



Intermediate Small Bank

Comptroller of the Currency
Administrator of National Banks
Washington, DC 20219

PUBLIC DISCLOSURE

August 11, 2006

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Landmark Bank, National Association
Charter Number 23055**

**1616 Arlington
Ada, OK 74820**

**Comptroller of the Currency
Kansas City Field Office
7101 College Boulevard, Suite 1600
Overland Park, KS 66210-2077**

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.

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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 that support this rating include:

- Landmark Bank demonstrates good responsiveness to the credit needs of its AAs (AAs) . The bank's loan-to-deposit ratio is strong and a majority of the bank's loans were within its designated AAs. The distribution of these loans by geography and by borrower income level reflects a reasonable penetration in each of the AAs.
- The level of qualified community development services, investments, and loans represents satisfactory responsiveness to identified community development needs. Landmark Bank's delivery systems are reasonably accessible to geographies and individuals of different income levels in its AAs. The bank made qualified investments during the evaluation period totaling \$2.078 million or 5.62 percent of Tier 1 Capital.

Scope of Examination

Conclusions regarding the bank's lending performance are based on residential mortgage and small business loans for the years 2004 and 2005. For the community development test, the evaluation period runs from August 26, 2002 through August 11, 2006. This test includes a review of the investments, services and loans provided in the bank's AAs that meet the definition of community development.

The bank has two primary AAs which include whole counties in Oklahoma and Texas. The Oklahoma AA consists of Bryan, Carter, Garvin, Johnston, Marshall, Murray and Pontotoc Counties none of which are included in any metropolitan statistical area (MSA). The Texas AA includes Grayson County which is part of the Sherman and Denison MSA. These AAs constitute both the rural and metropolitan markets in which the bank operates. Performance ratings are assigned to each state in which the bank operates and based on results of the bank's activities in each AA.

Our review also included contacting local community groups in each of the AAs. Community contacts in both AAs stated the primary need in each AA is for residential loans and noted that most new commercial businesses were part of national companies and did not borrow locally. Each community contact also stated the local financial institutions offer products that help meet all the credit needs of the communities.

Description of Institution

Landmark Bank, headquartered in Ada, Oklahoma, is an interstate financial institution with \$473 million in assets. The bank is 88 percent owned by the Landrum Company, which also owns First National Bank and Trust Company in Columbia, Missouri and First National Bank in Mountain View, Missouri. During this evaluation period, Landmark Bank merged its Oklahoma and Texas bank charters and retained the Oklahoma charter. Landmark Bank now has sixteen full service branches and twenty automated teller machines (ATMs) located throughout the south central Oklahoma and north central Texas AAs. The bank's offices are located in the non-metropolitan counties of Bryan, Carter, Garvin, Johnston, Marshall, Murray and Pontotoc Counties in Oklahoma. Banking offices are also located in the Sherman/Denison MSA that includes Grayson County, Texas. These two areas comprise the bank's designated AAs and are referred to as the Oklahoma AA and Texas AA throughout this evaluation.

Landmark Bank's philosophy is to be a full service institution by providing a wide array of financial services to consumers and commercial businesses. Landmark Bank is retail oriented and offers a wide range of deposit and loan products. As of June 30, 2006, the bank's net loans represented 76 percent of total assets. The following chart reflects the distribution of the bank's loan portfolio:

Loan Category	\$ (000)	%
Commercial Real Estate Loans	117,013	32.77
Commercial Loans	46,572	13.04
Residential Real Estate Loans	102,160	28.60
Consumer Loans	49,571	13.88
Agriculture	41,825	11.71
Total	357,141	100.00%

There are no legal, financial or other factors impeding the bank's ability to help meet the credit needs in its AAs. Landmark Bank's Tier 1 Capital level is \$37 million representing 7.89 percent of adjusted average assets as of June 30, 2006. The bank's Oklahoma AA was last evaluated as of August 26, 2002, with the overall level of performance rated "Outstanding." The Texas AA was last reviewed as of April 10, 2000, with an overall "Satisfactory" performance.

Conclusions About Performance Tests

The bank's overall performance under the lending test is satisfactory. The bank's loan-to-deposit ratio is strong and a majority of the bank's loans were within its designated AAs. The distribution of these loans by geography and by borrower income level reflects a reasonable penetration throughout both AAs.

Loan to Deposit Ratio:

The loan-to-deposit ratio of Landmark Bank is good given the bank's size, financial condition and AA credit needs. The bank's quarterly average loan-to-deposit ratio was 80.67 percent since the prior CRA examination in August of 2002. The average loan-to-deposit ratio of banks within the AA, regardless of size, for the same time period, was 74.10 percent.

Institution	Assets (000s) (as of 6/30/06)	Average LTD Ratio
Landmark Bank	473,000	80.67%
American National Bank, Ardmore	144,000	68.21%
Citizens Bank and Trust, Ardmore	134,000	70.04%
Citizens Bank, Ada	150,000	72.11%
First National Bank and Trust, Ardmore	289,000	58.99%
First Texoma National Bank, Durant	203,000	69.23%
First United Bank and Trust, Durant	1,572,000	92.14%
Vision Bank, Ada	413,000	82.08%
American Bank, Sherman	925,000	77.32%
Security Bank, Whitesboro	83,000	65.02%
Texas Star Bank, Van Alstyne	182,000	79.24%

Lending in the AA:

A majority of the bank's lending activity is located within its AA. We reviewed a sample of all residential purchase loans which originated during 2004 and 2005. We also reviewed a sample of commercial loans from each AA from the same time frames. The breakdown by loan category is illustrated in the following table.

TOTAL LOANS REVIEWED				
	IN AA		OUT OF AA	
LOAN TYPE	#	%	#	%
Residential	472	90.08	52	9.92
Commercial	44	81.48	10	18.52
Total Reviewed	516	89.27	62	10.73

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

Landmark Bank's overall distribution of loans by income level of the borrower and to businesses of different sizes is satisfactory given the demographics of the bank's AAs. The distribution of residential loans by income level is adequate in both the Oklahoma and Texas AAs while the distribution of loans to small businesses is good. Consideration was given to the local housing costs, area households below poverty level, and the competition for residential and commercial loans in our analysis of the bank's lending practices.

Geographic Distribution of Loans

Landmark Bank's overall distribution of loans by income level of the geography is good. Geographic distribution for home purchase loans and loans to businesses is good in both the Oklahoma and Texas AAs.

Responses to Complaints:

There were no CRA related complaints received during this evaluation process.

Community Development Test

The bank's overall performance under the community development test is satisfactory. The bank provided a satisfactory level of community development services and investments in its AAs and an adequate level of community development loans in the Oklahoma AA.

Number and amount of community development loans

The bank has an adequate level of community development loans in the Oklahoma AA. During this evaluation period, the bank originated one loan totaling \$24 thousand that qualified as community development; however, there have been no loans in the Texas AA that meet these qualifications. The bank provides loans to cities, communities, and hospitals in its AAs to provide city services and equipment and medical services.

Number and amount of qualified investments

The bank has provided a satisfactory level of community development investments in its AAs. During this evaluation period, the bank made seven qualified investments totaling \$2.078 million. The two largest investments were each \$1 million into the CRA Fund, which provides investments that support community development activities. Other investments include donations to local organizations that provide community services.

Extent to which the bank provides community development services

Landmark Bank provided a good level of community development services throughout its AAs. The delivery systems of the bank are reasonably accessible to geographies and individuals of different income levels in its AAs. The bank operates 16 banking offices that are conveniently located in each AA. Additionally, a wide range of financial services are provided at each branch and are consistent throughout the bank's branch network. The bank offers ATMs, as well as offering telephone and Internet Banking services, ACH deposits and low cost checking accounts. The bank offers residential loan programs through the secondary market that provide low or no closing costs or down payments to low- and moderate-income individuals. In addition to retail banking services, bank officers are active in numerous local organizations that promote community development.

Bank's responsiveness, through community development activities, to community development lending, investment, and services needs

Landmark Bank is responsive to community development opportunities throughout its AAs. Community development activity addressed services, revitalization and economic development needs and provided services to low- and moderate-income individuals.

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.

Metropolitan Area Rating

CRA rating for the Sherman and Denison, Texas metropolitan area: Satisfactory.

The lending test is rated: Satisfactory.

The community development test is rated: Satisfactory.

The major factors that support this rating include:

- Landmark Bank demonstrates good responsiveness to the credit needs in the Sherman and Denison AA. The distribution of loans by geography and by borrower income level reflects a reasonable penetration in this AA.
- The overall level of qualified community development services, investments, and loans represents satisfactory responsiveness to identified community development needs. Landmark Bank's delivery systems are reasonably accessible to geographies and individuals of different income levels in the Texas AA. The bank made qualified investments during the evaluation period totaling \$1 million.

Description of Operations in Sherman and Denison Metropolitan Area

The Texas AA includes the Sherman and Denison MSA which consists of Grayson County, Texas. This AA consists of 26 census tracts (CT) and includes no low-income CTs, seven moderate-income CTs, seventeen middle-income CTs, and two upper-income CTs. This AA meets the requirements of the Community Reinvestment Act and does not arbitrarily exclude low- and moderate-income geographies.

The Texas AA has a total population of 110,595. Six of the bank's branches and seven ATMs are located in this AA with 22 percent of the total bank deposits. Several other institutions compete in this market with Landmark Bank having the seventh largest market share of deposits with 5.02 percent. The area economy is considered stable to growing as the Dallas/Fort Worth Metroplex continues to expand northward. Major employers include Texas Instruments, Inc., Tyson Fresh Meats, Texoma Regional Healthcare, and Wilson Jones Hospital. Based on a recent contact with a local community group, the primary need within the AA is for residential loans. The contact noted the majority of new businesses and commercial financing needs were provided on a national level from parent companies. This contact also felt the local financial institutions were providing products and financing which help meet these needs.

The following table provides a description of the Sherman and Denison MSA AA based on census data and 2005 Department of Housing and Urban Development information.

DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS OF AA	
Population	
Number of Families	30,297
Number of Households	42,834
Geographies	
Number of Census Tracts/BNA	26
% Low-Income Census Tracts/BNA	0.00%
% Moderate-Income Census Tracts/BNA	26.92%
% Middle-Income Census Tracts/BNA	65.38%
% Upper-Income Census Tracts/BNA	7.69%
<i>Median Family Income (MFI)</i>	
2000 MFI for AA	\$45,043
2005 HUD-Adjusted MFI	\$52,000
Economic Indicators	
Unemployment Rate	2.28%
2000 Median Housing Value	\$68,675
% of Households Below Poverty Level	12.12%

Conclusions About Performance Criteria

Lending Test

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

Landmark Bank’s overall distribution of loans by income level of the borrower is satisfactory given the overall demographics of the Texas AA. The median cost of housing in the Texas AA is \$69 thousand while a low-income person earns less than \$26 thousand based on the HUD updated 2005 median family income. Twelve percent of the households in the AA live below the poverty level. Competition for home mortgage products is strong with numerous banks, mortgage companies, and other financial institutions vying for these loans. We considered these mitigating factors in our home mortgage lending analysis to low- and moderate-income borrowers.

The distribution of home purchase loans by borrower income level is adequate in the Texas AA. The percentage of loans to low- and moderate-income borrowers are below the percentage of low- and moderate-income families and is reflective of the factors discussed above.

TEXAS AREA - RESIDENTIAL REAL ESTATE							
LOW INCOME BORROWERS		MODERATE INCOME BORROWERS		MIDDLE INCOME BORROWERS		UPPER INCOME BORROWERS	
% of AA Families	% of Bank Loans	% of AA Families	% of Bank Loans	% of AA Families	% of Bank Loans	% of AA Families	% of Bank Loans
19.46	7.94	18.09	11.11	23.05	22.22	39.40	58.73

The bank’s distribution of loans to small businesses is excellent. The percentage of loans to businesses with revenues of \$1 million or less significantly exceeds the percentage of businesses with revenues of \$1 million or less.

TEXAS AREA - BORROWER DISTRIBUTION OF SMALL LOANS TO BUSINESSES			
BUSINESSES WITH REVENUES ≤\$1,000,000		BUSINESSES WITH REVENUES >\$1,000,000	
% of AA Businesses	% of Bank Loans	% of AA Businesses	% of Bank Loans
65.62	100.00	34.38	0.00

Geographic Distribution of Loans

Landmark Bank’s distribution of home purchase loans and loans to businesses by income level of the geography is good in the Texas AA. The distribution of loans in moderate-income tracts is equal to the percentage of owner-occupied housing units in the moderate-income tracts.

TEXAS AREA - RESIDENTIAL REAL ESTATE							
LOW INCOME GEOGRAPHIES		MODERATE INCOME GEOGRAPHIES		MIDDLE INCOME GEOGRAPHIES		UPPER INCOME GEOGRAPHIES	
Owner Occupied Units	% of Bank Loans	% Owner Occupied Units	% of Bank Loans	% Owner Occupied Units	% of Bank Loans	% Owner Occupied Units	% of Bank Loans
0.00	0.00	13.89	12.12	75.65	78.79	10.46	9.09

The geographic distribution of loans to businesses is good. The distribution of loans to businesses in the moderate-income tracts is near to the percentage of businesses located in moderate-income tracts.

TEXAS AREA - BUSINESS LOANS							
LOW INCOME GEOGRAPHIES		MODERATE INCOME GEOGRAPHIES		MIDDLE INCOME GEOGRAPHIES		UPPER INCOME GEOGRAPHIES	
% of Businesses	% of Bank Loans	% of Businesses	% of Bank Loans	% of Businesses	% of Bank Loans	% of Businesses	% of Bank Loans
0.00	0.00	21.91	20.00	69.91	60.00	8.18	20.00

Responses to Complaints

There have been no CRA related complaints received during this evaluation process.

Community Development Test

The bank's overall performance under the community development test is satisfactory. The bank provided a satisfactory level of community development services and investments. However, the bank did not make any community development loans in its AAs.

Number and amount of community development loans

Landmark Bank made no community development loans in the Texas AA during this evaluation period. The bank provided loans to cities and communities to provide city services and equipment in its AA.

Number and amount of qualified investments

Landmark Bank provided a satisfactory level of community development investments in its AAs. During this evaluation period, the bank made one qualified investment totaling \$1 million. This investment was to the CRA Fund which provides investments that support community development activities.

Extent to which the bank provides community development services

Landmark Bank provided a satisfactory level of community development services throughout the Texas AA. The delivery systems of the bank are reasonably accessible to geographies and individuals of different income levels in this AA. The bank operates six banking offices conveniently located throughout the Texas AA. A wide range of financial services are provided at each branch and are consistent throughout the bank's branch network. The bank offers an ATM at each branch location as well as offering telephone and Internet banking services, ACH deposits, and low cost checking accounts.

In addition to retail banking services, the bank provides other community development services. These include providing loan programs through the secondary market with low or no down payment options for low- and moderate-income borrowers. Bank officers are active in numerous local organizations that promote community development.

Bank's responsiveness, through community development activities, to community development lending, investment, and services needs

Landmark Bank is responsive to community development opportunities throughout the Texas AA. Community development activity addressed services, revitalization and economic development needs and provided services to low- and moderate-income individuals.

State Rating

CRA Rating for Oklahoma: Satisfactory

The lending test is rated: Satisfactory

The community development test is rated: Satisfactory

The major factors that support this rating include:

- Landmark Bank demonstrates good responsiveness to the credit needs in the Oklahoma AA. The distribution of loans by geography and by borrower income level reflects a reasonable penetration in this AA.
- The level of qualified community development services, investments, and loans represents satisfactory responsiveness to identified community development needs. Landmark Bank's delivery systems are reasonably accessible to geographies and individuals of different income levels in the Oklahoma AA. The bank made qualified investments during the evaluation period totaling \$1.078 million.

Description of Bank's Operations in Oklahoma

The Oklahoma AA consists of Bryan, Carter, Garvin, Johnston, Marshall, Murray and Pontotoc Counties. There are 49 census tracts (CT) in this AA with no low-income CTs, 6 moderate-income CTs, 39 middle-income CTs, and 4 upper income CTs. This AA meets the requirements of the Community Reinvestment Act and does not arbitrarily exclude low- or moderate-income geographies.

The Oklahoma AA has a combined population of 180,828. Ten of the bank's branches and thirteen ATMs are located in this AA with 78 percent of the total bank deposits. Several other institutions compete in this market with Landmark Bank having the second largest market share of deposits with 12 percent of the AA deposits. Landmark Bank is retail oriented with a focus on mortgage and commercial lending. The area economy is considered stable. Major employers are located in the more populated areas of Ardmore in Carter County, Durant in Bryan County and Ada in Pontotoc County. The largest employers in Carter County include Michelin North America, Mercy Memorial Health Center, and Dollar General. In Bryan County, the major employers include the Choctaw Nation of Oklahoma, Southeastern Oklahoma State University, Medical Center of Southeastern Oklahoma and Durant Big Lots Distribution Center. Major employers in Pontotoc County include Chickasaw Nation and Chickasaw Enterprises, Valley View Regional Hospital, Pre-Paid Legal Services, Inc., and Solo Cup. Based on a recent contact with a local community group, the primary need within the AA is for residential loans and small commercial loans. This contact felt the local financial institutions were providing products and financing which help meet these needs.

The following table provides a description of the Oklahoma AA based on census data and 2005 Department of Housing and Urban Development information.

DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS OF AA	
Population	
Number of Families	50,324
Number of Households	71,824
Geographies	
Number of Census Tracts/BNA	49
% Low-Income Census Tracts/BNA	0.00%
% Moderate-Income Census Tracts/BNA	12.24%
% Middle-Income Census Tracts/BNA	79.59%
% Upper-Income Census Tracts/BNA	8.16%
<i>Median Family Income (MFI)</i>	
2000 MFI for AA	35,517
2005 HUD-Adjusted MFI	41,400
Economic Indicators	
Unemployment Rate	2.68
2000 Median Housing Value	54,797
% of Households Below Poverty Level	17.53

Conclusions About Performance Criteria

Lending Test

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

Landmark Bank’s overall distribution of loans by income level of the borrower is satisfactory given the overall demographics of the Oklahoma AA. The median cost of housing in the Oklahoma AA is \$55 thousand while a low-income person earns less than \$21 thousand based on the HUD updated 2005 median family income. Eighteen percent of the households in the AA live below the poverty level. Competition for home mortgage products is strong with numerous banks, mortgage companies, and other financial institutions vying for these loans. We considered these mitigating factors in our home mortgage lending analysis to low- and moderate-income borrowers.

The distribution of home purchase loans by borrower income level is adequate in the Oklahoma AA. The percentage of loans to low-income borrowers is below the percentage of low-income families and is reflective of the factors discussed above. The percentage of home loans to moderate-income borrowers is near to the percentage of moderate-income families in the AA.

OKLAHOMA AREA - RESIDENTIAL REAL ESTATE							
LOW INCOME BORROWERS		MODERATE INCOME BORROWERS		MIDDLE INCOME BORROWERS		UPPER INCOME BORROWERS	
% of AA Families	% of Bank Loans	% of AA Families	% of Bank Loans	% of AA Families	% of Bank Loans	% of AA Families	% of Bank Loans
20.75	9.87	18.67	15.84	21.67	20.00	38.90	54.29

The bank’s distribution of loans to small businesses is excellent. The percentage of loans to businesses with revenues of \$1 million or less exceeds the percentage of businesses with revenues of \$1 million or less.

OKLAHOMA AREA - BORROWER DISTRIBUTION OF SMALL LOANS TO BUSINESSES			
BUSINESSES WITH REVENUES ≤\$1,000,000		BUSINESSES WITH REVENUES >\$1,000,000	
% of AA Businesses	% of Bank Loans	% of AA Businesses	% of Bank Loans
52.21	95.83	47.79	4.17

Geographic Distribution of Loans

Landmark Bank’s distribution of home purchase loans and loans to businesses by income level of the geography is good in the Oklahoma AA.

The geographic distribution of home purchase loans is good. The distribution of loans in moderate-income tracts is near the percentage of owner-occupied housing units in the moderate-income tracts.

OKLAHOMA AREA - RESIDENTIAL REAL ESTATE							
LOW INCOME GEOGRAPHIES		MODERATE INCOME GEOGRAPHIES		MIDDLE INCOME GEOGRAPHIES		UPPER INCOME GEOGRAPHIES	
% Owner Occupied Units	% of Bank Loans	% Owner Occupied Units	% of Bank Loans	% Owner Occupied Units	% of Bank Loans	% Owner Occupied Units	% of Bank Loans
0.00	0.00	7.84	6.73	78.02	86.28	14.14	6.98

The geographic distribution of loans to businesses is good. The percentage of business loans made in the moderate-income tracts is nearly equal to the percentage of businesses located in these tracts.

OKLAHOMA AREA - BUSINESS LOANS							
LOW INCOME GEOGRAPHIES		MODERATE INCOME GEOGRAPHIES		MIDDLE INCOME GEOGRAPHIES		UPPER INCOME GEOGRAPHIES	
% of Businesses	% of Bank Loans	% of Businesses	% of Bank Loans	% of Businesses	% of Bank Loans	% of Businesses	% of Bank Loans
0.00	0.00	17.38	16.67	68.80	62.50	13.82	20.83

Responses to Complaints

There have been no CRA related complaints received during this evaluation process.

Community Development Test

The bank's overall performance under the community development test is satisfactory. The bank provided a satisfactory level of community development services, investments, and loans in the Oklahoma AA.

Number and amount of community development loans

Landmark Bank has an adequate level of community development loans in this AA. During this evaluation period, the bank had one loan totaling approximately \$24 thousand that qualified as community development. The bank provides loans to cities, communities, and local hospitals to provide city services and equipment and medical services in its AA.

Number and amount of qualified investments

Landmark Bank provided a satisfactory level of community development investments in the Oklahoma AA. During this evaluation period, the bank made six qualified investments totaling \$1.078 million. The largest investment was \$1 million to the CRA Fund which provides investments that support community development activities. Other investments include donations to local organizations that provide community services.

Extent to which the bank provides community development services

Landmark Bank provided a satisfactory level of community development services throughout the Oklahoma AA. The delivery systems of the bank are reasonably accessible to geographies and individuals of different income levels in the Oklahoma AA. The bank operates ten banking offices conveniently located throughout this AA. A wide range of financial services are provided at each branch and are consistent throughout the bank's branch network. The bank offers ATMs at each branch location as well as offering telephone and Internet banking services, ACH deposits, and low cost checking accounts.

In addition to retail banking services, the bank provides other community development services. These include providing loan programs through the secondary market with low or no down payment options for low- and moderate-income borrowers. Bank officers are active in numerous local organizations that promote community development.

Bank's responsiveness, through community development activities, to community development lending, investment, and services needs

Landmark Bank is responsive to community development opportunities throughout the Oklahoma AA. Community development activity addressed services, revitalization and economic development needs and provided services to low- and moderate-income individuals.