



PUBLIC DISCLOSURE

August 01, 2016

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Landmark National Bank
Charter Number 23038

701 Poyntz Avenue
Manhattan, KS 66502

Office of the Comptroller of the Currency

2959 N. Rock Road, Suite 510
Wichita, KS 67226

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 Outstanding.

The Lending Test is rated: Outstanding.

The Community Development Test is rated: Outstanding.

- Landmark National Bank (Landmark) made the majority of its loans inside its assessment areas, 68 percent by number and 68 percent by dollar. The bank's quarterly average loan-to-deposit ratio (LTD) is reasonable. The LTD ratio averaged 62 percent since the last CRA examination.
- Landmark's record of lending to borrower of different income levels reflects excellent penetration. Landmark's record of lending to borrowers of different income levels in the Western KS and Kansas City (KC) assessment areas (AA) is excellent. Lending to borrowers of different income levels in the Manhattan AA is reasonable.
- Landmark's distribution of credit to borrowers located in low- and moderate-income (LMI) tracts reflects excellent dispersion. Landmarks geographic distribution of mortgage loans is excellent in the Western KS and KC AAs. Lending in LMI census tracts is reasonable in the Manhattan AA.
- Landmark's performance under the Community Development (CD) Test is excellent. The total dollar volume of CD loans and qualified investments is \$38 million.

Scope of Examination

Evaluation Period/Products Evaluated

There are two evaluation periods for the Lending Test. The performance years of 2012 and 2013 (period one) will be evaluated using data from the 2010 U.S. Census. The performance years 2014 and 2015 (period two) will also be evaluated using data from the 2010 U.S. Census; however, the period two analysis will be subject to the MSA geographic boundary revisions implemented by the Office of Management and Budget (OMB) effective on January 1, 2014.

Each AA was evaluated based on its primary lending product(s). Based on information provided by bank management, the primary loan type in each AA was residential real estate loans as reported on the Home Mortgage Disclosure Act (HMDA) Loan Application Register. HMDA loan products consist of purchase, refinance, and home improvement loans. In the Eastern KS AA, the number of small agriculture loans originated was similar to HMDA products; therefore agriculture loans were analyzed in addition to the HMDA loan products.

Our analysis also included a review of CD activities (loans, investments/grants, and services). The evaluation period for CD activities is October 20, 2012, through August 5, 2016.

Selection of Areas for Full-Scope Review

We selected a sample of AAs for full-scope reviews and performed a limited-scope review on the remaining AAs. The selection for full-scope review was contingent on the bank's volume of deposits and loans in each AA. The AAs with the largest deposit share in both evaluation periods were selected for a full-scope review.

Areas receiving full-scope reviews are the Western KS AA, Manhattan AA, and KC AA. Each have 27 percent, 19 percent, and 12 percent, respectively, of the bank's total deposits based on the most recent Federal Deposit Insurance Corporation's (FDIC) Summary of Deposits report dated June 30, 2015. These same AAs have approximately 22 percent, 21 percent, and 20 percent, of the total number of loans originated over the full evaluation period.

Data Integrity

We performed a data integrity review prior to the last CRA examination to test the accuracy of the residential loans subject to the Home Mortgage Disclosure Act. We found the sampled data accurate. There have not been any changes to systems and controls. The bank's internal testing indicates that controls are maintained effectively. We reviewed the CD loan, investment, and service activity information provided by Landmark. Qualified activities with a CD purpose were considered in this evaluation.

Description of Institution

Landmark is an \$894 million financial institution headquartered in Manhattan, KS. The bank is a wholly owned subsidiary of Landmark Bancorp, Inc., Manhattan, KS, a holding company with \$896 million in assets. The bank has no affiliates requiring consideration for CRA activities.

Landmark is a full-service banking institution that offers a broad range of commercial, real estate, and consumer credit products. Depending on the geographical location, the bank's primary lending activities focus on residential real estate, commercial operating and commercial real estate loan products, and agricultural operating and real estate products. The bank sells the majority of residential real estate loans originated into the secondary market, keeping only a small percentage. On June 30, 2016, net loans and leases represented 49 percent of the bank's total assets. The bank's \$446 million loan portfolio consisted of 41 percent commercial loans; 38 percent residential real estate loans; 17 percent agriculture loans; two percent municipal loans; one percent consumer loans; and one percent other loans. Tier one capital totaled \$84 million.

Landmark's assessment areas consist of portions of the following Metropolitan Statistical Areas (MSA): Kansas City-Overland Park-Kansas City, MO-KS MSA #28140, Manhattan MSA #31740, Topeka MSA #45820, Lawrence MSA #29940, and Junction City MSA #27920. Landmark also has non-MSA assessment areas in western Kansas and eastern Kansas. On November 1, 2013, Landmark acquired Citizens National Bank, Fort Scott, Kansas. This acquisition significantly increased the bank's presence in the Eastern KS AA. During 2012, Landmark had 22 branches and 24 ATMs located throughout its AAs. As of December 31, 2015, there were 29 branches and 33 ATMs.

There are no legal, financial, or other factors impeding the bank's ability to help meet the credit needs of its AAs. The Office of the Comptroller of Currency last evaluated Landmark's CRA performance on October 9, 2012. The bank received an overall rating of "Satisfactory".

Description of Assessment Area(s)

Full-Scope AAs:

Western KS AA

The Western KS AA consists of census tracts from four counties. This includes all of Barton and Finney Counties, census tract 9722 in Rush County, and census tracts 9618-9620 and 9621.01-9621.02 in Ford County. On December 31, 2015, the AA had no low-income tracts, three moderate-, 19 middle-, and four upper-income tracts. The census tract in Rush County was designated as an underserved non-MSA middle-income tract for the entire evaluation period. The delineation of the AA does not reflect any illegal discrimination, or arbitrarily exclude any low- or moderate-income geographies.

The Western Kansas AA received the most weight during the lending test. The AA holds 27 percent of the bank's deposits as of June 30, 2015. During 2012, Landmark had seven branches and five ATMs located throughout its AA. As of December 31, 2015, there were seven branches and seven ATMs. One branch and one ATM were located in a moderate-income tract during both evaluation periods.

As of the 2010 U.S. Census, the population of the AA was 96,500. The percent of low-, moderate-, middle-, and upper-income families is 18 percent, 18 percent, 24 percent, and 40 percent, respectively. The demographic data indicates that 28 percent of the civilian population is not in the work force and 11 percent are over the age of 65. The demographic data also reflects that of the 37,587 households in the AA, 11 percent are retired, 13 percent are below the poverty level, and two percent receive public assistance. The Weighted Average Median Family Income for 2015 is \$54,999. The Weighted Average of Median Housing \$85,430.

Agriculture drives the western Kansas economy. Moody's Analytics from June 2016 for the state of Kansas indicates that oversupply, low prices, and weak global demand for wheat and livestock will keep agriculture weak. Reduced profitability will spill over into the broader economy. While a rebounding global economy could boost agriculture exports, the strength in the dollar will remain a headwind to Kansas farmers. Kansas tends to be more sensitive to currency movements due to the amount of commodities the state exports.

The meat processing industry is one of the largest employers in the area and contributes to the economic success of the region. Dodge City (Ford County) has two processing plants, Cargill Meat Solutions with 2,700 employees and National Beef with 2,900 employees. Garden City (Finney County) has Tyson Fresh Meats, which employs 3,200 people. Barton County's largest employers include USD 428 and Barton County Community College, each employing over 500 people. The Rush County Hospital serves as one of the largest in employers in Rush County, with 64 employees.

The unemployment rates for Barton, Ford, Finney, and Rush counties were 4.0 percent, 2.9 percent, 3.1 percent, and 3.3 percent, respectively in December 2015. These figures were similar to the state unemployment rate of 4.0 percent, and well below the national unemployment rate of 5.0 percent, for the same timeframe.

Landmark faces strong competition in the AA. Based on the FDIC's most recent deposit market share report (June 30, 2015), a total of 22 financial institutions have offices in the AA. Landmark ranks fourth in market share with eight percent of deposits inside the assessment area.

Examiners reviewed a community contact completed June 16, 2016, for Garden City and Finney County. Credit needs of Garden City include small business and start-up loans, along with affordable housing for all individuals and families. Banks are generally meeting the credit needs of the community. All banks actively seek small business and farm lending opportunities and most banks are engaged and supportive of the local CD efforts.

Manhattan AA

Landmark's Manhattan AA consists of the Manhattan MSA #31740, which includes Pottawatomie and Riley County in the 2014 to 2015 period (period two). Geary County was included in the 2012 to 2013 period (period one) but was removed from the Manhattan MSA in 2014. On December 31, 2015, the AA had no low-income tracts, five moderate-, seven middle-, and two upper-income tracts. The delineation of the AA does not reflect any illegal discrimination, or arbitrarily exclude any low- or moderate-income geographies.

The Manhattan AA holds 19 percent of the bank's total deposits as of June 30, 2015. During 2012, there were four branches and seven ATMs. One branch and two ATMs were located in moderate-income tracts. At year-end 2015, there were three branches and three ATMs. One branch and one ATM was located in a moderate-income tract.

The OMB geographic boundary revisions effective January 1, 2014, decreased the population of the Manhattan AA by 20.67 percent. The number of moderate-income tracts increased by two to a total of five for the Manhattan AA. Although there was a significant change in population and income tracts in the AA, changes to the distribution of families' incomes and households was minimal.

Geography Fluctuations for Manhattan MSA AA							
Demographic	Year	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA * % of #
Geographies (Census Tracts)	2013	20	0.00	25.00	55.00	15.00	5.00
	2015	15	0.00	33.33	46.67	13.33	6.67
Households by Geography	2013	34,261	0.00	20.50	62.59	16.91	0.00
	2015	26,909	0.00	27.31	59.01	13.68	0.00
Businesses by Geography	2013	6,268	0.00	21.73	53.35	24.85	0.07
	2015	4,319	0.00	23.75	57.21	18.94	0.10

Source: 2010 U.S. Census data; Dunn & Bradstreet

*Income level is not designated

As of the 2010 U.S. Census, the population of the AA was 76,244. The percent of low-, moderate-, middle-, and upper-income families is 20 percent, 20 percent, 22 percent, and 38 percent, respectively. The demographics reflect that 32 percent of the population is not in the workforce and seven percent are over the age of 65. The demographics also reflect that of the 26,909 households in the AA, 23 percent are below the poverty level, 12 percent are retired, and two percent receive public assistance. The Weighted Average of Housing and Urban Development (HUD) Updated MSA Median Family Income for 2015 is \$69,100, up from \$61,100 as reported by HUD in 2013. The 2015 Weighted Average of Median Housing was \$140,538, up from \$128,566 in 2013. Both the medium family income and median housing figures are higher due to Geary County being excluded from the 2014 - 2015 AA.

The February 2016 economic and consumer credit analysis performed by Moody’s Analytics for Manhattan concludes that the city’s business cycle is in the expansion status. Manhattan has seen significant growth in both employment and hourly earnings in 2015. State funding cuts to Kansas State University will slow growth in the public sector; however, Manhattan is still expected to have strong growth in the coming quarters.

Current economic drivers are higher education and defense. The new National Bio and Agro-Defense Facility is currently being constructed in Manhattan and will bring a large number of higher paying jobs to the area. Kansas State University is the most significant economic driver to Manhattan. It is the largest employer with 20,000 plus students during the school year. Manhattan is also highly dependent on Fort Riley. There are approximately 17,000 soldiers stationed at the base along with 23,000 of their family members.

Kansas State University is the area's largest employer with over 6,000 employees. Fort Riley is the second largest employer with over 3,500 employees. GTM Sportswear is ranked third at 900 employees, followed by Mercy Regional Health Center at 795 employees.

The unemployment rate in December 2015 for the Manhattan MSA was 2.8 percent, which is far below the national unemployment rate of 5.0 percent and the Kansas unemployment rate of 4.0 percent for the same period.

Landmark faces strong competition in the AA. Based on the June 30, 2015, FDIC deposit market share report, a total of 22 financial institutions have offices in the AA. Landmark ranks sixth in market share with five percent of deposits.

Examiners reviewed one community contact recently performed by the OCC. The contact identified home purchase and home improvement as primary lending needs in the community. There is also a need for volunteers for committees as well as financial education for consumers.

KC AA

Landmark's Kansas City AA consists of a portion of the Kansas City-Overland Park-Kansas City, MO-KS MSA #28140. For period one, the Kansas City AA includes all of Johnson, Linn, and Miami Counties and census tract 9541 in Franklin County. For period two, the MSA was adjusted to exclude Franklin County; therefore, Landmark's AA was comprised of Johnson, Linn, and Miami Counties. On December 31, 2015, the AA had one low-income tract, 17 moderate-, 45 middle-, and 74 upper-income tracts. The delineation of the AA does not reflect any illegal discrimination, or arbitrarily exclude any low- or moderate-income geographies.

The KC AA held twelve percent of the bank's total deposits as of June 30, 2015. During 2012, there were four branches and four ATMs. One branch and one ATM were located in a moderate-income tract. At year-end 2015, there were six branches and six ATMs. Two branches and two ATMs were located in moderate-income tracts.

The OMB geographic boundary revisions effective January 1, 2014, decreased the population of the KC AA by 1.15 percent. The number of low- and moderate-income tracts remained the same. Middle-income tracts decreased by three and upper-income tracts increased by two. The total number of households and the distribution of households by income level of census tract did not change significantly.

Geography Fluctuations for the KC AA							
Demographic	Year	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA * % of #
Geographies (Census Tracts)	2013	141	0.71	12.06	34.04	51.06	2.13
	2015	140	0.71	12.14	32.14	52.86	2.14
Households by Geography	2013	229,150	0.62	12.04	35.50	51.83	0.00
	2015	226,515	0.63	12.18	33.20	53.98	0.00
Businesses by Geography	2013	62,052	0.52	9.50	28.67	58.74	2.57
	2015	51,649	0.48	9.76	26.40	60.50	2.86

Source: 2010 U.S. Census data; Dunn & Bradstreet

*Income level is not designated

As of the 2010 U.S. Census, the population of the AA was 586,622. The percent of low-, moderate-, middle-, and upper-income families is 11 percent, 14 percent, 21 percent, and 54 percent, respectively. The demographics reflect that 25 percent of the population is not in the workforce and 11 percent are over the age of 65. The demographics also reflect that of the 226,515 households in the AA, 6 percent are below the poverty level, 15 percent are retired, and two percent receive public assistance. The Weighted Average of Housing and Urban Development (HUD) Updated MSA Median Family Income for 2015 is \$74,700, up from \$71,200 as reported by HUD in 2013. The 2015 Weighted Average of Median Housing was \$217,951, up from \$216,843 in 2013.

The June 2016 economic and consumer credit analysis performed by Moody’s Analytics for the Kansas City area concludes that the city’s business cycle, which has been in expansion, is now showing a slowdown in job growth; however, unemployment is still in decline and wage growth is showing signs of life. Gains in wages and house prices, coupled with cheap energy, are bolstering household balance sheets and position consumers well to increase spending. Robust national consumer spending will also contribute to factory payroll growth in nondurable goods and at the local vehicle production facilities. Firms will find this area appealing because of an above average share of residents with a bachelor’s degree and a below average business cost. The health care sector contains some of the largest employers in the area. Cerner Corporation, a health care software technology provider, employs 10,128 persons. HCA Midwest Health System, Saint Luke’s Health System, Children’s Mercy Hospital, and Truman Medical Center employ 9,753, 7,550, 6,305, and 3,175 employees, respectively. Other top employers include Sprint Corporation, Ford Motor Company, Hallmark Cards, and General Motor Corporation. These companies employ anywhere from 3,500 to 6,300 employees each.

The unemployment rate in December 2015 for the Kansas City MSA was 3.8 percent, which is below the national unemployment rate of 5.0 percent and the Kansas unemployment rate of 4.0 percent for the same period.

Landmark faces significant competition in the AA. Based on the June 30, 2015, FDIC deposit market share report, a total of 72 financial institutions have offices in the AA. Landmark ranks 33rd in market share with less than one-half percent of deposits.

Examiners reviewed one community contact performed during the evaluation period by the OCC. The contact identified neighborhood transformation as a primary community development need. This includes economic, safety, housing and educational needs in the Kansas City MSA.

Limited-Scope AAs:

Topeka AA

The Topeka AA consists of partial counties. In Osage County, census tracts 102, 103, and 104; in Shawnee County, census tracts 16.03, 24, 25, 26.01, 26.02, 27.01, 27.02, 36.01, 36.04-36.07, 39.02, and 41; and in Wabaunsee County, census tract 4832. On December 31, 2015, the AA had no low-income tracts, two moderate-, 10 middle-, and six upper-income tracts. The delineation of the AA does not reflect any illegal discrimination, or arbitrarily exclude any low- or moderate-income geographies. The Topeka AA has four branches and four ATMs. None of the branches or ATMs are located in the moderate-income tract.

As of the 2010 U.S. Census, the population of the AA was 72,347. The percent of low-, moderate-, middle-, and upper-income families is 15 percent, 15 percent, 22 percent, and 48 percent, respectively. The demographic data indicates that 32 percent of the civilian population is not in the work force and 17 percent are over the age of 65. The demographic data also reflects that of the 31,252 households in the AA, 21 percent are retired, 10 percent are below the poverty level, and two percent receive public assistance. The Weighted Average of Median Housing is \$132,332. The Weighted Average of The Housing and Urban Development (HUD) Updated MSA Median Family Income is \$65,600.

Landmark faces strong competition in the AA. Based on the FDIC's deposit market share report as of June 30, 2015, a total of 31 financial institutions with 98 offices in the AA. Landmark ranks seventeenth in market share with one percent of deposits inside the assessment area.

Lawrence AA

The Lawrence AA consists of the following census tracts in Douglas County: 3, 4, 5.01, 6.03, 6.04, 7.02, 8.02, 9.01, 9.02, 15, and 16. On December 31, 2015, the AA had two low-income tracts, three moderate-, five middle-, and two upper-income tracts. The delineation of the AA does not reflect any illegal discrimination, or arbitrarily exclude any low- or moderate-income geographies. During 2012, the Lawrence AA had two branches and three ATMs. As of December 31, 2015, there were two branches and two ATMs. There was one branch and one ATM in a moderate-income tract during both evaluation periods.

As of the 2010 U.S. Census, the population of the AA was 62,041. The percent of low-, moderate-, middle-, and upper-income families is 24 percent, 14 percent, 18 percent, and 44 percent, respectively. The demographic data indicates that 31 percent of the civilian population is not in the work force and seven percent are over the age of 65. The demographic data also reflects that of the 23,807 households in the AA, 11 percent are retired, 26 percent are below the poverty level, and one percent receives public assistance. The Weighted Average of Median Housing is \$187,735. The Weighted Average of The Housing and Urban Development (HUD) Updated MSA Median Family Income is \$74,100.

Landmark faces strong competition in the AA. Based on the FDIC's deposit market share report of June 30, 2015, a total of 23 financial institutions with 53 offices in the AA. Landmark ranks nineteenth in market share with less than one percent of deposits inside the assessment area.

Junction City AA

The Junction City AA emerged in 2014 when the OMB adjusted MSAs. The AA consists of Geary County. On December 31, 2015, the AA had no low-income tracts, two moderate-, three middle-, and no upper-income tracts. The delineation of the AA does not reflect any illegal discrimination, or arbitrarily exclude any low- or moderate-income geographies. During 2014 and 2015, there was one branch and three ATMs. The branch and one ATM were located in a moderate-income tract.

As of the 2010 U.S. Census, the population of the AA was 19,863. The percent of low-, moderate-, middle-, and upper-income families is 21 percent, 22 percent, 26 percent, and 31 percent, respectively. The demographic data indicates that 30 percent of the civilian population is not in the work force and nine percent are over the age of 65. The demographic data also reflects that of the 7,352 households in the AA, 20 percent are retired, 13 percent are below the poverty level, and three percent receives public assistance. The Weighted Average of Median Housing is \$88,646. The Weighted Average of The Housing and Urban Development (HUD) Updated MSA Median Family Income is \$57,700.

Landmark faces strong competition in the AA. Based on the FDIC's June 30, 2015, deposit market share report, a total of eight financial institutions with 14 offices in the AA. Landmark ranks seventh in market share with three percent of deposits inside the assessment area.

Eastern KS AA

The Eastern KS AA consists of the complete counties of Allen, Anderson, Bourbon, and Crawford. In 2014, the OMB removed Franklin County from the Kansas City MSA; therefore, census tract 9541 became part of the Eastern KS AA. On December 31, 2015, the AA had no low-income tracts, three moderate-, 19 middle-, and two upper-income tracts. Bourbon and Crawford Counties have census tracts that were designated as distressed non-MSA middle-income tracts during 2013 and 2014. Allen County was designated as an underserved county for the entire evaluation period. The delineation of the AA does not reflect any illegal discrimination, or arbitrarily exclude any low- or moderate-income geographies. During 2012, there was one branch and one ATM. As noted above, Landmark acquired Citizens National Bank in 2013. At year-end 2015, there were six branches and eight ATMs. During both periods, one branch and one ATM was located in a moderate-income tract.

As of the 2010 U.S. Census, the population of the AA was 82,601. The percent of low-, moderate-, middle-, and upper-income families is 19 percent, 21 percent, 22 percent, and 38 percent, respectively. The demographic data indicates that 36 percent of the civilian population is not in the work force and 16 percent are over the age of 65. The demographic data also reflects that of the 32,715 households in the AA, 16 percent are retired, 16 percent are below the poverty level, and three percent receives public assistance. The Weighted Average of Median Housing is \$83,665. The Weighted Average of Median Family Income is \$51,374.

Landmark has a significant presence in the AA. Based on the Federal Deposit Insurance Corporation's most recent deposit market share report of June 30, 2015, a total of 27 financial institutions with 61 offices in the AA. Landmark ranks first in market share with 11 percent of deposits inside the assessment area.

Conclusions with Respect to Performance Tests

LENDING TEST

The bank's performance under the lending test is rated "Outstanding".

Loan-to-Deposit Ratio

The bank's quarterly average loan-to-deposit ratio (LTD) is reasonable. The LTD ratio averaged 62 percent since the last CRA examination. This compares to an average LTD ratio of 72 percent for competitor banks. The range of LTD ratios for these banks is between 54 percent and 97 percent. Landmark originated a significant volume of residential real estate loans that sold in the secondary market, which impacted the LTD ratio.

Lending in Assessment Area

Landmark made the majority of its loans inside its assessment areas. We performed an analysis on all HMDA loans and on a sample of small farm loans in the Eastern KS AA. For these loans originated and/or purchased from 2012 to 2015, Landmark originated 68 percent by number and 68 percent by dollar of these loans in its assessment areas.

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

Landmark's lending to borrowers of different incomes for HMDA products and to businesses of different sizes for small farm loans reflects excellent penetration.

Conclusion for full-scope AA(s)

Western KS AA

For HMDA products collectively, Landmark's lending to borrowers of different incomes reflects excellent penetration in the Western KS AA.

Landmark's lending levels to low-income borrowers reflects reasonable penetration. Home improvement loans were the primary HMDA product to low-income borrowers. Lending for this product was lower than the demographic comparator. Lending on other HMDA products was

significantly lower than the demographics. This performance did not negatively impact the conclusion for low-income borrowers. The AA has a high level of poverty, which makes it difficult for low-income borrowers to afford a 20 percent down payment for a conventional loan.

Landmark’s lending levels to moderate-income borrowers reflects excellent penetration. Home purchase loans were the primary HMDA product. Landmark’s level of lending for this product significantly exceed the demographics. Likewise, the level of lending for home refinance loans exceeded the demographics. Home improvement loans were near to the demographic comparator for the evaluation period.

Borrower Distribution of Residential Real Estate Loans in Western Kansas 2012-2015								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% 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
Home Purchase	17.80	7.41	18.13	30.23	24.13	30.52	39.94	29.94
Home Improvement	17.80	11.34	18.13	15.46	24.13	15.46	39.94	56.70
Home Refinance	17.80	5.04	18.13	20.86	24.13	25.90	39.94	47.12

Source: 2010 U.S. Census data; 2012-2015 HMDA Data; (The Percentage of Number of Loans will not equal 100% due to the sample excluding home loans that are not owner occupied.)

Manhattan AA

For HMDA products collectively, the bank’s penetration to low- and moderate-income borrowers in both evaluation periods was reasonable.

For low-income borrowers, penetration was reasonable. Home refinance loans were the primary product in period one and home improvement loans were the primary product in period two. Lending was significantly lower in period one and exceeded demographics in period two for low-income borrowers.

For moderate-income borrowers, penetration was also reasonable. Home improvement loans were the primary product in period one and home purchase loans were the primary product period two. Regarding the primary products, lending was lower than demographics in period one and significantly exceeded demographics in period two for moderate-income borrowers. Lending for non-primary products was lower than the demographics in both evaluation periods.

Borrower Distribution of Residential Real Estate Loans in the Manhattan AA 2012 - 2013								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% 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
Home Purchase	20.50	2.18	20.28	8.30	22.07	29.69	37.13	51.53
Home Improvement	20.50	3.03	20.28	12.12	22.07	16.67	37.13	56.06
Home Refinance	20.50	3.40	20.28	11.65	22.07	21.36	37.13	47.57

Source: 2010 U.S. Census data; 2012-2013 HMDA Data; (The Percentage of Number of Loans will not equal 100% due to the sample excluding home loans that are not owner occupied.)

Borrower Distribution of Residential Real Estate Loans in the Manhattan AA 2014 - 2015								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% 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
Home Purchase	20.96	5.82	19.75	22.22	22.12	25.40	37.17	39.68
Home Improvement	20.96	22.22	19.75	16.69	22.12	22.22	37.17	27.78
Home Refinance	20.96	0.00	19.75	13.89	22.12	27.78	37.17	47.22

Source: 2010 U.S. Census data; 2014-2015 HMDA Data; (The Percentage of Number of Loans will not equal 100% due to the sample excluding home loans that are not owner occupied.)

KC AA

For HMDA products overall, Landmark's lending to borrowers of different incomes reflects excellent penetration.

For low-income borrowers, penetration was reasonable. Home improvement loans were the primary product in both evaluation periods. For the primary product, lending in period one significantly exceeded the demographics while lending in period two was near to the demographics.

For moderate-income borrowers, penetration was excellent. Home purchase loans were the primary product in both evaluation periods. During both evaluation periods, Landmark's lending to moderate-income borrowers significantly exceeded the demographics for the primary product. Lending also significantly exceeded the demographic for home improvement and home refinance loans in both evaluation periods.

Borrower Distribution of Residential Real Estate Loans in the KC AA 2012 - 2013								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% 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
Home Purchase	11.68	6.72	13.81	27.24	20.75	27.24	53.76	38.06
Home Improvement	11.68	21.43	13.81	21.43	20.75	25.00	53.76	32.14
Home Refinance	11.68	2.29	13.81	16.79	20.75	25.95	53.76	45.80

Source: 2010 U.S. Census data; 2012-2013 HMDA Data; (The Percentage of Number of Loans will not equal 100% due to the sample excluding home loans that are not owner occupied.)

Borrower Distribution of Residential Real Estate Loans in the KC AA 2014 - 2015								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% 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
Home Purchase	11.48	7.55	13.58	26.57	20.50	26.43	54.44	38.38
Home Improvement	11.48	10.34	13.58	20.69	20.50	6.90	54.44	58.62
Home Refinance	11.48	2.96	15.38	20.50	24.85	54.44	50.30	47.22

Source: 2010 U.S. Census data; 2014-2015 HMDA Data; (The Percentage of Number of Loans will not equal 100% due to the sample excluding home loans that are not owner occupied.)

Conclusion for limited-scope AA(s)

Based on limited-scope reviews, Landmark’s borrower distribution of loans in the Topeka AA, Lawrence AA, and Eastern KS AA is worse than the banks overall excellent performance under the full-scope reviews. This did not negatively impact the bank’s overall rating. Landmark has less than one percent of deposit share in the Topeka and Lawrence AAs. There is significant mortgage competition in Topeka, while Lawrence is a college town with fewer lending opportunities for owner-occupied properties.

Geographic Distribution of Loans

Landmark’s distribution of credit to borrowers located in low- and moderate- income tracts reflects excellent dispersion.

Conclusion for full-scope AA(s)

Western KS AA

For HMDA loan products collectively, an analysis of the geographic distribution of credit within the AA indicates the bank had excellent dispersion to borrowers located in moderate-income tracts. There are no low-income tracts in the AA.

Home improvement loans were the primary HMDA products originated in moderate-income tracts; however, for both home improvement and home purchase loans, the geographic distribution of loans significantly exceeded the demographics. Geographic distribution of home refinance loans in moderate-income level tracts was lower than the demographics.

Geographic Distribution of Residential Real Estate Loans in Western Kansas 2012-2015								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Home Purchase	0	0	8.47	10.32	80.53	76.31	11.00	13.37
Home Improvement	0	0	8.47	11.34	80.53	79.38	11.00	9.28
Refinancing	0	0	8.47	5.40	80.53	78.78	11.00	15.83

Source: 2010 U.S. Census data; 2012-2015 HMDA

Manhattan AA

An analysis of the geographic distribution of HMDA products within the AA indicates that the bank had reasonable dispersion to borrowers located in moderate-income tracts during both evaluation periods. There are no low-income tracts in the Manhattan AA.

Home improvement loans were the primary product during both evaluation periods. The geographic distribution of home improvement loans to borrowers located in moderate-income tracts was near to demographics in period one and significantly exceeded demographics in period two. The distribution of other HMDA loans was below the demographics for both periods with the exception of refinancings in period two, which was significantly above the demographics.

Geographic Distribution of Residential Real Estate Loans in Manhattan AA 2012 - 2013								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Home Purchase	0.00	0.00	12.48	7.42	61.79	43.67	25.73	48.91
Home Improvement	0.00	0.00	12.48	12.12	61.79	33.33	25.73	54.55
Refinancing	0.00	0.00	12.48	8.74	61.79	35.45	25.73	41.75

Source: 2010 U.S. Census data; 2012-2013 HMDA Data

Geographic Distribution of Residential Real Estate Loans in Manhattan AA 2014 - 2015								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Home Purchase	0.00	0.00	12.11	11.64	66.71	55.03	21.19	33.33
Home Improvement	0.00	0.00	12.11	33.33	66.71	55.56	21.19	11.11
Refinancing	0.00	0.00	12.11	19.44	66.71	61.11	21.19	19.44

Source: 2010 U.S. Census data; 2014-2015 HMDA Data

KC AA

An analysis of the geographic distribution of HMDA products within the AA indicates that the bank had excellent dispersion to borrowers located in low- and moderate-income tracts during both evaluation periods.

In low-income tracts, dispersion was reasonable. The bank did not make any HMDA loans in low-income tracts during period one; however, during period two, Landmark had excellent dispersion for home purchase and home refinance loans. For moderate-income geographies, dispersion was excellent. Home improvement loans were the primary product in both evaluation periods. For the primary product, Landmark’s lending in moderate-income tracts significantly exceeded the demographics for both evaluation periods. Lending also significantly exceeded the demographic in home purchase loans. Lending was near the demographics for refinance loans.

Geographic Distribution of Residential Real Estate Loans in Manhattan AA 2012 - 2013								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Home Purchase	0.25	0.00	8.65	10.07	33.50	39.55	57.60	50.37
Home Improvement	0.25	0.00	8.65	14.29	33.50	78.57	57.60	7.14
Refinancing	0.25	0.00	8.65	8.40	33.50	39.69	57.60	51.91

Source: 2010 U.S. Census data; 2012-2013 HMDA Data

Geographic Distribution of Residential Real Estate Loans in Manhattan AA 2014 - 2015								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Home Purchase	0.26	0.28	8.76	9.79	31.06	40.14	59.93	49.79
Home Improvement	0.26	0.00	8.76	10.34	31.06	44.83	59.93	44.83
Refinancing	0.26	0.59	8.76	7.10	31.06	36.09	59.93	56.21

Source: 2010 U.S. Census data; 2014-2015 HMDA Data

Conclusion for limited-scope AA(s)

Lending to borrowers located in low- and moderate-income geographies for the limited-scope AAs of Lawrence and Eastern KS is not inconsistent with the bank’s excellent dispersion in the areas receiving full-scope reviews. The Topeka AA reflects reasonable dispersion.

Responses to Complaints

The bank has not received any CRA-related complaints since the previous CRA examination.

COMMUNITY DEVELOPMENT TEST

Landmark’s overall performance under the Community Development Test is “Outstanding”. Landmark demonstrated excellent responsiveness to CD needs. The bank provides CD loans, investments, grants, and services that support affordable housing, community services, small business lending, and economic development.

Conclusion for full-scope AA(s)

Western KS AA

Responsiveness to CD needs is excellent. Landmark’s level of qualified investments and grants represents 13 percent of the bank’s allocated June 30, 2016, tier one capital, reflecting a strong commitment to CD needs. The bank provided \$2.9 million in six qualified investments and made grants to two organizations during the evaluation period. The qualified investments were to

provide community services that target low- and moderate-income individuals and areas in the community. The grants were primarily to non-profit organizations that provide shelter to low- and moderate-income individuals. Landmark did not originate any CD loans in the Western KS AA.

Landmark's provided an adequate level of CD services. An officer gave a presentation to a first grade class on the importance of saving. The class came from an elementary school with a high percentage of low- and moderate-income individuals. An officer serves as a member of the Guardian Angels, which benefits low- and moderate-income men with limited resources and immediate financial needs. Additionally, an officer serves on the board of a community organization that utilizes Star bonds, the Rural Housing Incentive District, the Neighborhood Revitalization Program, and other CD initiatives.

Manhattan AA

Responsiveness to CD needs is excellent. The bank granted ten CD loans during the evaluation periods totaling \$18.3 million, reflecting a strong commitment to CD needs. Nine loans totaling \$18.1 million were to promote economic development by providing permanent jobs for LMI individuals. The bank provided one loan for \$224 thousand to support affordable housing in a moderate-income geography. Landmark did not make any qualified investments in the AA; however, the bank made three qualified grants totaling \$2.8 thousand. The grants were primarily to non-profit organizations that provide food and shelter to low- and moderate-income individuals.

Landmark provided an excellent level of CD services in the Manhattan AA. Ten different bank officers provided services to six different CD organizations. Landmark's officers were responsive to community needs by providing bank services for an affordable housing organization and by serving on boards and committees for organizations that provide financial guidance for low- and moderate-income individuals in the community. Other officers served on boards and committees for organizations that provide community services for low- and moderate-income individuals.

KC AA

Responsiveness to CD needs is poor. Landmark did not originate any qualified CD loans or make any qualified CD investments in the KC AA. The bank made one qualified grant totaling \$100. The grant was to a non-profit organization that provides shelter to low- and moderate-income individuals. Two bank officers provided services to one CD organization. Landmark's officers provided financial training for low- and moderate-income individuals in the community.

Conclusion for limited-scope AA(s)

Based on limited-scope reviews, Landmark's performance in the limited-scope AAs is not inconsistent with the bank's overall excellent performance under the full-scope reviews.

In the Topeka AA, the bank had CD loans of \$950 thousand and prior period investment balances of \$177 thousand. Grants totaled \$5 thousand. One officer serves on the management committee for an affordable housing organization.

In the Lawrence AA, the bank had CD loans of \$11.6 million, representing an excellent responsiveness to CD needs. There were no CD investments; however, the bank provided \$2.4 thousand in grants for affordable housing. One officer serves on the board of an organization that provides housing and credit counseling to LMI individuals.

In the Eastern KS AA, the bank provided \$1.3 million, or 5% of allocated tier one capital, in CD investments. Four officers served four organizations providing services to LMI individuals including financial counseling. There were no CD loans.

In the Junction City AA, the bank provided grants of \$250, with no CD loans, investments, or services.

Statewide

Investments in areas outside of the bank's AAs received positive CD consideration. Landmark provided \$2.5 million in new investments that benefit the State of Kansas, the regional area, and also serve some of the bank's AAs. Additionally, the bank has prior period investments of \$120 thousand that likewise serve the state, the region, and some of the bank's AAs. All of these investments contain low-income housing tax credits and help to provide affordable housing for low- and moderate-income individuals.

Fair Lending or Other Illegal Credit Practices Review

Pursuant to 12 CFR 25.28(c), or 12 CFR 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 AA 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.