,957)	9,914,624
Agency mortgage-backed securities	8,822,806	134,812	(808)	8,956,810
	28,539,023	1,083,539	(200,765)	29,421,797
Available for sale - equity securities	271,990	27,199	-	299,189
	$ 28,811,013	1,110,738	(200,765)	29,720,986
Weighted-average rate	4.62%			

Securities having a continuous unrealized loss position at December 31, 2009 are summarized as follows:

	Less than 12 Months		12 Months or Longer		Total	
	Market Value	Unrealized Loss	Market Value	Unrealized Loss	Market Value	Unrealized Loss
Available for sale- debt securities:						
Federal agency obligations	$ 1,981,175	(18,825)	-	-	1,981,175	(18,825)
State and municipal obligations	-	-	3,402,683	(174,183)	3,402,683	(174,183)
Agency mortgage-backed securities	-	-	862,106	(1,015)	862,106	(1,015)
Available for sale- equity securities	-	-	210,792	(61,198)	210,792	(61,198)
	$ 1,981,175	(18,825)	4,475,581	(236,396)	6,456,756	(255,221)

Federal Agency Obligations (2 issues). The unrealized losses on the Company's federal agency obligations were caused primarily by changes in interest rates and not credit quality. Management of the Company does not intend to sell the securities and it is not more likely than not that the Company will be required to sell the securities before recovery of their amortized cost basis, which may be upon maturity. Accordingly, the Company did not consider the unrealized losses on those securities to be other-than-temporarily impaired credit related losses at December 31, 2009.

State and Municipal Obligations (6 issues). The unrealized losses on the Company's state and municipal obligations were caused primarily by changes in interest rates and not credit quality. One state and municipal obligation had an unrealized loss of $166,000 and represented approximately 95% of the total unrealized loss on such securities. Management of the Company does not intend to sell the securities and it is not more likely than not that the Company will be required to sell the securities before recovery of their amortized cost basis, which may be upon maturity. Accordingly, the Company did not consider the unrealized losses on those securities to be other-than-temporarily impaired credit related losses at December 31, 2009.

Five state and municipal obligations amounting to $6.0 million had a credit rating of Baa1 (investment grade) or better. One state and municipal obligation of $2.6 million was not rated.

Mortgage-backed Securities (4 issues). The unrealized losses on the Company's mortgage-backed securities and agency collateralized mortgage obligation were caused primarily by changes in interest rates and not credit quality. Management of the Company does not intend to sell the securities and it is not more likely than not that the Company will be required to sell the securities before recovery of their amortized cost basis, which may be upon maturity. Accordingly, the Company did not consider the unrealized losses on those securities to be other-than-temporarily impaired credit related losses at December 31, 2009.

Notes to Unaudited Consolidated Financial Statements

Equity Security (1 issue). The unrealized loss was caused by general market conditions of the banking industry, which has been relatively out of favor and resulting lack of liquidity in the market. The Company has the ability and intent to hold this investment until a recovery of fair value. Accordingly, the Company does not consider the remaining investment in the equity security to be other-than-temporarily impaired at December 31, 2009.

Maturities of debt securities at December 31, 2009 are summarized as follows:

	Available for Sale	
	Amortized Cost	Market Value
Due within one year	$ 10,250,026	10,257,022
Due after one through five years	7,580,270	7,990,821
Due after five through ten years	2,901,369	3,026,691
Due after ten years	4,477,205	4,360,722
	25,208,870	25,635,256
Agency mortgage-backed securities	7,361,814	7,482,002
	$ 32,570,684	33,117,258

At December 31, 2009, securities with a carrying value of $6,084,611 are callable at the discretion of the issuer prior to the maturity date. Securities in the amount of $23,172,610 were pledged to secure certain deposits at December 31, 2009.

Gross proceeds, gross realized gains and gross realized losses from sales of available for sale securities were $4,724,990, $245,733 and $0, respectively, for the three months ended December 31, 2009. Gross proceeds, gross realized gains and gross realized losses from the sales of available for sale securities were $2,937,611, $16,925 and $4,082, respectively, for the three months ended December 31, 2008.

(8) Goodwill and Core Deposit Intangible, Net

Goodwill was recognized in connection with the acquisition of KLT Bancshares, Inc., the parent company of Farley State Bank, in November 2008. Under FASB ASC 350, "Intangibles - Goodwill and Other," goodwill is tested for impairment annually or more frequently, if necessary, utilizing a two-step methodology.

The first step requires that the Company compare the fair value of a reporting unit with its carrying amount. If the fair value of the reporting unit exceeds the carrying value, goodwill is not impaired. If the carrying value exceeds the fair value of the reporting unit, the second step is performed to determine the amount of impairment, if any. The second step compares the implied value of the reporting unit's goodwill with the carrying amount of such goodwill. The implied value of goodwill is the excess of the fair value of the reporting unit over the aggregate fair values of the individual assets, liabilities and identifiable assets as if the reporting unit had been acquired in a business combination and the fair value of the reporting unit was the price paid to acquire the reporting unit.

At September 30, 2009, management determined that the Bank is the reporting unit for purposes of evaluating goodwill. Under the first step, the fair value of the reporting unit was determined using recent deal metrics obtained from comparable banks from an independent third party, including deal value to total assets, deal value to tangible book value, deal value to last twelve months net earnings and a control premium. After weighting each valuation approach, the fair value of the Bank was determined to exceed the carrying amount. As a result, goodwill was not impaired.

The gross carrying value and accumulated amortization of the core deposit intangible is presented below:

	December 31, 2009	September 30, 2009
Core deposit intangible	$ 1,056,000	1,056,000
Accumulated amortization	(235,833)	(190,667)
	$ 820,167	865,333

The core deposit intangible is tested for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable.

Amortization expense on core deposit intangible for the three months ended December 31, 2009 and 2008 was $45,167 and $34,666, respectively.

Estimated amortization expense on core deposit intangible for the next five years is as follows:

Nine months ended September 30, 2010	$ 125,000
Year ended September 30, 2011	137,000
Year ended September 30, 2012	110,000
Year ended September 30, 2013	89,000
Year ended September 30, 2014	71,000
Year ended September 30, 2015	68,000

(9) Fair Value Measurements and Financial Instruments

Fair Value Measurements

Effective October 1, 2008, the Company adopted the provisions of FASB ASC 820-10, "Fair Value Measurements," for financial assets and liabilities. FASB ASC 820-10 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy prioritizes the assumptions that market participants would use in pricing the assets or liabilities (the "inputs") into three broad levels.

The fair value hierarchy gives the highest priority (Level 1) to quoted prices in active markets for identical assets and liabilities and the lowest priority (Level 3) to unobservable inputs in which little, if any, market activity exists, requiring entities to develop their own assumptions and data.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in market areas that are not active, inputs other than quoted prices that are observable for the asset or liability (such as interest rates, volatilities, prepayment speeds, credit risks and default rates) or inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Valuation Techniques

Available for sale securities are carried at fair value utilizing Level 1, Level 2 and Level 3 inputs. For U.S. Treasury obligations and equity securities, the Company obtains market quotes.

For Level 2 debt securities, the Company obtains fair value measurements from an independent pricing service. Level 2 debt securities include Federal agency obligations, state and municipal obligations, mortgage-backed securities and collateralized mortgage obligations. The fair value measurements consider observable data that may include dealer quotes, live trading levels, trade execution data, cash flows, market consensus prepayment speeds, market spreads, credit information and the U.S. Treasury yield curve.

The fair value of Level 3 debt securities are determined by the appraisal of the underlying collateral, discounted cash flow analysis, and other internally developed estimates that incorporate market-based assumptions.

Impaired loans are carried at fair value utilizing Level 3 inputs, consisting of appraisals of underlying collateral or discounted cash flow analysis. The Company considers a loan to be impaired under FASB ASC 310-10-15 when, based on current information and events, it is probable that the Company will be unable to collect all amounts due according to the contractual terms of the loan agreement on a timely basis. Impairment losses are recognized through an increase in the allowance for loan losses and provision for loan losses, included in earnings for the period. The types of loans for which impairment under FASB ASC 310-10-15 is measured include nonaccrual income property loans (excluding those loans included in the homogenous portfolio which are collectively reviewed for impairment), large, nonaccrual single-family loans and troubled debt restructurings. Valuation allowances are established for impaired loans under FASB ASC 310-10-15 for the difference between the loan amount and the fair value of collateral and estimated selling costs.

Mortgage loans originated and intended for sale in the secondary market are carried at the lower of cost or estimated market value in the aggregate, utilizing Level 2 inputs as determined based on expected proceeds from outstanding commitments from investors.

Notes to Unaudited Consolidated Financial Statements

Assets Measured at Fair Value on a Recurring Basis

The following table summarizes financial assets measured at fair value on a recurring basis at December 31, 2009, segregated by the level of the inputs within the hierarchy used to measure fair value:

	Fair Value Measurements at Reporting Date Using			
Assets	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**	**Total Fair Value**
Available for sale securities:				
Debt securities:				
U.S. Treasury obligations	$ 6,500,000	-	-	6,500,000
Federal agency obligations	-	9,281,175	-	9,281,175
State and municipal obligations	-	6,880,338	2,973,743	9,854,081
Mortgage-backed securities	-	7,249,475	-	7,249,475
Collateralized mortgage obligations	-	232,527	-	232,527
Equity securities	210,792	-	-	210,792
	$ 6,710,792	23,643,515	2,973,743	33,328,050

Level 3 Assets Measured at Fair Value on a Recurring Basis Using Significant Unobservable Inputs:

	State and Municipal Obligations
Balance at October 1, 2009	$ 2,980,985
Total unrealized gains included in other comprehensive earnings	18,924
Purchases	-
Principal collections	(26,166)
Balance at December 31, 2009	$ 2,973,743

Assets Measured at Fair Value on a Non-Recurring Basis

Assets measured at fair value on a non-recurring basis at December 31, 2009 include nonperforming loans of $5,388,171, which are collateral dependent utilizing level 3 inputs and loans held for sale of $2,800,889, utilizing Level 2 inputs.

Notes to Unaudited Consolidated Financial Statements

Following is a summary of activity in the allowance for loan losses on nonperforming loans:

	December 31, 2009
Balance at beginning of period	$ 315,858
Charge-offs	-
Recoveries	-
Provision charged to expense	384,273
Balance at end of period	$ 700,131

Financial Instruments

The carrying amounts and estimated fair values of the Company's financial instruments are summarized as follows:

	December 31, 2009		September 30, 2009	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Non-trading instruments and nonderivatives:				
Cash and cash equivalents	$ 37,781,298	37,781,298	26,512,327	26,512,327
Securities available for sale	25,846,048	25,846,048	20,764,176	20,764,176
Stock in FHLB of Des Moines	3,360,000	3,360,000	3,910,100	3,910,100
Mortgage-backed securities - available for sale	7,482,002	7,482,002	8,956,810	8,956,810
Loans receivable, net	299,194,625	311,624,423	302,246,097	314,679,761
Loans held for sale	2,800,889	2,800,889	459,270	459,270
Accrued interest receivable	1,509,467	1,509,467	1,557,970	1,557,970
Deposits	288,321,508	290,135,056	276,203,274	278,379,493
Accrued interest on deposits	244,354	244,354	307,911	307,911
Advances from FHLB	65,115,860	65,924,031	69,140,862	69,784,806
Securities sold under agreement to repurchase	$ 591,753	587,019	547,019	542,643

The following methods and assumptions were used in estimating the fair values of financial instruments, exclusive of securities which are discussed under "Valuation Techniques."

Cash and cash equivalents are valued at their carrying amounts due to the relatively short period to maturity of the instruments.

The carrying amounts of accrued interest receivable and payable approximate fair value. Stock in FHLB of Des Moines is valued at cost, which represents redemption value and approximates fair value.

Fair values are computed for each loan category using market spreads to treasury securities for similar existing loans in the portfolio and management's estimates of prepayments.

Deposits with no defined maturities, such as NOW accounts, passbook accounts and money market deposit accounts, are valued at the amount payable on demand at the reporting date. The fair value of certificates of deposit, advances from FHLB of Des Moines and securities sold under agreement to repurchase is computed at fixed spreads to treasury securities with similar maturities.

Off-balance sheet assets include commitments to extend credit and unused lines of credit for which fair values were estimated based on interest rates and fees currently charged to enter into similar transactions and commitments to sell loans for which fair values were estimated based on current secondary market prices for commitments with similar terms. As a result of the short-term nature of the outstanding commitments, the fair values of fees on such commitments are considered immaterial to the Company's financial condition.

(10) Income Taxes

The Company follows the provisions of Financial Accounting Standards Board Interpretation No. 48, "Accounting for Uncertainty in Income Taxes – an Interpretation of FASB Statement No. 109" ("FIN 48"). No adjustment was recognized for uncertain tax positions. The Company is subject to U.S. Federal income taxes, as well as Missouri income taxes and special financial institution taxes. Tax years ending September 30, 2007 through September 30, 2009 remain open to examination by these jurisdictions. The Company recognizes interest and penalties related to tax positions in income tax expense. At December 31, 2009, there was no accrual for uncertain tax positions or related interest.

Item 2. **Management's Discussion and Analysis of Financial Condition and Results of Operations**

Management's discussion and analysis of the Company's financial condition and results of operations is intended to assist in understanding the financial condition and results of operations of the Company. The information contained in this section should be read in conjunction with the Financial Statements and footnotes appearing in Part I, Item 1 of this report.

Forward-Looking Statements

This quarterly report contains forward-looking statements that are based on assumptions and may describe future plans, strategies and expectations of Liberty Bancorp and the Bank. These forward-looking statements are generally identified by use of the words "believe," "expect," "intend," "anticipate," "estimate," "project" or similar expressions.

Liberty Bancorp and the Bank's ability to predict results or the actual effect of future plans or strategies is inherently uncertain. Factors which could have a material adverse effect on the operations of Liberty Bancorp and its subsidiary include, but are not limited to, changes in interest rates, national and regional economic conditions, legislative and regulatory changes, monetary and fiscal policies of the U.S. Government, including policies of the U.S. Treasury and the Federal Reserve Board, the quality and composition of the loan or investment portfolios, demand for loan products, deposit flows, competition, demand for financial services in Liberty Bancorp and the Bank's market area, changes in real estate market values in the Bank's market area, changes in relevant accounting principles and guidelines and inability of third party service providers to perform.

These risks and uncertainties should be considered in evaluating forward-looking statements and undue reliance should not be placed on such statements. Except as required by applicable law or regulation, Liberty Bancorp does not undertake, and specifically disclaims any obligation, to release publicly the result of any revisions that may be made to any forward-looking statements to reflect events or circumstances after the date of the statements or to reflect the occurrence of anticipated or unanticipated events.

General

The Bank is a community-oriented financial institution dedicated to serving the financial service needs of consumers and businesses within its market area. We attract deposits from the general public and use these funds to originate loans secured by real estate located in our market area. Our real estate loans include construction loans, commercial real estate loans and loans secured by single-family or multi-family properties. To a lesser extent, we originate consumer loans and commercial business loans. At December 31, 2009, we operated out of our main office in Liberty, Missouri and nine additional retail banking facilities in the Kansas City metropolitan area. The Federal Deposit Insurance Corporation insures the Bank's savings accounts up to the applicable legal limits. The Bank is a member of the Federal Home Loan Bank System.

Critical Accounting Policies

The accounting and reporting policies were prepared in accordance with U.S. generally accepted accounting principles ("US GAAP") and general practices accepted within the financial services industry. The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. Management has identified the accounting policies described below as those that, due to the judgments, estimates and assumptions inherent in those policies, are critical to an understanding of our financial statements and management's discussion and analysis.

Income Recognition

We recognize interest income by methods conforming to US GAAP that include general accounting practices within the financial services industry. Interest income on loans and investment securities is recognized by methods that result in level rates of return on principal amounts outstanding, including yield adjustments resulting from the amortization of loan costs and premiums on investment securities and accretion of loan fees and discounts on investment securities.

In the event management believes collection of all or a portion of contractual interest on a loan has become doubtful, which generally occurs after the loan is 90 days past due, the accrual of interest is discontinued. In addition, previously accrued interest deemed uncollectible that was recognized in income is reversed. Interest received on nonaccrual loans is included in income only if principal recovery is reasonably assured. A nonaccrual loan is restored to accrual status when it is brought current or has performed in accordance with contractual terms for a reasonable period of time, and the collectibility of the total contractual principal and interest is no longer doubtful.

Allowance for Loan Losses

Valuation allowances are established for impaired loans for the difference between the loan amount and the fair value of collateral less estimated selling costs. We consider a loan to be impaired when, based on current information and events, it is probable that we will be unable to collect all amounts due according to the contractual terms of the loan agreement on a timely basis. The types of loans for which impairment is measured include nonaccrual income property loans (excluding those loans included in the homogenous portfolio which are collectively reviewed for impairment), large nonaccrual single-family loans and troubled debt restructurings. Such loans are generally placed on nonaccrual status at the point deemed uncollectible. Impairment losses are recognized through an increase in the allowance for loan losses. See also “Asset Quality.”

Allowances for loan losses are available to absorb losses incurred on loans and represent additions charged to expense, less net charge-offs. The allowances are evaluated on a regular basis by management and are based on management’s periodic review of the collectibility of loans, in light of historical experience, fair value of the underlying collateral, changes in the types and mix of loans originated and prevailing economic conditions.

Securities Impairment

We periodically perform analyses to determine whether there has been an other- than-temporary decline in the value of one or more of our securities. Our available-for-sale securities portfolio is carried at estimated fair value, with any unrealized gains or losses, net of taxes, reported as accumulated other comprehensive earnings or loss in stockholders’ equity. We conduct a quarterly review and evaluation of the securities portfolio to determine if the value of any security has declined below its cost or amortized cost, and whether such decline is other-than-temporary. If such decline is deemed other-than-temporary, we adjust the cost basis of the security by writing down the security to estimated fair market value through a charge to current period operations.

Qualitative Disclosures of Market Risk

Our principal financial objective is to achieve long-term profitability while reducing our exposure to fluctuating interest rates. We have an exposure to interest rate risk. We have employed various strategies intended to minimize the adverse effect of interest rate risk on future operations by providing a better match between the interest rate sensitivity of our assets and liabilities.

In particular, our strategies are intended to stabilize net interest income for the long-term by protecting our interest rate spread against increases in interest rates. Such strategies include originating for portfolio adjustable-rate and short-term loans with greater interest rate sensitivities than long-term, fixed-rate residential mortgage loans. We sell fixed-rate mortgage loans in the secondary market.

Liquidity and Capital Resources

Our principal sources of funds are cash receipts from deposits, loan repayments by borrowers, proceeds from maturing securities, advances from the Federal Home Loan Bank ("FHLB") and net earnings. We have an agreement with the FHLB of Des Moines to provide cash advances, should we need additional funds for loan originations or other purposes. As of December 31, 2009 we have $25.2 million in additional borrowing capacity with the FHLB of Des Moines.

Commitments to originate loans are legally binding agreements to lend to our customers. Letters of credit are conditional commitments issued by us to guarantee the performance of the borrower to a third party. The following table sets forth information regarding off-balance sheet financial instruments as of December 31, 2009:

		Fixed-Rate	Adjustable-Rate
Off-balance sheet financial instruments:			
Commitments to originate loans	$	1,036,000	5,527,479
Commitments for unused lines of credit	$	356,518	12,518,857
Commitments for undisbursed loans	$	1,564,890	2,484,459
Commitments for letters of credit	$	219,253	-

Financial Condition

Total assets increased from $392.4 million at September 30, 2009 to $406.3 million at December 31, 2009. Cash and cash equivalents increased by $11.3 million from September 30, 2009 to December 31, 2009.

Securities increased from $20.8 million at September 30, 2009 to $25.8 million at December 31, 2009 due to purchases, partially offset by sales, maturities and calls of securities. Some securities purchased were partially required due to pledging requirements related to temporary calendar year-end increases in deposits to governmental entities. Mortgage-backed securities available for sale decreased from $9.0 million at September 30, 2009 to $7.5 million at December 31, 2009 due to principal repayments and maturities. Stock in the Federal Home Loan Bank of Des Moines decreased by $550,000 due to stock redemption requirements as a result of a lower level of advances for the three months ended December 31, 2009. The moratorium on excess stock redemptions which was implemented in December 2008 was terminated in December 2009.

Loans receivable decreased by $3.1 million to $299.2 million at December 31, 2009 due to a decrease in residential and non residential construction lending, partially offset by an increase commercial and commercial real estate lending. Loans held for sale increased $2.3 million due to an increase in mortgage lending activity.

Premises and equipment, net decreased $121,000 to $12.6 million at December 31, 2009 due to depreciation expense, partially offset by equipment purchases. The cash surrender value of bank-owned life insurance increased by $109,000 to $9.1 million as of December 31, 2009 as compared to $9.0 million as of September 30, 2009.

Foreclosed real estate, net at December 31, 2009 totaled $2.0 million, a decrease of $792,000 from $2.8 million at September 30, 2009. At December 31, 2009, foreclosed real estate, net consisted of four single-family lots, two single-family homes, two residential development properties, two commercial lots and one commercial retail property. No properties were acquired through foreclosure for the three months ended December 31, 2009. Six single-family homes were sold during the three months ended December 31, 2009.

Goodwill totaling $1.2 million resulted from the acquisition of Farley State Bank. Core deposit intangible decreased $45,000 for the three months ended December 31, 2009 due to amortization expense. Other assets increased primarily due to the prepayment of FDIC insurance assessments in the amount of $1.4 million for the period January 1, 2010 through December 31, 2012.

Total liabilities increased $13.3 million to $361.9 million at December 31, 2009 compared to $348.6 million at September 30, 2009.

Deposits increased from $276.2 million at September 30, 2009 to $288.3 million at December 31, 2009 due to an increase in long-term certificate accounts, interest bearing and noninterest bearing checking, partially offset by a decrease in short-term certificate accounts and brokered certificates. The increase in interest bearing deposits of $21.2 million is primarily attributable to higher year-end balances for governmental accounts. Accrued interest interest payable decreased due to a lower average rate, partially offset by a higher average balance.

Advances from the FHLB decreased by $4.0 million to $65.1 million at December 31, 2009. FHLB advances were replaced with interest bearing and noninterest bearing checking and long-term certificate accounts.

Advances from borrowers for taxes and insurance decreased by $973,000 due to calendar year-end payment of real estate taxes on behalf of borrowers.

Other liabilities increased by $6.2 million primarily due to the purchase of one security in the amount of $6.5 million during the quarter ended December 31, 2009 which was funded in January 2010, partially offset primarily by payment of real estate taxes on branch buildings and foreclosed property in December 2009, no accrued FDIC assessments as a result of the prepayment of future premiums and a decrease in miscellaneous accrued liabilities.

Stockholders' equity increased $594,000 from $43.8 million at September 30, 2009 to $44.4 million at December 31, 2009 due to net earnings of $1.0 million for the three months ended December 31, 2009, amortization of ESOP and stock-based incentive awards, partially offset by lower unrealized gains, net of taxes, on investments, the repurchase of common stock totaling $136,000 and the payment of dividends. During the three months ended December 31, 2009 and 2008, the Company paid cash dividends of $88,836 and $95,018, respectively.

The Bank is required to maintain certain minimum capital requirements under OTS regulations. Failure by a savings institution to meet minimum capital requirements can result in certain mandatory and possible discretionary actions by regulators, which, if undertaken, could have a direct material effect on the Bank's financial statements. Under the capital adequacy guidelines and regulatory framework for prompt corrective action, the Bank must meet specific capital guidelines that involve quantitative measures of the Bank's assets, liabilities and certain off-balance sheet items as calculated under regulatory accounting practices. The capital amounts and classifications are also subject to judgments by the regulators about components, risk-weightings and other factors.

The Bank's actual and required capital amounts and ratios at December 31, 2009 were as follows:

	Actual		Minimum for Capital Adequacy		Required to be "Well Capitalized"	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
	(Dollars in Thousands)					
Stockholders' equity	$ 41,966					
Computer software costs	(216)					
Goodwill and core deposit intangible	(2,011)					
Unrecognized gain, net on benefit plans	(54)					
Unrealized gain on securities AFS, net	(344)					
Tangible capital	$ 39,341	9.8%	$ 6,050	1.5%		
General valuation allowance	3,380					
Total capital to risk-weighted assets	$ 42,721	13.1%	$ 26,115	8.0%	$ 32,644	10.0%
Tier 1 capital to risk-weighted assets	$ 39,341	12.1%	$ 13,058	4.0%	$ 19,587	6.0%
Tier 1 capital to total assets	$ 39,341	9.8%	$ 16,133	4.0%	$ 20,167	5.0%

Asset Quality

The following table sets forth information with respect to the Bank's nonperforming loans at the dates indicated:

	December 31, 2009	September 30, 2009
Nonaccrual loans	$ 2,688,065	67,123
Accruing loans past due 90 days or more	125,920	-
Impaired loans	2,263,894	2,648,065
Troubled debt restructuring	310,292	-
Total nonperforming loans	5,388,171	2,715,188
Allowance for losses on nonperforming loans	$ 700,131	315,858
Nonperforming loans with no allowance for loan losses	$ 125,920	-
Average balance of nonperforming loans	$ 3,729,708	2,859,948
Interest income that would have been recognized	$ 61,975	18,861
Interest income recognized	$ 10,934	3,166

Nonaccrual loans increased by $2.62 million due to the addition of seven single-family properties.

On occasion, the Bank originates single-family loans with high loan to value ratios exceeding 90 percent. At December 31, 2009, these loans amounted to $4.0 million.

At December 31, 2009, all loans where known information about possible credit problems of borrowers which caused management to have serious concerns as to the ability of the borrowers to comply with present loan repayment terms have been disclosed as nonaccrual, 90 days past due, or restructured.

Under our internal review policy, loans classified as substandard increased from $12.0 million at September 30, 2009 to $13.8 million at December 31, 2009. Substandard loans were secured by two land development properties, thirteen 1-4 family properties, five commercial real estate properties, one mulit-family property, one church, two 1-4 family lots and one commercial loan secured by all assets. Special mention loans decreased from $6.4 million at September 30, 2009 to $6.2 million at December 31, 2009. Special mention loans consisted of three loans secured by car hauling equipment and two loans secured by land for single-family development. Foreclosed real estate, net decreased by $792,000 and consists of four single-family lots, two single-family homes, two residential development properties, two commercial lots and one commercial retail property.

Following is a summary of activity in the allowance for loan losses:

	Three Months Ended December 31, 2009	Three Months Ended December 31, 2008
Balance at beginning of period	$ 3,536,837	$ 2,633,298
Charge-offs	(2,123)	(331,157)
Recoveries	29,689	1,769
Allowance acquired by acquisition	-	252,129
Provision charged to expense	438,000	129,055
Balance at end of period	$ 4,002,403	$ 2,685,094

Results of Operations Overview

Our primary source of earnings before income taxes is net interest income. Net interest income is the difference between interest income, which is the income that we earn on our loans and securities, and interest expense, which is the interest that we pay on our deposits and borrowings. Other significant sources of earnings before income taxes are service charges on deposit accounts.

Results of Operations for the Three Months Ended December 31, 2009 and 2008

Selected Financial Data

	Three Months Ended December 31, 2009	Three Months Ended December 31, 2008	% Change
Net earnings	$ 1,004,826	605,599	65.9 %
Return on assets	1.01%	0.67%	50.7
Return on average stockholders' equity	9.12%	5.54%	64.6
Stockholders' equity-to-assets ratio	11.04%	12.09%	(8.7)
Dividend payout ratio	8.84%	15.69%	(43.7)

Net Earnings

Net earnings increased from $606,000 for the three months ended December 31, 2008 to $1.0 million for the three months ended December 31, 2009. Net earnings increased due to higher net interest income and noninterest income, partially offset by a higher provision for loan losses, higher noninterest expense and higher income tax expense. Diluted earnings per share increased from $0.16, based on 3.9 million average outstanding diluted shares for the three months ended December 31, 2008 to $0.28 based on 3.6 million average outstanding diluted shares for the three months ended December 31, 2009. The Company may acquire other bank branches or facilities or sell assets based on their profitability and long-term growth potential. Potential transactions are evaluated on an ongoing basis, however no arrangements are currently pending.

Net Interest Income

Net interest income increased from $2.9 million for three months ended December 31, 2008 to $3.7 million for the three months ended December 31, 2009 due to a higher interest rate spread, partially offset by a lower level of net interest-earning assets. Our interest rate spread increased by 55 basis points, as compared to the three months ended December 31, 2008, as a result of a significant decrease in the cost of deposits, partially offset by an increase in the cost of FHLB advances. We originated intermediate term FHLB advances in 2009 to replace short-term advances due to declining rates for these terms which caused our weighted-averaged duration and cost to increase as compared to the three months ended December 31, 2008. The lower yield on interest-earnings assets was attributable to lower yields on loans receivable, mortgage-backed securities and securities. Our interest rate spread was 4.00% for the three months ended December 31, 2009 and 3.45% for the three months ended December 31, 2008. The average yield on interest-earning assets decreased by 27 basis points and the average cost of interest-bearing liabilities decreased by 82 basis points for the three months ended December 31, 2009, as compared to the three months ended December 31, 2008. Net interest-earning assets decreased slightly for the three months ended December 31, 2009 due to the repurchase of common stock. We have funded loan growth since December 2008 primarily through an increase in deposits and through the sale, call and maturity of securities and the sale and principal reduction of mortgage-backed securities, partially offset by a decrease in FHLB advances.

Interest income on loans receivable increased from $4.3 million for the three months ended December 31, 2008 to $4.8 million for the comparable period in 2009. The increase is attributable to a higher average balance, partially offset by a slightly lower average yield. The higher average balance is due primarily to an increase in commercial real estate loans, commercial loans and single and multi-family loans, partially offset primarily by a decrease in residential and nonresidential construction loans and consumer loans. Interest income on mortgage-backed securities decreased due to a lower average balance and average yield. Interest income on securities decreased from $332,000 to $202,000 due to a lower average balance and average yield.

Interest expense on deposits decreased by $480,000 for the three months ended December 31, 2009 compared to the same period in 2008 as a result of a lower average rate, partially offset by a higher average balance. The higher average balance was due to higher balances for interest and noninterest checking, money market accounts and long-term certificates, partially offset by a decrease in short-term certificates. Interest-bearing checking accounts increased by $16.7 milllion primarily due to an increase in governmental accounts. The weighted-average rate on deposits decreased from 2.44% for the three months ended December 31, 2008 to 1.40% for the comparable 2009 period. Interest expense on FHLB advances decreased by $18,000 for the comparable three month periods due to a lower average balance, partially offset by a higher average rate. Additional borrowing capacity as of December 31, 2009 was $25.2 million.

Average Balances and Yields

The average balances and average yield\cost tables present information regarding average balances of assets and liabilities, the total dollar amounts of interest income and dividends from average interest-earning assets, the total dollar amounts of interest expense on average interest-bearing liabilities, and the resulting average yields and costs. The yields and costs for the periods indicated are derived by dividing annualized income or expense by the average balances of assets or liabilities, respectively, for the periods presented. For purposes of these tables, average balances have been calculated using month-end balances and, to a lesser extent, daily balances. Management does not believe that the use of month-end balances instead of daily average balances has caused any material differences in the information presented. No tax equivalent adjustments were made. Nonaccruing loans have been included in the tables as loans carrying a zero yield.

	Three Months Ended December 31,					
	2009			2008		
	Average Balance	Interest	Average Yield/ Cost	Average Balance	Interest	Average Yield/ Cost
	(Dollars in thousands)					
Interest-earning assets:						
Loans receivable	$ 306,596	$ 4,768	6.22%	$ 273,808	$ 4,308	6.29%
Mortgage-backed securities	8,133	81	3.98	14,164	154	4.35
Securities	22,987	202	3.52	32,224	332	4.12
Other interest-earning assets	22,047	(1)	-	6,212	6	0.39
Total interest-earning assets	359,763	5,050	5.61	326,408	4,800	5.88
Interest-bearing liabilities:						
Deposits	281,910	984	1.40	240,186	1,464	2.44
FHLB advances	63,628	408	2.56	71,478	426	2.38
Securities sold under agreement to repurchase	651	4	2.67	677	9	5.31
Total interest-bearing liabilities	$ 346,189	1,396	1.61	$ 312,341	1,899	2.43
Net interest income before provision for loan losses		$ 3,654			$ 2,901	
Interest rate spread			4.00%			3.45%
Net interest-earning assets	$ 13,574			$ 14,067		
Net yield on average interest-earning assets			4.06%			3.56%
Ratio of average interest-earning assets to average interest-bearing liabilities	103.92%			104.50%		

Provision for Loan Losses

The provision for loan losses is based upon management's consideration of current economic conditions, the loan portfolio composition and historical loss experience, adjusted for qualitative factors, used to estimate probable losses as well as the level of non-performing loans. Each month, management also reviews individual loans for which full collectibility may not be reasonably assured and considers, among other matters, the estimated fair value of the underlying collateral. The loan review process is subjective and relies on various assumptions, therefore actual results may differ from current estimates. The Company and Bank are subject to periodic examination by regulatory agencies, which may require us to record increases in the allowances based on their evaluation.

The provision for loan losses was $438,000 and $129,000 for the three months ended December 31, 2009 and 2008, respectively. For the three months ended December 31, 2009, the provision of $438,000 was primarily due to an increase in classified loans and an increase in provisions for losses for existing classified loans, partially offset by a decrease in loans receivable and recoveries. In addition, during the three months ended December 31, 2009 the experience loss ratio used to calculate the allowance for losses for land and land development loans was adjusted upwards due to deteriorating economic and business conditions related to these loans. The allowance for loan losses as a percentage of total gross loans increased to 1.28% as of December 31, 2009, as compared to 1.13% as of September 30, 2009. Substandard loans increased by $1.8 million as of December 31, 2009 as compared to September 30, 2009 due primarily to the addition of three nonresidential properties. Special mention loans decreased by $215,000 for the three months ended December 31, 2009 when compared to September 30, 2009 due to principal payments and the change in classification of one single-family lot loan to substandard.

Noninterest income

	Three Months Ended December 31,		
	2009	**2008**	**% Change**
Loan service charges	$ 35,219	21,499	63.8 %
Gain on sale of loans	157,973	20,453	672.4
Gain on sale of securities available for sale	245,733	12,843	1,813.4
Change in cash surrender value of BOLI	109,417	109,580	(0.1)
Deposit account and other service charges	355,412	294,081	20.9
	$ 903,754	458,456	97.1

Noninterest income increased for the three months ended December 31, 2009 due primarily to an increase in gains on sale of loans, gains on sale of securities and an increase in deposit account service charges.

During the three months ended December 31, 2009 and 2008, we originated loans for sale to secondary market investors of $8.1 million and $2.3 million, respectively. We have hired four additional mortgage loan originators and increased our marketing efforts since December 2008 in order to increase our market share. The level of gains on sale of loans in the immediate future will be dependent on interest rates and prevailing economic conditions.

Noninterest Expense

	Three Months Ended December 31,		
	2009	**2008**	**% Change**
Compensation and benefits	$ 1,401,593	1,179,922	18.8 %
Occupancy expense	202,904	184,354	10.1
Equipment and data processing expense	317,742	283,430	12.1
Operations from foreclosed real estate, net	44,422	175,681	(74.7)
FDIC premium expense	85,295	62,000	37.6
Professional and regulatory services	126,774	119,937	5.7
Advertising	131,301	66,939	96.2
Correspondent banking charges	24,676	33,362	(26.0)
Supplies	34,687	58,107	(40.3)
Amortization of core deposit intangible	45,167	34,666	30.3
Other	224,192	190,827	17.5
	$ 2,638,753	2,389,225	10.4

Noninterest expense increased from $2.4 million for the three months ended December 31, 2008 to $2.6 million for the comparable period in 2009. Compensation and benefits expense increased due primarily to higher salary levels related to merit increases and incentive-based compensation, additional branches and higher payroll taxes. Occupancy expense increased due primarily to higher building depreciation expense, higher personal property taxes, higher building maintenance expenses and higher utility expense, partially offset by higher office rental income at one branch location. Equipment and data processing expense increased due primarily to higher service agreement expense, web site expense and higher computer and furniture depreciation expense in connection with new branch offices, partially offset by lower maintenance expense. FDIC premium expense increased due to an increase in the regular quarterly assessment. The FDIC may impose additional special assessments, if warranted. Expenses from operations from foreclosed real estate, net decreased due to lower losses on the sale of foreclosed real estate and lower maintenance expenses, partially offset by lower rental income. Advertising expense increased due to an increase in marketing expenses related to our mortgage loan department, partially offset by lower miscellaneous marketing expenses. Correspondent banking expense decreased due to performing certain check processing and statement rendering service operations in-house which reduced outside vendor expense. Supplies expense decreased due to no additional branch growth. Amortization of core deposit intangible related to the acquisition increased due to one entire quarter of amortization as compared to a partial quarter for the quarter-ended December 31, 2008. Other expenses increased due primarily to an increase in mortgage loan expense, stock administration expense and telephone and data line expense, partially offset by primarily lower retail operations expense, non-origination loan expense and property insurance expense.

Income Taxes

Income taxes increased for the three months ended December 31, 2009 due primarily to higher pretax earnings. The effective rate for the three months ended December 31, 2009 was 32.1%, compared to 28.0% for the three months ended December 31, 2008. The effective tax rate increased due to a decrease in non-taxable municipal bond income.

Off-Balance Sheet Arrangements

In the normal course of operations, we engage in a variety of financial transactions that, in accordance with U.S. generally accepted accounting principles, are not recorded in our financial statements. These transactions involve, to varying degrees, elements of credit, interest rate and liquidity risk. Such transactions are used primarily to manage customers' requests for funding and take the form of loan commitments and lines of credit. We currently have no plans to engage in hedging activities in the future.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Not required for smaller reporting companies. See the Company's Form 10-K for the year ended September 30, 2009 filed with the Securities and Exchange Commission on December 22, 2009 for discussion of interest rate risk at September 30, 2009.

Item 4 (T). Controls and Procedures

As of the end of the period covered by this report, the Company carried out an evaluation, under the supervision and with the participation of the Company's principal executive officer and principal financial officer, of the effectiveness of the design and operation of the Company's "disclosure controls and procedures," as such term is defined in Rule 13a-15(e) promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Based on this evaluation, the Company's principal executive officer and principal financial officer concluded that the Company's disclosure controls and procedures were effective for the purpose of ensuring that information required to be disclosed by the Company in reports that it files or submits under the Exchange Act (1) is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms and (2) is accumulated and communicated to the Company's management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure.

There have been no changes in the Company's internal control over financial reporting during the most recent fiscal quarter that have materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1 - Legal Proceedings

Periodically, there have been various claims and lawsuits against us, such as claims to enforce liens, condemnation proceedings on properties in which we hold security interests, claims involving the making and servicing of real property loans and other issues incident to our business. We are not a party to any pending legal proceedings that we believe would have a material adverse effect on our financial condition, results of operations or cash flows.

Item 1A – Risk Factors

Not required for smaller reporting companies. See the Company's Form 10-K for the fiscal year ended September 30, 2009 filed with the Securities and Exchange Commission on December 22, 2009 for discussion of risk factors at September 30, 2009.

Item 2 – Unregistered Sales of Equity Securities and Use of Proceeds

The following table provides information regarding the Company's purchases of its equity securities during the three months ended December 31, 2009.

ISSUER PURCHASES OF EQUITY SECURITIES

Period	(a) Total Number of Shares (or Units) Purchased	(b) Average Price Paid per Share (or unit)	(c) Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number (or Approximate Dollar Value) of Shares (or Units) That May Yet Be Purchased Under the Plans or Programs (1)
October 1, 2009 through October 31, 2009	-	$ -	-	332,037
November 1, 2009 through November 30, 2009	6,957	$ 14.05	6,957	325,080
December 1, 2009 through December 31, 2009	5,108	$ 7.54	5,108	319,972
Total	12,065	$ 11.29	12,065	

(1) On May 21, 2009 a fourth stock repurchase program was approved to acquire up to 365,537, or 10%, of the Company's outstanding stock. The first three repurchase plans have been completed. Repurchased shares are held in treasury.

Item 3 - Defaults upon Senior Securities

Not applicable.

Item 4 – Submission of Matters to a Vote of Security Holders

None.

Item 5 - Other Information

None.

Item 6 – Exhibits

None.

LIBERTY BANCORP, INC.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

LIBERTY BANCORP, INC.
(Registrant)

DATE: February 12, 2010

BY: /s/ Brent M. Giles
Brent M. Giles, President and Chief Executive Officer
(Principal Executive Officer)

BY: /s/ Marc J. Weishaar
Marc J. Weishaar, Senior Vice President and Chief Financial Officer
(Principal Financial Officer)

LIBERTY BANCORP, INC.

Exhibit 31.1

CERTIFICATION

I, Brent M. Giles, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Liberty Bancorp, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)), and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

(b) Designed such internal control over financial reporting, or caused such control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this quarterly report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 12, 2010

/s/ Brent M. Giles

Brent M. Giles
President and Chief Executive Officer

LIBERTY BANCORP, INC.

Exhibit 31.2

CERTIFICATION

I, Marc J. Weishaar, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Liberty Bancorp, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)), and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

(b) Designed such internal control over financial reporting, or caused such control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this quarterly report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 12, 2010

/s/ Marc J. Weishaar

Marc J. Weishaar
Senior Vice President and Chief Financial Officer

LIBERTY BANCORP, INC.

Exhibit 32

Certification Pursuant to 18 U.S.C. Section 1350, as added by
Section 906 of the Sarbanes-Oxley Act of 2002

Brent M. Giles, President and Chief Executive Officer, and Marc J. Weishaar, Senior Vice President and Chief Financial Officer, of Liberty Bancorp, Inc. (the "Company") each certify in his capacity as an officer of the Company that he has reviewed the Quarterly Report of the Company on Form 10-Q for the quarter ended December 31, 2009 (Report) and that to the best of his knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in this Report fairly represents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ Brent M. Giles
Brent M. Giles
President and Chief Executive Officer

By: /s/ Marc J. Weishaar
Marc J. Weishaar
Senior Vice President and Chief Financial Officer

Date: February 12, 2010