



## **PUBLIC DISCLOSURE**

October 20, 2014

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

Landmark Bank, National Association  
Charter Number 23658

2600 E. Commercial Boulevard  
Fort Lauderdale, FL 33308

Office of the Comptroller of the Currency

Miami Field Office  
9850 N.W. 41st Street, Suite 260  
Miami, FL 33178

**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 major factors that support this rating include:

- The Bank's loan-to-deposit ratio was more than reasonable over the evaluation period.
- A majority of loan originations are within the Bank's assessment area.
- The distribution of loans among businesses of different sizes exhibits an excellent penetration.
- The geographic distribution of loans exhibits a reasonable dispersion of loans in low- and moderate-income geographies.

## **SCOPE OF EXAMINATION**

We evaluated Landmark Bank, N.A.'s Community Reinvestment Act (CRA) performance using Small Bank Performance criteria. Our evaluation period was October 3, 2011, the date of the last CRA examination, through October 19, 2014. In consideration of changes to demographics and geographies related to the 2010 Census update during the evaluation period, the lending test evaluation period is from January 1, 2012 through June 30, 2014 for the analyses to determine the level of lending in the assessment area, the geographic distribution of loans, and lending to businesses of different sizes. There have been no boundary changes in the Metropolitan Divisions that make up the Bank's assessment area so we combined data to complete one analysis for the evaluation period.

We evaluated the Bank's performance based on its strategic focus of commercial business lending, the Bank's primary product. We base this evaluation on accurate data verified through the selection of a sample of business loans to conduct our analysis. The Bank originates residential loans; however, residential lending is not a primary business line for the Bank, and the residential lending volumes during the evaluation period did not produce a meaningful analysis of home purchase, home improvement, or home refinance loans. Therefore, we omitted Tables 2 and 3 that would have displayed the analyses of residential lending to borrowers of different incomes and the geographic distribution of residential loans.

## **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. Holding company consolidated assets totaled \$365 million as of June 30, 2014. There are no operating affiliates or subsidiaries.

Landmark's headquarters office, located in an upper-income geography, is one of the five locations in the assessment area. The Bank offers a variety of consumer and commercial deposit

and loan services as described in the CRA Public File. A significant volume of deposits, 45 percent, was 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 62 percent are from Florida and of those deposits approximately 68 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 June 30, 2014, total loans (net of unearned income), represented 82 percent of total assets at \$298.5 million. The loan mix consisted of 67 percent commercial real estate, 17 percent commercial, 15 percent residential, and approximately one percent consumer. Thirteen percent of the commercial real estate loans were multi-family housing.

As of June 30, 2014, the Bank had total assets of \$365 million and total deposits of \$288 million. Tier 1 capital was \$42.6 million. There were no legal or financial circumstances impeding the Bank from meeting community credit needs. During the evaluation period the Bank maintained profitability and the Return on Average Assets (ROAA) was 1.0 percent as of June 30, 2014. At its last CRA examination, dated October 3, 2011, the Bank was evaluated under Intermediate Small Bank criteria and was rated "Satisfactory".

## **DESCRIPTION OF ASSESSMENT AREA(S)**

Landmark's assessment area is Broward County, also known as Metropolitan Division 22744 (Fort Lauderdale-Pompano Beach-Deerfield Beach, FL). The Bank opened a branch in Palm Beach County as of October 2, 2014, and has added Palm Beach County to the assessment area. We did not consider Palm Beach County, MD 48424, in our assessment because an analysis of lending activity would not be meaningful considering the short time in the market.

During the evaluation period, there was a Census update in 2010 that changed the demographics of the assessment area. Based on the 2000 Census, the Broward County MD consisted of 279 geographies distributed as follows: 13 (5 percent) low-income, 71 (25 percent) moderate-income, 117 (42 percent) middle-income and 78 (28 percent) upper-income. The total population was approximately 1.6 million, a 29 percent increase since the 1990 Census. According to the 2010 Census, Broward County geographies increased to 361 geographies distributed as follows: 19 (5 percent) low-income, 99 (27 percent) moderate-income, 133 (37 percent) middle-income, 109 (30 percent) upper-income and one (less than 1 percent) no income data. The total population was approximately 1.7 million, an eight percent increase since the 2000 Census.

Economic conditions were weak during the evaluation period given the economic downturn due to the national and local recession. The entire State, and in particular Broward County, has experienced significant job losses, a volatile housing market with a record number of delinquencies, foreclosures and bankruptcies. Major industries of tourism, real estate development, wholesale trade companies, health care, financial services, and retail services have suffered because of the recession. The unemployment rate as of August 2014 was 5.7 percent.

During the evaluation period, the unemployment rate was as high as 8.6 percent recorded by the United States Bureau of Labor Statistics in October 2011.

The cost of living in the Broward MD remains high even though there are indications of improvements in unemployment, real estate foreclosures, and other economic conditions during the evaluation period. The Department of Housing and Urban Development (HUD) estimated median family income of \$61,800 for 2011, \$62,600 for 2012, and \$61,700 for 2013. Based on the median family income, low- and moderate-income (LMI) people have incomes of less than 80 percent of the median family income. LMI people would have incomes less than \$49,440, \$50,080, and \$49,360, respectively for the years discussed. The poverty level remains high at approximately 12 percent for the 2010 Census and 11 percent for the 2000 Census. Housing costs are high with the median sales price of a single-family home of \$205,325 as of August 2014, according to Zillow. The high median cost makes it difficult for LMI people to own a home in the assessment area without the help of loan subsidies. The high property tax and insurance premiums add significant cost to owning a home.

Banking competition is intense. Landmark competes with other community banks, mid-size banks, and branches of the largest banks in the country. As of June 30, 2013, the Federal Deposit Insurance Corporation (FDIC) reported 56 financial institutions operating 487 banking offices in Broward County. Landmark ranks twenty-fourth with a 0.45 percent market share.

To determine the community credit needs in the assessment area, we reviewed CRA Performance Evaluations of other banks operating in the same assessment area and made one community contact with a nonprofit community service organization that operates in the assessment area. We determined that the most pressing credit needs in the assessment area are affordable housing and small business lending. The contact also indicated that some nonprofit organizations need assistance with lines of credit to support operations considering that some government or private funding comes in at various times during the year.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA**

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 107.05 percent, ranging from a low of 101.51 percent to a high of 113.81 percent. In comparison, for the same time period, the quarterly average loan-to-deposit ratio of four similarly situated banks (Desjardins Bank, N.A., American National Bank, Regent Bank, and Community Bank of Broward) headquartered in the Broward County assessment area is 82.33 percent; ranging from a low of 73.29 percent to a high of 95.03 percent.

**Lending in Assessment Area**

- A majority of the Bank’s loan originations is inside the assessment area and meets the standard for satisfactory performance.

The Bank originated 70 percent of its loans by number and 51 percent by dollar volume in the assessment area during the evaluation period.

<b>Table 1 - Lending in the Assessment Area</b>										
Loan Type	Number of Loans					Dollars of Loans (000 omitted)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Business Loans	28	70	12	30	40	17,784	51	16,985	49	34,768

Source: Bank Loan origination reports from January 1, 2012 to June 30, 2014.

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

- The distribution of borrowers exhibits excellent penetration, given the demographics of the Bank’s assessment area.

The distribution of loans originated during the evaluation period to businesses of different sizes in Broward County exceeds the standard for satisfactory performance. The level of Landmark’s loans, both number of loans and dollar amount, to small businesses (businesses with gross annual revenues of \$1 million or less) exceeds the level of small businesses in Broward County, as reported in the table below.

<b>Table 2A - Borrower Distribution of Loans to Businesses in Broward County.</b>				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of AA Businesses	72.52	2.58	14.90	100%
% of Bank Loans in AA by #	78.57	21.43	0.00	100%
% of Bank Loans in AA by \$	77.32	22.68	0.00	100%

Source: Bank Loan origination reports from January 1, 2012 to June 30, 2014; Dun and Bradstreet data 2013.

**Geographic Distribution of Loans**

- The geographic distribution of loans exhibits reasonable dispersion throughout the Bank’s assessment area and meets the standard for satisfactory performance given the demographics of the assessment area.

The geographic distribution of loans to businesses in Broward County is reasonable based on an assessment of lending in all income tracts. In the low-income geography, the percentage of the

Bank’s loan originations exceeds the level of businesses located there, while the moderate-income geography is near the level of businesses located there, as demonstrated in the table below. There are no unexplained conspicuous gaps in lending patterns. Any gaps in lending can be attributed to a limited number of branches servicing a large assessment area and the short operating period of the newly acquired or established branches in the assessment area. During the last CRA Performance Evaluation, the Bank operated out of one office.

<b>Table 3A - Geographic Distribution of Loans to Businesses in Broward County.</b>								
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	3.36	3.57	24.59	19.04	33.82	29.44	38.22	47.95

*Source: Bank Loan origination reports from January 1, 2012 to June 30, 2014; Dun and Bradstreet data 2013.*

### **Responses to Complaints**

The Bank received no CRA performance related complaints during the evaluation period.

### **Fair Lending or Other Illegal Credit Practices Review**

Pursuant to 12 C.F.R. 25.28(c), or 12 C.F.R. 195.28(c), in determining a National Bank’s (bank) or Federal Savings Association’s (FSA) CRA rating, respectively, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank or FSA, or in any assessment area by an affiliate whose loans have been considered as part of the bank’s or FSA’s lending performance.

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.