



INTERMEDIATE SMALL BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

October 19, 2009

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Landmark Bank, National Association
Charter Number: 1467

801 East Broadway
Columbia, MO 65205-0000

Office of the Comptroller of the Currency

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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.

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., Columbia, Missouri (LMB)** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of **October 19, 2009**. 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."

The Lending Test is rated: Outstanding.

The Community Development Test is rated: Outstanding.

The major factors supporting this rating are:

- LMB's record of lending to businesses of different sizes and to borrowers of different income levels is excellent. The bank's primary lending products consist of commercial/commercial real estate (commercial) and residential real estate (home purchase and refinance) loans by number and dollar of loans originated during the evaluation period.
- LMB's geographic dispersion of loans is reasonable. For residential real estate purchase loans, the bank's performance significantly exceeds area demographic data in the low-income tracts.
- The bank's loan-to-deposit ratio is more than reasonable considering the level of competition in the bank's AA. The bank's quarterly average loan-to-deposit ratio calculated since the last CRA evaluation to September 2009 is 94 percent.
- The bank's performance under the Community Development Test is excellent. LMB is responsive to community development needs throughout its AA. The bank's community development activities primarily help to address affordable housing, revitalize/stabilize and targeted social services for low- and moderate-income individuals in the AA.

Scope of the Evaluation

We used a combination of bank and examiner generated loan and demographic reports to evaluate the bank's CRA performance. We focused on the bank's performance in the Columbia AA since the merger occurred less than six months prior to the start of this exam. The Southern Missouri, Oklahoma and Texas AAs were not reviewed during this examination due to limited data. They were merged into the bank April 2009. The surviving bank had no control over the decisions made at the other locations prior to the merger. Primary loans by number and dollar consist of small loans to businesses followed by residential real estate – home purchase and refinance loans. These products are consistent with the bank's business strategy. The evaluation period for the Lending Test is January 1, 2006 – June 30, 2009. Our sample consisted of loans originated January 1, 2007 – June 30, 2009. We reviewed a sample of 75

commercial loans of which 67 were in the bank's AA. For the residential real estate loans, we were able to analyze LMB's residential real estate portfolio based on bank generated reports and available Home Mortgage Disclosure Data (HMDA).

For the Community Development Test, the evaluation period is November 20, 2006 through October 19, 2009. This test includes a review of loans, investments, and services provided in the bank's assessment area (AA) that meet the definition of community development and investments. Activities of affiliates were not assessed during this evaluation period.

Description of Institution

LMB is a full service financial institution offering various loan and deposit products. LMB's primary business focus is commercial lending to small- and medium-sized businesses. Residential real estate lending is also a significant product for the bank. The Landrum Company merged its three affiliate banks into the Columbia charter which included First National Bank & Trust Co., Columbia, MO (surviving charter) Landmark Bank, N.A., Ada, OK, and First National Bank, Mountain View, MO. After the merger, LMB became a \$1.4 billion interstate bank. The resulting bank became Landmark Bank, National Association on April 27, 2009.

LMB's net loans as a percentage of total assets are 77 percent as of June 30, 2009. The loan distribution by dollar volume is: residential real estate loans – 38 percent, commercial real estate loans – 33 percent, commercial/industrial loans – 12 percent, agricultural related loans – 10 percent, and consumer loans – 7 percent of reported loans. Tier 1 capital is \$120 million which is 9 percent of average assets.

LMB has no legal, financial, or other factors that impede its ability to help meet the credit needs of its assessment areas. LMB's performance was rated "Outstanding" at its last CRA evaluation dated November 19, 2006.

Description of Assessment Area

LMB's AA meets the requirements of the regulation and does not arbitrarily exclude low- or moderate-income geographies. LMB's primary AA for this evaluation period is the Columbia AA. The Columbia AA consists solely of Boone County, Missouri. The AA comprises the entire Columbia, Missouri Metropolitan Area. In the Columbia AA, LMB has ten branches and six stand-alone ATMs. Of the ten branches, 2 are located in low-income and 3 are located in moderate-income census tracts. Two of the six stand-alone ATMs are located in low-income census tracts and one is located in a moderate-income tract.

Numerous financial institutions provide strong competition in the AA. Of the 31 financial institutions with an office in the AA, LMB ranks 2nd with a deposit market share of 16 percent. Economic conditions are better than most other counties in the state. The AA has a lower unemployment rate than state and national averages but some sectors have declined rapidly over the last two years - construction being one area. The unemployment rate for June 2009 is 6.9 percent and is below both the state and national averages of 9.5 and 9.7 percent, respectively. Primary employment industries consist of 42 percent services which includes government, education, and health, 13 percent retail trade, and 4 percent construction based upon SIC - Standard Industrial Classification codes. Major employers include the University of Missouri, University Hospitals, Columbia Public Schools, Boone Hospital Center, and the City of Columbia.

During the evaluation, we contacted one local community organization. The community contact stated the primary need in the AA is residential real estate. The contact also stated the local financial institutions offer products that help meet all the credit needs of the community. In addition, LMB is responsive to community development needs throughout its AA. The bank's community development activities primarily help to address affordable housing, revitalize/stabilize, and targeted social services for low- and moderate-income individuals in the AA. Refer to the Community Development Test Section of this PE for additional details.

When LMB merged its affiliate banks into the Columbia, MO charter, the resulting bank now has five AAs. The AAs include Southern Missouri, Oklahoma, and Texas. A detail listing is as follows: one AA in Southern Missouri including Howell and Texas Counties; one AA in Oklahoma including the counties of Bryan, Carter, Garvin, Johnston, Marshall, Murray and Pontotoc; and two AAs in Texas – one in Grayson county part of the Sherman-Denison MSA and one in Cooke county Texas.

Since our last examination, LMB opened the Stephen Park Drive Thru and closed two ATM locations in the Columbia AA. In the other four AAs, the bank opened one branch each in Ada, OK, Gainesville, TX and West Plains, MO. One branch closed in Mountain View, MO during the evaluation period. The bank's CRA Public File contains all required documentation making it complete.

Our review also included contacting local community groups in the AA. Community contacts in the AA stated the primary need in the AA is residential real estate. Each community contact also stated the local financial institutions offer products that help meet all the credit needs of the community and would like to see more of these products.

For additional demographic information about the Columbia AA refer to the chart below:

Demographic Information for Columbia MO						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	29	17.24	20.69	44.83	17.24	0.00
Population by Geography	135,454	7.49	17.95	50.57	23.99	0.00
Owner-Occupied Housing by Geography	30,529	1.83	10.60	59.18	28.39	0.00
Business by Geography	12,418	18.37	15.32	44.65	21.66	0.00
Farms by Geography	609	3.94	6.73	78.49	10.84	0.00
Family Distribution by Income Level	31,665	19.11	17.92	22.87	40.10	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	11,725	9.14	18.92	56.69	15.25	0.00
Median Family Income HUD Adjusted Median Family Income for 2009 Households Below Poverty Level		50,099 63,000 15%	Median Housing Value Unemployment Rate (Bureau Labor Statistics)		100,791 6.9% June 2009	

Data Source: 2000 US Census and 2009 HUD updated MFI

CONCLUSION ABOUT PERFORMANCE CRITERIA

Our analysis focused on the bank's primary product lines, consisting of commercial loans and residential real estate (home purchase and refinance) loans. We reviewed a sample of 75 commercial loans of which 67 were in the bank's AA. For the residential real estate loans, we were able to analyze the bank's loan portfolio for years 2007, 2008, and through June for 2009 based on bank generated reports and available Home Mortgage Disclosure Data (HMDA). Our analysis also included a review of flexible home ownership community partnership programs offered by the bank.

LENDING TEST

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

LMB's lending to businesses of different sizes and to borrowers of different income levels is excellent and compares favorably to area demographic data. Considering the high level of competition for commercial loans and the bank's financial capacity, LMB's lending to businesses of different sizes is excellent. Based on the sample, the table below illustrates the bank's distribution of commercial loans under and over \$1 million in revenue. The sample is compared to reported revenue information for businesses in the AA. A further review of the bank's loan distribution shows that 79 percent by number were originated to businesses with revenues of \$250 thousand or less. Note: Approximately 33 percent of the businesses in the AA did not report revenue information.

Borrower Distribution of Loans to Businesses in AA				
Business Revenues (or Sales)	< 1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	63.00%	4.44%	32.56%	100%
% of Bank Loans in AA by #	58.21%	37.31%	4.48%	100%
% of Bank Loans in AA by \$	32.59%	66.27%	1.13%	100%

Data Source: 2008 Business Geo-demographic data; bank and examiner generated reports

The bank's lending to borrowers of different income levels is excellent. Management responded favorably to the credit needs of its AA by originating home loans to borrowers at all income levels including low- and moderate-income borrowers. The bank's lending performance significantly exceeds area demographic data for home purchase loans originated to borrowers at the moderate-income level. The bank's refinance mortgages originated to borrowers meets the area demographic data at the moderate-income level. In addition, a review of market share data for home purchase loans indicates that LMB ranks 6th in originations to moderate-income borrowers and 7th in originations to low-income borrowers. For refinance mortgages, LMB ranked 5th in originations to low-income borrowers and 8th in originations to moderate-income borrowers. A review of demographic data indicates that the area poverty rate is at 15 percent which makes it difficult to qualify for home mortgages at this income level.

The table below illustrates the bank's distribution of residential real estate loans based on the income level of the borrower.

Borrower Distribution of Residential Real Estate Loans in AA								
Borrower Income Level	Low-Income		Moderate-Income		Middle-Income		Upper-Income	
	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Residential Real Estate:								
Home Purchase	19.11%	7.35%	17.92%	24.49%	22.87%	20.61%	40.10%	47.55%
Refinance		7.54%		16.06%		20.68%		55.72%

Data Source: 2000 US Census; bank and examiner generated reports

Geographic Distribution of Loans

LMB's dispersion of loans among the various geographies in its AA is reasonable with the analysis reflecting lending activity in most tracts. According to the 2000 US Census data, the AA consists of 5 low-income, 6 moderate-income, 13 middle-income and 5 upper-income census tracts. The bank's geographic distribution of commercial loans is less than area demographics for the low and moderate-income tracts. The table below illustrates the bank's distribution of commercial loans.

Geographic Distribution of Loans to Businesses in AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Businesses	% of # Loans	% of AA Businesses	% of # Loans	% of AA Businesses	% of # Loans	% of AA Businesses	% of # Loans
Commercial	18.53%	11.94%	15.26%	8.96%	44.23%	44.78%	21.99%	34.33%

Data Source: 2000 US Census; bank and examiner generated reports

The bank's geographic distribution of residential real estate home purchase loans is excellent and significantly exceeds area demographic data based on the percentage of loans in low- and moderate-income census tracts. The bank's geographic distribution of residential real estate refinance loans is adequate and is below area demographic data for low- and moderate-income tracts. The table below illustrates the bank's geographic distribution of residential real estate.

Geographic Distribution of Residential Real Estate Loans in AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Owner Occupied	% of Number of Loans	% of AA Owner Occupied	% of Number of Loans	% of AA Owner Occupied	% of Number of Loans	% of AA Owner Occupied	% of Number of Loans
Purchase	1.83%	2.58%	10.60%	11.13%	59.18%	52.68%	28.39%	33.60%
Refinance		1.18%		7.53%		57.88%		33.41%

Data Source: 2000 US Census; bank and examiner generated reports

Product Innovation and Flexibility

LMB's level of responsiveness to area credit needs is good. The bank is an active participant in a variety of flexible loan programs. For example, LMB participates in the City of Columbia's "[Home Ownership Assistance Program.](#)" This is a flexible program that helps low- and moderate-income (LMI) individuals purchase a home. Program participants must meet the

Department of Housing and Urban Development (HUD) area LMI guidelines. The City of Columbia, Missouri provides a grant for up to \$3,500 to be used towards their down payment or closing costs. The program is administered by Enterprise Development Corporation and restrictions include income limitations on first-time home buyers and qualifying property locations.

LMB is also an approved FHLMC seller/servicer. During the evaluation period, the bank participated in the Freddie Mac "Home Possible Mortgage Program". The program offers a variety fixed and adjustable rate products with various loan terms, and flexible underwriting guidelines for LMI individuals and for the purchase of homes in targeted areas. Note: Management did not maintain information showing its participation by number and dollar in the programs.

Lending in Assessment Area

LMB's record of lending within its AA is good. Both by number and dollar, a majority of the bank's loans are extended to businesses and individuals in the AA. By number, the bank originated 71 percent of its loans in the AA. By dollar, the bank originated 78 percent of its loans in the AA. We used the sample of commercial loans and an analysis of the bank's 2007, 2008, and year-to-date June 2009 residential real estate loan portfolios to conduct this review.

Loan-to-Deposit Ratio

The bank's loan-to-deposit ratio is more than reasonable considering the level of competition in the bank's AA. The bank's quarterly average loan-to-deposit ratio calculated since the last CRA evaluation to September 30, 2009 is 94 percent. For informational purposes, we reviewed the loan-to-deposit ratio of three financial institutions similar in size and product offering located in the AA. The average for these institutions ranged from 83 to 98 percent with an overall average of 92 percent. The asset size of the institutions including that of LMB ranged from \$1.2 to \$1.5 billion.

Responses to Complaints

LMB has not received any complaints about its performance in helping to meet credit needs in the AA during this evaluation period.

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.

COMMUNITY DEVELOPMENT TEST

The bank's performance under the Community Development Test is excellent. LMB is responsive to community development needs throughout its AA. The bank's community development activities primarily help to address affordable housing, revitalize/stabilize, and targeted social services for low- and moderate-income individuals in the AA. In addition, the bank's distribution of branches by geographic designation exceeds area demographics.

Number and Amount of Community Development Loans

Community development loans originated during the evaluation period consist of seven loans totaling \$5.4 million that meet the size and purpose test requirements for this area of the review. The focus of these loans is revitalization/stabilization and affordable housing for low- and moderate-income individuals.

Number and Amount of Qualified Investments

During the evaluation period, the bank provided monetary contributions to 17 nonprofit organizations with a combined total of \$3.6 million. The largest investment consists of a \$3.4 million contribution in the CRA Fund, which supports community development activities for low-income housing, affordable healthcare, and job training. The remaining balance of \$168 thousand consists of donations to 16 organizations that provide social services, affordable housing, revitalize/stabilize, and economic development primarily benefiting low- and moderate-income individuals and services for startup businesses.

Extent to Which the Bank Provides Community Development Services

For community development services, bank officers and employees continue to provide financial expertise to several nonprofit organizations throughout the AA. Bank officers and employees provide their financial expertise by serving in various capacities with organizations that assist in meeting the social services, affordable housing, and/or economic development needs of the community.

An example of the bank's efforts consists of its participation in Job Point Community Housing Development. One of their programs is Columbia Builds Youth (CBY) where young adults are given the opportunity to assist in the building of the homes for LMI families. This program teaches them skills that will allow them to become employable in the construction industry.

The bank also offers a low-cost personal and a low-cost business account. The personal checking account the bank began offering is a no fee checking account (Better Free Checking). The account includes free checks and a maximum of five waived ATM fees per month. A minimum balance of \$50 is required to open the account.

In addition, LMB continues to demonstrate its responsiveness to community needs by offering a network of services geographically accessible throughout the AA. The percentage of bank branches in low- and moderate-income geographies significantly exceeds area demographics and the bank's percentage of ATMs in low-income geographies significantly exceeds area demographics. The table below illustrates the bank's distribution of branches and ATMs throughout the AA.

Distribution of Branches and ATMs in the AA					
	Number	Low % of #	Moderate % of #	Middle % of #	Upper % of #
Population by Geography	135,454	7.49%	17.95%	50.57%	23.99%
Branches	10	20.00%	30.00%	20.00%	30.00%
ATMs	16	33.34%	16.67%	33.33%	16.66%

Source: 2006 Demographic data and bank information

Hours of operation are flexible and based on customer needs. There are no significant differences in services or hours of operations in branches located in low- and moderate-income geographies. During the evaluation period the bank opened two branches and added four ATMs and closed one branch and two ATM locations.

The bank offers Internet banking, bank by phone, and asset management services in addition to traditional products and services.

Responsiveness to Community Development Needs

The bank's performance under the CD Test shows an excellent level of responsiveness to meeting community development needs of the AA through CD loans, investments, and services. LMB also continues to demonstrate its responsiveness to CD needs by offering a network of services geographically accessible throughout the AA.