

PUBLIC DISCLOSURE

April 10, 2000

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Landmark Bank, N.A.
Charter Number 23528

2820 West F.M. Road 120
Denison, Texas 75020

Office of the Comptroller of the Currency
Midwestern District
Kansas City North Field Office
6700 Antioch Road Suite 450
Merriam, Kansas 66204-1200

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., Denison, Texas (“the bank”)** prepared by **The Office of the Comptroller of the Currency**, the institution's supervisory agency, as of **April 10, 2000**. 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 ***Satisfactory***.

The following factors support this overall rating.

- The bank's loan-to-deposit ratio is reasonable, given the institution's size, financial condition, and assessment area credit needs.
- The bank originated a substantial majority of consumer and home loans sampled during this examination within the bank's assessment area.
- The bank's lending performance reflects a reasonable distribution of credit to businesses of different sizes and borrowers of different income levels.
- The geographic distribution of loans reflects a reasonable dispersion throughout the assessment area.

The following table shows the performance level of **Landmark Bank, N.A., Denison, Texas** with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	LANDMARK BANK, N.A., DENISON, TEXAS PERFORMANCE LEVELS		
	Exceeds Standards for Satisfactory Performance	Meets Standards for Satisfactory Performance	Does not meet Standards for Satisfactory Performance
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 consumer complaints were received.		

SCOPE OF THE EXAMINATION

This evaluation of the bank’s CRA performance covers the period from January 1, 1998 through April 12, 2000. The evaluation includes an analysis of the bank’s designated assessment area, which covers Grayson County, Texas.

DESCRIPTION OF INSTITUTION

The bank, a subsidiary of the Landrum Company, a multi-bank holding company, is a \$36 million institution serving the community of Grayson County. The bank’s main office is located at 2820 West F.M. Road 120, Denison, Texas. In February 2000, the bank opened a branch office at 695 Hwy 120 E, Pottsboro, Texas. Automated Teller Machines (ATMs) are available at the main office and in the Texoma Medical Center, 1000 Memorial Drive, in Denison. Also, no charge withdrawals are available from ATMs owned by two of the bank’s affiliates (Landmark Bank, N.A., Ada, Oklahoma, and Landmark Bank Company, N.A., Ardmore,

Oklahoma). The affiliates' ATM locations are in the Oklahoma cities of Durant, Madill, Ada, Davis, Kingston, Tishomingo, and Wynnewood.

As of December 31, 1999, the bank's total assets equaled \$36,331,000 of which \$22,988,000 or 63.27 percent were composed of loans to individuals and businesses. The \$22,988,000 in loans outstanding consisted of \$15,202,000 in residential and commercial real estate (66.13 percent), \$3,920,000 in consumer loans (17.05 percent), \$3,731,000 in commercial loans (16.23 percent), and \$135,000 in agricultural loans (.59 percent).

There are no known factors that have or may potentially impede the bank's ability to meet the credit needs of its assessment area. The bank was originally chartered as a state bank in February 1997. The bank converted to a national charter on January 1, 1998. Therefore, no previous CRA public disclosure or rating is available.

DESCRIPTION OF BANK'S ASSESSMENT AREA

The assessment area is Grayson County, which is located within the Sherman-Denison MSA #7640. The assessment area includes 22 census tracts. The assessment area meets regulatory guidelines and does not arbitrarily exclude low- or moderate-income areas. The following table reflects the demographics for the county.

ASSESSMENT AREA DEMOGRAPHICS			
<i>Designation</i>	<i># Census Tracts</i>	<i>% of Total Census Tracts</i>	<i>% of Households Residing in the CT/BNAs</i>
Low	1	5%	< 1%
Moderate	7	32%	22%
Middle	10	45%	57%
Upper	4	18%	21%
Total	22	100%	100%

Note: The low-income census tract is located in downtown Sherman, which is primarily an industrial district.

Grayson County is the 29th largest of 254 counties in Texas. According to 1990 U.S. Census Bureau data, approximately 95,021 residents populate the assessment area. Based on the updated HUD 1999 census information, the median family income for the Metropolitan Statistical Area (MSA) is \$42,100. In addition, the median housing value is \$47,150, with the median age of housing stock in the assessment area at 33 years. Eighty-three percent of housing units are occupied, with owner-occupied housing at 58 percent and rental-occupied housing at 26 percent. Seventeen percent of the housing units are vacant.

The local economy is diverse. Unemployment rates have remained low and steady over the past two years at approximately 3 percent. Principal industries include health care, manufacturing, education, and retail services. The largest industries in the Sherman-Denison MSA are Texas Instruments, Inc., electronic equipment producer, and MEMC, a silicon wafer producer. Texoma Medical Center is the largest employer in Denison. Other major employers include Denison ISD, Alcoa Building Products, and Kwikset Corporation. Wal-Mart also located a Super Center in Denison which management believes will anchor an unparalleled growth pattern for west Denison. Per the Denison Chamber of Commerce, a recently approved sales tax increase will not only help the city by providing sorely needed funds to attract more industry and jobs, but will also reduce property taxes to businesses and home owners. The Denison Industrial foundation has the primary responsibility for marketing Denison for industrial location and for assisting with expansion of existing industry.

The bank operates in a very competitive environment. Eight other national and state chartered banks serve the assessment area. Branches of these banks as well as the branches of other banks and savings and loans, credit unions, mortgage companies and automobile finance companies also serve the area.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

This review covers consumer loans originated from January 1, 1998 to April 10, 2000.

Loan to Deposit Analysis

The bank's average loan-to-deposit ratio for the past eight calendar quarters is 51.63 percent. Given the institution's size, financial condition, the credit needs of the assessment area, and the bank's limited presence in the area, this ratio meets the standards for satisfactory performance.

We compared the bank's average loan-to-deposit ratio to its local peer group banks, which consists of one state and three nationally chartered banks within the bank's assessment area with total assets of \$50 million or less. The local peer group's quarterly average loan-to-deposit ratio is 61.61 percent. This higher ratio is primarily due to the bank's: (1) competition, (2) low loan demand, and (3) relatively new status in the community with limited presence in the market.

Lending in Assessment Area

Based on our sample, the bank originated a substantial majority of home loans and consumer loans within its assessment area. We took a sample of 20 home loans and 20 consumer loans originated from January 1, 1998 to April 12, 2000 to determine the bank's lending penetration. Thirty-seven out of 40, or 92.5 percent, of the loans reviewed were within the bank's assessment area (AA). Of the \$604,736 in total originations sampled, \$583,966 or 96.6 percent were within the assessment area. A recap of our sampling results is summarized in the following table.

Assessment Area Lending					
Loan Type	Total Sampled	# of Loans w/in AA	% of # Loans w/in AA	\$ of Loans w/in AA	% of Loan Amount
Home Loans	20	20	100%	386,569	100%
Consumer Loans	20	17	85%	197,397	90%
Total	40	37	92.5%	583,966	96.6%

Lending to Borrowers of Different Incomes and Businesses of Different Sizes

The distribution of borrowers reflects reasonable penetration among individuals of different revenue sizes within the assessment area. The following table uses income data collected from our sample of home loans and consumer loans made within the assessment area funded from January 1, 1998 to April 12, 2000.

Description	% to Low Income Borrowers	% to Moderate Income Borrowers	% to Middle Income Borrowers	% to Upper Income Borrowers
Number of Loans (40)	18%	35%	27%	20%
Dollars of Loans (\$602,870)	14%	34%	28%	24%
% of Families w/in AA	20%	18%	23%	39%

% Families: This data defines the composition, by income level, of the families in the assessment area. To illustrate, 20 percent of the families in the assessment area are low income families; 18 percent are moderate income families, etc. Source: 1990 U.S. Census Data

We did not select business loans for sampling due to the bank's limited (less than 20) amount of business loans. Per management, the majority of businesses in the assessment area are Fortune 500 companies that transact their banking relations at the corporate level thus, limiting the bank's opportunities to provide business loans.

Geographic Distribution of Loans

The geographic distribution of loans reflects reasonable dispersion throughout the assessment area, given the demographics of the assessment area. The bank did not exclude any locations in the assessment area for lending purposes. The sampling results are summarized in the table on the following page.

Distribution of Loans Made January 1998 to April 2000 by Census Tract Types				
Description	% of Total Tracts (22)	% With Originations (15)	% of Total Originations to Tracts (\$602,870)	% of Population in Tracts (95,021)
Low Income Tracts (1)	4.55%	0% (0 of 1)	0%	.34%
Moderate Income Tracts (7)	31.82%	85.71% (6 of 7)	26.26%	21.35%
Middle Income Tracts (10)	45.45%	80.00% (8 of 10)	51.01%	57.37%
Upper Income Tracts (4)	18.18%	25.00% (1 of 4)	22.73%	20.94%
Total Tracts (22)	100.00%	68.18% (15 of 22)	100.00%	100.00%

The bank has no loan penetration in census tract 16.02, which is a low-income census tract. Census tract 16.02 is located in downtown Sherman. Based on the 1990 U.S. Census, the total number of housing units is 143, with 73 percent as rental units. In addition, the updated MSA median family income of census tract 16.02 is \$9,153. As such, the bank has limited opportunities to provide home mortgage loans to borrowers residing in this census tract.

Response to Complaints

The bank has received no complaints concerning Community Reinvestment Act to date.

Record of Compliance with Antidiscrimination Laws

A fair lending review performed with this CRA examination revealed satisfactory compliance with fair lending regulations. We reviewed all *approved direct auto loans made to female-only applicants*. We compared the rates and terms on the female-only applicants to the same for *approved direct auto loans to male-only applicants*. Our sample consisted of five female applicants and twenty male applicants. We found no violations of the substantive provision of the anti-discrimination laws or regulations.