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Comptroller of the Currency  
Administrator of National Banks

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## **PUBLIC DISCLOSURE**

May 28, 1997

# **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**Landmark Bank, N.A.  
Charter Number 23055**

**1601 Lonnie Abbott Boulevard  
Ada, Oklahoma 74820**

**Comptroller of the Currency  
1600 Lincoln Plaza  
500 North Akard  
Dallas, Texas 75201-3394**

**NOTE: 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.**

## GENERAL INFORMATION

*The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the 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. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.*

*This document is an evaluation of the Community Reinvestment Act (CRA) performance of Landmark Bank, N.A., Ada, Oklahoma as prepared by **The Comptroller of the Currency**, the institution's supervisory agency, as of May 28, 1997. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

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

Landmark Bank, N.A., Ada, Oklahoma does an excellent job of meeting the assessment area credit needs. This is supported by the following:

- The loan-to-deposit ratio is more than reasonable and exceeds the standard for satisfactory performance.
- Number and dollar volume of loans extended within the designated assessment area is excellent.
- Number and dollar volume of direct loans extended to low- and moderate-income individuals/areas, loans to small businesses and small farms is reasonable. In addition, Landmark participates in loan programs which benefit small business as well as low- and moderate-income individuals and families.
- The geographic distribution of credit within the assessment area reflects a more than satisfactory record of credit extended to low- and moderate-income census tracts.

The following table indicates the performance level of Landmark Bank, N.A., Ada, Oklahoma with respect to each of the five performance criteria.

<b>SMALL INSTITUTION ASSESSMENT CRITERIA</b>	<b>Landmark Bank, N.A. PERFORMANCE LEVELS</b>		
	<b>Exceeds Standards for Satisfactory Performance</b>	<b>Meets Standards for Satisfactory Performance</b>	<b>Does not meet Standards for Satisfactory Performance</b>
Loan to Deposit Ratio	X		
Lending in Assessment Area	X		
Lending to Borrowers of Different Incomes and to businesses of Different sizes		X	
Geographic Distribution of Loans	X		
Response to Complaints	No complaints were received since the last CRA examination.		

## DESCRIPTION OF INSTITUTION

Landmark Bank, N.A. (Landmark) located in Garvin county, Ada, Oklahoma, is a subsidiary of The Landrum Company, a multi-bank holding company. Landmark has adequate resources devoted toward meeting community credit needs. There are no known legal, financial, or other factors impeding management's ability to meet the credit needs of the designated assessment areas. Landmark's main banking center is located at 1601 Lonnie Abbott Boulevard, Ada, Oklahoma. In addition, Landmark operates five full service banking centers located at 1300 East Main, Davis, Oklahoma; 701 Hwy 70 East, Kingston, Oklahoma; 124 West Main, Tishomingo, Oklahoma; Main and Choctaw, Wapanucka, Oklahoma; and 201 South Dean McGee, Wynnewood, Oklahoma. 24 hour automatic teller machines (ATMs) are located at the Ada, Davis, Kingston, Tishomingo, and Wynnewood banking centers. Drive-in facilities are located at each banking center with the exception of the Ada location, which is located in the Wal-Mart. As of March 31, 1997, Landmark had total assets of \$102.5 million, gross loans of \$68 million, and an average loan-to-deposit ratio of 80 percent. The table below reflects loans by type:

<b>Percentage of Loans by Type as of March 31, 1997</b>	
<b>Real Estate</b>	<b>54 percent</b>
<b>Instalment</b>	<b>25 percent</b>
<b>Commercial and Industrial</b>	<b>13 percent</b>
<b>Loans to finance agricultural production and other loans to farmers</b>	<b>7 percent</b>
<b>Other loans</b>	<b>1 percent</b>

Although Landmark offers a wide variety of credit products, the primary lending focus is different types of real estate loans and consumer loans for various purposes. Landmark packages long-term fixed rate real estate loans for sale into the secondary market through Accubank Mortgage Company. Landmark's performance under the CRA was previously evaluated as of August 8, 1994.

## DESCRIPTION OF LANDMARK BANK, N.A. ASSESSMENT AREA COMPRISING 32 CENSUS TRACT(S) LOCATED IN GARVIN, JOHNSTON, MARSHALL, MURRAY, AND PONTOTOC COUNTIES IN OKLAHOMA.

Landmark's assessment area (AA) consists of 32 census tracts located in the communities of Wynnewood (Garvin County), Wapanucka (Johnston County), Kingston (Marshall County), Davis (Murray County), and Ada (Pontotoc County), as well as the surrounding rural areas. The AA is inclusive of the geographies where Landmark's main banking centers and deposit taking ATMs are located. The assessment areas do not arbitrarily exclude low or moderate income geographies, and is described as follows:

**Landmark Bank, N.A.**  
**Description of Assessment Area**

The population of the AA is 80 thousand people. Of the 32 census tracts in Landmark’s assessment area, there are six census tracts in Garvin County, five census tracts in Johnston County, one census tract in Marshall County, three census tracts in Murray County, and seventeen census tracts in Pontotoc County. Eighteen are middle income, three are moderate income, two are upper income, and one is low income. Eight of the census tracts have no population. A breakdown of families within the AA according to income level is set out in the following table:

Counties in Assessment Area	Upper Income Families	Middle Income Families	Moderate Income Families	Low Income Families
Garvin County	2,124	1,056	998	1,257
Johnston County	823	554	520	850
Marshall County	383	325	255	417
Murray County	1,344	595	621	779
Pontotoc County	3,734	1,765	1,674	2,233
Totals	8,408	4,295	4,068	5,536

According to United States Census Bureau information, there are 22 thousand households in the AA with approximately 43 percent of those households being classified as either low or moderate income. The 1990 census Metropolitan Statistical Area (MSA) median family income for the AA is \$28.6 thousand with a median housing value of \$28.4 thousand.

The largest employment sectors are services, government, retail trade, and manufacturing related entities. The economy will receive a significant boost when a new Wal Mart distribution center is built bringing 500-1,000 new jobs to the area.

One community contact was conducted during the examination. The contact was affiliated with the Chamber of Commerce in one of the main assessment areas. Overall, the contact stated Landmark provides positive support to the community. Although, the contact stated the economy is stable, there is a need for small businesses to enhance economic conditions.

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

Overall, Landmark is outstanding in meeting the credit needs of the entire assessment area, including low- and moderate-income individuals and areas, consistent with available resources and capabilities.

### **Loan-to-Deposit Ratio**

The loan-to-deposit ratio is more than reasonable and exceeds the standard for satisfactory performance. This determination is based on the average loan-to-deposit ratio for the previous eleven quarters. As of March 31, 1997, the eleven quarter average loan-to-deposit ratio for Landmark was 80 percent. Landmark's loan-to-deposit ratio was compared to the fifty-three banks in and surrounding the assessment area. As of December 31, 1996, these 53 banks had loan-to-deposit ratios ranging from 21 percent to 82 percent with the average being 55 percent. Landmark's loan-to-deposit ratio of 82 percent at December 31, 1996, was the highest of all the comparable banks.

Landmark's ratio also compares well to the average loan-to-deposit ratio for the fifteen other banks headquartered in the assessment area. The average for this group of banks was also 55 percent at December 31, 1996. The low ratio in this group was 26 percent and the high ratio was Landmark's ratio of 82 percent.

### **Lending in Assessment Area**

A substantial majority of credit extended is within the assessment area. To analyze this factor, management utilizes an outside vendor to perform a loan distribution analysis. The external analysis covers the period from January 1, 1996 through October 15, 1996. Therefore, internal reports were reviewed to determine the lending distribution from October 16, 1996 through March 31, 1997. According to the external analysis, 76 percent of the loan dollars were within the assessment area, and 83 percent of the new loan dollars were made within the assessment area after October 15, 1996. The data was tested for accuracy and found to be accurate.

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

Distribution of loans to borrowers among various income levels as well as to small farms and businesses is reasonable. An automated sample of 494 consumer loans totaling \$3.2 million originated since October 16, 1996 were sampled to determine income distribution within the assessment area. This analysis determined that 26 percent, or \$835 thousand of the loan dollars of this sample were to low- and moderate-income individuals or families. Based on the 1990 census data, 43 percent of the families are either low or moderate income.

Landmark participates in a program sponsored by INCA Community Services, Inc. This is a new Homebuyer Program funded by Housing and Urban Development which is available to provide funds for a portion of down payments and closing costs to low- and moderate income individuals or families. The counties served by this program are Johnston, Marshall, and Murray counties of the assessment area. To date, there have been two loans closed and another is in the application process under this program.

The level of lending to small businesses and small farms was calculated as of April 21, 1997. This calculation revealed Landmark has 71 percent of the loans to small businesses, and 90 percent to small farms. Landmark also participates in the SBA Guaranteed Loan Program, which has resulted in the origination of five loans totaling \$580.5 thousand dollars.

### Geographic Distribution of Loans

Geographic distribution of credit within the assessment area is excellent. The analysis provided by the external vendor revealed adequate distribution of loans in 18 census tracts under review. This does not reflect the 32 census tracts determined to be in the assessment area at March 31, 1997, since all 32 were not in the assessment area at the time of the analysis due to recent merger activity. As illustrated in the chart below, the percentage of loans in the moderate census tracts exceeds the population in those tracts. The percentage of loans in the low income tracts is lower, however the low income tract is geographically located where Landmark historically has operated an LPO, and has not had a banking presence. The distribution of loans in the low income tract is expected to improve due to the recent establishment of Landmark's charter in Ada, Oklahoma.

<b>Distribution of Loans Made January 1996 to October 1996 by Census Tract Types</b>				
<b>Description</b>	<b>Percentage of Total Tracts</b>	<b>Percentage with Loans</b>	<b>Percentage of Total Loans to Tracts</b>	<b>Percentage of Population in Tracts</b>
Low Income Tracts (1)	5.55%	100% (1 of 1)	1.48%	3.51%
Moderate Income Tracts (3)	16.67%	100% (3 of 3)	23.42%	14.47%
Middle Income Tracts (12)	66.67%	100% (12 of 12)	68.49%	68.11%
Upper Income Tracts (2)	11.11%	100% (2 of 2)	6.61%	13.91%
Total Tracts (18)	100.00%	100% (18 of 18)	100.00%	100.00%

No practices were noted which were intended to discourage types of credit offered. Management solicits credit applications from all segments of the community, including low- and moderate-

income neighborhoods. Our review revealed substantial compliance with all the provisions of the antidiscrimination laws and regulations. The board and management have developed adequate policies, procedures, and training programs that should prevent discriminatory and other illegal credit practices.

### **Response to Complaints**

No complaints concerning the CRA have been received since the last examination.