



INTERMEDIATE SMALL BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

October 3, 2011

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Landmark Bank, N.A.
Charter Number: 23658

2600 E. Commercial Boulevard
Fort Lauderdale, Florida 33308

Office of the Comptroller of the Currency

South Florida Field Office
9800 NW 41st Street, Suite 120
Miami, FL. 33178-2970

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 Satisfactory.

The Lending Test is rated: Satisfactory.

The Community Development Test is rated: Satisfactory.

The major factors supporting the institution's rating include:

- Since the last examination, the bank's quarterly average loan-to-deposit ratio exceeds the standard for satisfactory performance.
- A majority of loan originations are within the bank's assessment area.
- The distribution of loans among businesses of different sizes exhibits reasonable penetration and meets the standard for satisfactory performance.
- The geographic distribution of loans reflects excellent dispersion within the assessment area and exceeds the standard for satisfactory performance.
- The level and responsiveness of community development lending, investments and services in the assessment area is adequate.

Scope of Examination

This Performance Evaluation assesses the bank's performance under the Lending and Community Development Tests. The evaluation period ranges from November 17, 2008, the date of the last examination, to December 31, 2010. The Lending Test concentrated on activity from January 1, 2009 to December 31, 2010. The Community Development Test concentrated on activity from November 17, 2008 to December 31, 2010.

In evaluating the bank's lending performance, we focused on loans to businesses, the bank's primary lending product. Conclusions regarding the bank's Lending Test performance are based on all business loan originations for the above described evaluation period.

This evaluation is based on accurate data. Loan reports and community development loans, investments, and services submitted by bank management were verified to ensure accuracy and that, where applicable, they met the regulatory definition for community development.

Description of Institution

Landmark Bank, N.A. (Landmark), established in 1998, is an intrastate community bank headquartered in Fort Lauderdale (Broward County), Florida. It is wholly owned by Giant Holdings, Inc., also headquartered in Fort Lauderdale. There are no operating affiliates or

subsidiaries.

Landmark's headquarters office, located in an upper-income geography, is the only banking location. The bank offers a variety of consumer and commercial deposit and loan services as described in the CRA Public File. Deposits, however, are primarily (77 percent) obtained through giantbank.com, the internet banking division of Landmark. This method of deposit gathering attracts customers from throughout the United States. Of the deposits obtained through giantbank.com, approximately 31 percent are from Florida and of those deposits approximately 41 percent are from the bank's assessment area.

While various loan products are offered, the bank's primary focus is business lending, including investor multi-family housing loans, as evidenced by the composition of the loan portfolio. As of December 31, 2010, total loans (net of unearned income and allowance), which represent 76 percent of total assets, equaled \$252 million and consisted of 74 percent commercial real estate loans and 20 percent multi-family housing loans. The remainder of the loan portfolio is comprised of residential mortgage loans, commercial loans, and construction/land development loans.

As of December 31, 2010 the bank had total assets of \$330 million and total deposits of \$258 million. Tier one capital was \$31 million.

During this evaluation period the bank faced considerable challenges to its ability to help meet credit and community development needs in its assessment area. Since the last examination, bank assets declined approximately 3 percent, deposits 6 per cent, and Tier 1 Capital 23 percent. The bank was not profitable in 2009 or 2010. These factors had a negative impact on the bank's ability to originate new loans, with total loans declining 15 percent between the last examination and December 31, 2010. These factors were considered as part of this evaluation.

At its last CRA examination, dated November 17, 2008, the bank was rated satisfactory.

Description of Assessment Area

Landmark's assessment area is comprised of all of Broward County, which is equivalent to Metropolitan Division 22744 (Fort Lauderdale-Pompano Beach-Deerfield Beach, FL). The assessment area meets regulatory requirements and does not arbitrarily exclude any low- or moderate-income areas.

Based on the 2000 Census, the assessment area consists of 279 census tracts of which 13 (5%) are low-income, 71 (25%) are moderate-income, 117 (42%) are middle-income, and 78 (28%) are upper-income. Total population was reported as 1.6 million but the 2010 Census reports a population increase of approximately 8 percent to 1.7 million. In 2010, the HUD Adjusted Median Family Income for Broward County was \$66,200 an increase of approximately 21 percent from the \$54,500 year 2000 figure.

The economy of the assessment area is weak. The local economy continues to suffer from the housing crisis and related job losses. The unemployment rate reached 9.5 percent in August

2011 according to the Florida Agency for Workforce Innovation, compared with a rate of 6.6 percent at the time of our last evaluation. Job losses are primarily in the construction and related sectors. Housing starts have declined significantly. In 2009 only 563 permits were issued for single-family home construction compared with 4,784 at the height of the housing boom in 2004. Tourism also experienced a decline, bottoming out in early 2009. This had a negative impact on service jobs, particularly in the restaurant industry. Healthcare continues to provide job opportunities. Tenet Healthcare is by far the largest employer in the assessment area. Employment data shows a need for the creation of new jobs either through the creation of new businesses or the expansion of existing ones, which leads to a need for business loans. A community contact made for this examination articulated the need for small business financing, particularly for operating expenses.

Broward County continues to have one of the highest foreclosure rates in the nation, generally ranking in the top five. Continued foreclosure activity is expected to cause median housing prices to decline even further. According to the National Association of Realtors the median sales price of an existing single-family home declined to \$166,000 in the first quarter of 2011. At our last examination we noted the figure was \$310,000 as of the second quarter of 2008. Foreclosure activity has caused an increased demand for rental housing, with an existing vacancy rate of only seven percent. The rise in demand has increased rent levels and there is an increased demand for rental units that are affordable to low- and moderate-income families, many of whom have been impacted by the high unemployment rate.

Banking competition within the assessment area is high. In addition to community and mid-size banks, branches of the largest banks in the country operate in Broward County. As of June 30, 2011, there were 62 deposit taking financial institutions in Broward County operating 478 branches. In terms of deposits, Landmark is ranked 20th, with a deposit market share of .62 percent. The market is dominated by Bank of America and Wells Fargo Bank with a combined deposit market share of 43 percent.

Opportunities for community development lending and investments throughout the bank's Broward County assessment area are limited. Affordable housing organizations and local governmental entities have been focusing their efforts on using Neighborhood Stabilization Program funding to acquire foreclosed properties, rehabilitating them, and making them available for sale to low- and moderate-income persons or families. Recent reports in local newspapers indicate they may have met with limited success. Affordable rental housing is a documented need as is homeless facilities. The availability of qualified mortgage-backed securities, once a common community development investment particularly for small-intermediate institutions, has become very limited due to the dramatic decline in home purchases by low- and moderate-income families. Opportunities exist to contribute to qualified non-profit organizations however this option is limited by the financial strength of many organizations. Economic development and revitalization and stabilization opportunities exist in the assessment area. There are local and state designated zones targeted for redevelopment by revitalizing the areas and/or attracting new businesses and expanding existing ones, but such opportunities are limited by the factors previously discussed. Conditions and opportunities in the assessment area were taken into consideration during this evaluation.

Conclusions with Respect to Performance Tests

LENDING TEST

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

Loan-to-Deposit Ratio

The bank’s quarterly average loan-to-deposit ratio since the last CRA examination is more than reasonable and exceeds the standard for satisfactory performance. Landmark’s quarterly average loan-to-deposit ratio since the last CRA examination is 107.11 percent ranging from a low of 98.01 percent to a high of 117.81. In comparison, for the same time period, the quarterly average loan-to-deposit ratio of 50 peer group banks operating in the state of Florida is 81.26 percent and for three of the peer group banks headquartered in Landmark’s Broward County assessment area, the ratio was 95.24 percent.

Lending in Assessment Area

Lending in the assessment area meets the standard for satisfactory performance. A majority of loan originations are in Landmark’s assessment area. Specifically, 79 percent of loans by number and 71 percent by dollar of loans originated during the evaluation period were originated in Landmark’s assessment area.

Table 1 - Lending in the Assessment Area										
Loan Type	Number of Loans					Dollars of Loans (000 omitted)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Business Loans	27	79	7	21	34	10,551	71	4,305	29	14,856

Source: Bank loan origination reports.

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

The distribution of borrowers exhibits reasonable penetration, given the demographics of the assessment area.

The distribution of loans originated during the evaluation period to businesses of different sizes meets the standard for satisfactory performance. The level of Landmark’s loans to small businesses (businesses with gross annual revenues of \$1 million or less) substantially meets the level of small businesses in the assessment area.

Table 2 – Borrower Distribution of Loans to Businesses in Assessment Area				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	82.57	3.04	14.39	100%
% of Bank Loans in AA by #	81.48	11.11	7.41	100%

Source: Bank loan origination reports; CRA Wiz 2010 business geodemographic data .

Geographic Distribution of Loans

The geographic distribution of loans exhibits excellent dispersion throughout the assessment area and exceeds the standard for satisfactory performance, given the demographics of the assessment area.

The geographic distribution of loans to businesses is more than reasonable based on an assessment of lending in all income tracts. In both low- and moderate-income geographies, the percentage of the bank’s loan originations exceed the level of businesses located there, as demonstrated in the table below.

Table 3 - Geographic Distribution of Loans to Businesses in the Assessment Area								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Loans to Businesses	4.26	7.41	20.49	25.93	41.95	48.15	33.31	18.51

Source: Bank loan origination reports; CRA Wiz 2010 business geodemographic data.

Responses to Complaints

Since the last examination Landmark has not received any complaints regarding its CRA performance.

COMMUNITY DEVELOPMENT TEST

The bank’s performance under the Community Development Test is rated “Satisfactory”.

Landmark adequately responded to community development needs in its assessment area considering the bank’s capacity and the availability of opportunities in the assessment area. Community development lending in the assessment area was excellent and provided for housing affordable to low-and moderate-income individuals and families as well as assisting to revitalize and stabilize a moderate-income geography by helping to attract and retain jobs and services. The level of community development investments is adequate given performance context. Community development services are adequate primarily providing assistance to an affordable

housing organization and helping to promote economic development by modifying certain small business loans allowing the businesses to continue to function and avoid job losses.

Number and Amount of Community Development Loans

Given the bank's capacity and economic conditions during the evaluation period, Landmark originated a high volume of community development loans that display excellent responsiveness to needs in the bank's assessment area.

During the evaluation period, Landmark originated nine community development loans totaling \$9.1 million. Most responsive are eight community development loans totaling \$3.2 million, or 35 percent of all community development loan dollars, that support affordable rental housing opportunities for low- and moderate-income individuals and families in the bank's assessment area. These loans, which are to investors to purchase multi-family rental units in low- and moderate-income geographies in the bank's assessment area, helped to provide 77 units of rental housing affordable to low- and moderate-income individuals and families. Affordable rental housing continues to be a primary need in the assessment area actually increasing as the level of home foreclosures continues to grow.

One other community development loan totaling \$6 million, or 65 percent of total community development loan dollars, helped to revitalize and stabilize a moderate-income geography in the bank's assessment area. The loan financed an office park that can provide space for 72 businesses. Current occupants provide medical and community services to local residents as well as employment opportunities. Planned improvements to the property will help to retain and attract new businesses and organizations thus expanding employment opportunities and services within this moderate-income geography.

Number and Amount of Qualified Investments

Landmark has a very low volume of community development investments in its assessment area however considering the bank's capacity, available opportunities, and other performance context factors, investments show an adequate level of responsiveness to community development needs.

During the evaluation period, the bank made a donation of \$500 to Neighborhood Housing Services, a non-profit organization that provides a variety of affordable housing initiatives directed to low- and moderate-income individuals and families in Landmark's assessment area.

In addition, the bank annually renewed a prior evaluation period \$75,000 deposit in a minority-owned financial institution. Located in Miami-Dade County, this institution however is outside the bank's assessment area.

Extent to Which the Bank Provides Community Development Services

Landmark provided a good level of community development services that are adequately responsive to assessment area needs. During 2009, four different officers and employees used their financial expertise to make presentations at Neighborhood Housing Services (NHS) and to students at an assessment area elementary school. At NHS, employees taught sessions on

“Money Management and Credit” and “The Mortgage Application Process” that are part of the organization’s first time home buyer program. This affordable housing initiative is directed toward low- and moderate-income home buyers. During the three years that are part of the evaluation period, one officer presented the American Banker’s Association (ABA) Teach Children to Save program to fourth graders at a school that primarily serves low- and moderate-income children.

Also during the evaluation period the bank modified nine assessment area loans totaling \$11.1 million that helped promote economic development by allowing these businesses to continue to operate thus saving approximately 51 jobs with salaries that are within the definition of low- or moderate-income. All of these loans are to small (gross annual revenues of \$1 million or less) owner-managed motels in the bank’s assessment area that were negatively impacted by the decline in tourism that accompanied the early part of the economic crisis.

While Landmark is not located in either a low- or moderate-income geography it does offer free checking accounts. Consumer checking accounts require only a \$100 minimum balance to open and there is no minimum balance requirement, no monthly maintenance fee, or per check charges. The bank has 142 such accounts. Landmark also offers a low cost checking account for businesses, requiring only \$500 to open the account. There is a \$3,000 minimum balance requirement to avoid a monthly maintenance fee of \$15 and the first 150 transactions per month are free. The bank has 260 of such accounts. Combined, these low cost accounts represent 57 percent of the bank’s total checking accounts.

Responsiveness to Community Development Needs

Landmark’s community development activities are responsive to assessment area needs. They help to meet affordable housing, economic development, and revitalization/stabilization needs in the assessment area. Community contacts and demographic information consistently point to the need for affordable rental housing and job opportunities as the most pressing needs in the bank’s Broward County assessment area. The need for affordable rental housing has risen significantly due to the current high level of foreclosures in the county and according to a community contact made for this examination the level of homelessness is increasingly becoming an issue in the assessment area. Both the bank’s largest community development loan and its community development service activity have helped to maintain and attract new jobs, a primary need in the assessment area given its current 9.5 percent unemployment rate.

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.