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Comptroller of the Currency  
Administrator of National Banks

**SMALL BANK**

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## **PUBLIC DISCLOSURE**

**August 17, 1998**

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**Landmark Bank Company, N.A.  
Charter Number 18487**

**128 Plaza  
Madill, Oklahoma 73446**

**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 Company, N.A., Madill, Oklahoma** as prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of **August 17, 1998**. 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."

- ▶ Loans are distributed to borrowers of various income levels.
- ▶ A majority of the bank's loans are made within its assessment area.
- ▶ The bank's loan-to-deposit ratio is high.
- ▶ The geographic distribution of the bank's loans in its assessment area is reasonable.

## **DESCRIPTION OF INSTITUTION:**

Landmark Bank Company, N.A., (LBC), is headquartered in Madill, Oklahoma. The main bank is located at 128 Plaza in Madill, Oklahoma. The main bank drive-through facility is at 208 East Taliaferro in Madill. A full service branch facility with a drive-through is located at 900 West Main in Durant, Oklahoma. Automated Teller Machines (ATM's) are available at the branch in Durant and at the drive-through in Madill. A third full service branch has been approved by regulatory authorities and is expected to open at 2401 North Commerce, Ardmore, Oklahoma, by November 1998. No charge withdrawals are also available from ATM's owned by the bank's affiliates (Landmark Bank, N.A., Ada, Oklahoma and Landmark Bank, N.A., Denison, Texas). The affiliates' ATM locations are in Ada, Davis, Kingston, Tishomingo, and Wynnewood, Oklahoma, as well as Denison, Texas. LBC's primary focus is to serve commercial, real estate, and consumer customers in south central Oklahoma in Bryan, Carter, and Marshall Counties. The bank meets these needs by providing a variety of loan and deposit products as well as other financial services.

As of June 30, 1998, LBC's total assets equaled \$98,231,000 of which \$67,004,000 or 68.21%, were composed of loans to individuals and businesses. The \$67,004,000 in loans outstanding consisted of \$30,658,000 in residential and commercial real estate (45.76%), \$21,904,000 in consumer loans (32.69%), \$11,226,000 in commercial loans (16.75%), and \$3,216,000 in agricultural loans (4.80%).

There are no known factors which have or may potentially impede LBC's ability to meet the credit needs of its assessment area. The last review of performance under the Community Reinvestment Act was completed as of March 5, 1996. The bank received an "Outstanding" rating during that review.

## **DESCRIPTION OF LANDMARK BANK COMPANY, N. A.'S ASSESSMENT AREA:**

The assessment area adopted by LBC's board of directors includes 27 Block Number Areas (BNAs) located in Bryan, Carter, and Marshall Counties. This area meets the requirements of the regulation. It does not arbitrarily exclude any low- or moderate-income geographic areas. The assessment area is served by ten other national and state chartered banks. The area is also served by branches of these banks as well as the branches of other banks and savings and loans.

Bryan, Carter, and Marshall Counties are located in south central Oklahoma. None of the counties are part of a Metropolitan Statistical Area (MSA). Based on 1990 census data, the United States Census Bureau identified no BNAs as low-income. Seven, or 25.93%, are considered moderate-income BNAs. Thirteen, or 48.15%, are considered middle-income BNAs. Five, or 18.52%, are considered upper-income BNAs. Two BNAs, representing 7.40%, have not been categorized by income.

U. S. Census Bureau information, as of 1990, reflected a total population of 85,837 in the assessment area. The area contained 41,465 housing units with 24,149 or 58% owner-occupied. Additionally, there were 24,241 families and 33,402 households in the area. Sixty-six percent of the households derive their income from wages or salaries. The largest employment sectors were services, retail and wholesale trade, manufacturing, and government related entities. Updated 1990 U. S. Census Bureau information reported a median family income for the assessment area of \$31,000.

Per the 1990 U. S. Census, the households and families are divided among the income categories as follows:

<b>Description</b>	<b>Low Income (<math>&lt; 50\%</math> of Median)</b>	<b>Moderate Income (<math>50\text{-}80\%</math> of Median)</b>	<b>Middle Income (<math>80\text{-}120\%</math> of Median)</b>	<b>Upper Income (<math>&gt;120\%</math> of Median)</b>
% of Households	27.15%	16.04%	15.39%	41.42%
% of Families	23.65%	16.90%	18.49%	40.96%

Four community contacts, made earlier in the year, were provided to us by the FDIC. They consisted of one government agency, one religious institution, one housing organization, and one local business. The contacts indicated the need for affordable housing projects. The contacts also noted that they were not aware of any discriminatory actions by local financial institutions.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

### Loan-to-Deposit Ratio

The loan to deposit ratio is more than reasonable given the institution's size, financial condition, and assessment area credit needs. The average quarterly loan-to-deposit ratio from March 31, 1996 through June 30, 1998 was 74.69%. The ratio as of June 30, 1998 was 74.98%. LBC's ratio compares very well to the average loan-to-deposit ratio for the ten banks operating in the three assessment area counties plus Atoka County. The average ratio for this group of banks was 56.99% at June 30, 1998.

### Lending in Assessment Area

A majority of the credit extended is within the bank's assessment area. An internal analysis of all loan originations from June 1, 1996 to July 10, 1998 reflected the following:

<b>Loan Type</b>	<b>% of Loans Inside Area</b>	<b>% of Loans Outside Area</b>	<b>% of Loan Dollars Inside Area</b>	<b>% of Loan Dollars Outside Area</b>
Real Estate (282 loans for \$12,556,198)	72.70%	27.30%	73.78%	26.22%
Consumer (3,021 loans for \$28,589,036)	70.47%	29.53%	53.66%	46.34%
Commercial/Agriculture (1,007 loans for \$33,379,427)	76.96%	23.04%	85.00%	15.00%
Combined Totals (4,310 loans for \$74,524,661)	72.13%	27.87%	71.09%	28.91%

We also noted that from January 1997 through August 1998, LBC facilitated the origination of an additional 39 mortgage loans totaling \$2,519,000 that are held by secondary market investors.

### **Lending to Borrowers of Different Incomes**

The distribution of borrowers reflects reasonable penetration among individuals of different income levels and businesses/farms of different revenue sizes within the assessment area. The following table uses income data collected from a sample of consumer and real estate loans made year-to-date in 1998.

<b>Description</b>	<b>% to Low Income Borrowers</b>	<b>% to Moderate Income Borrowers</b>	<b>% to Middle Income Borrowers</b>	<b>% to Upper Income Borrowers</b>
Number of Loans (43)	13.95%	20.94%	25.58%	39.53%
Dollars of Loans (\$1,300,096)	6.43%	6.92%	19.36%	67.29%
% of Families In These Areas	23.65%	16.90%	18.49%	40.96%

The number of loans to each income group is comparable to the distribution of households and families by income level. We also noted that the July 20, 1998 internal analysis of loans and deposits reflected a loan-to-deposit ratio of 90.92% in the seven moderate income BNAs of the assessment area. These BNAs contain over 30% of the low-and-moderate income families in the assessment area.

The following table uses revenue data collected from a sample of business and agricultural loans made in the assessment area in 1997 and year-to-date 1998. The number and dollar volume of loans to the three groups are comparable to the distribution of companies and farms reporting revenues in the 1990 census.

<b>Description</b>	<b>% with less than \$500,000 in revenues</b>	<b>% with \$500,000 to \$1,000,000 in revenues</b>	<b>% with greater than \$1,000,000 in revenues</b>
Number of Loans (33)	87.88%	6.06%	6.06%
Dollars of Loans (\$1,121,090)	93.62%	2.02%	4.36%
Number of Businesses/Farms (2,349)	84.12%	6.79%	9.09%

Internal analysis for originations from June 1996 to July 1998 also reflected that 92% of LBC's commercial loans and 99% of LBC's agricultural loans were for amounts less than \$100,000. These volumes indicate good responsiveness to the needs of small businesses and small farms.

## Geographic Distribution of Loans

The distribution of loans reflects good dispersion throughout the assessment area. This is based on an internal analysis of the loans originated in the assessment area from June 1, 1996 to July 10, 1998. The results of this analysis are depicted in the table below.

<b>Distribution of Originations by Block Number Area Types</b>					
<b>Description</b>	<b>% of Total Tracts (27)</b>	<b>% with Originations (24)</b>	<b>% of Total Originations to Tracts (3,109)</b>	<b>% of Population in Tracts (81,306)</b>	<b>% of Households</b>
Low Income BNAs (0)	0.00%	0.00% (0 of 27)	0.00%	0.00%	27.15%
Moderate Income BNAs (7)	25.93%	25.93% (7 of 27)	21.49%	22.48%	16.04%
Middle Income BNAs (13)	48.15%	44.44% (12 of 27)	62.05%	46.60%	15.39%
Upper Income BNAs (5)	18.52%	18.52% (5 of 27)	18.01%	30.91%	41.42%
Uncategorized BNAs (2)	7.40%	0.00% (0 of 27)	0.00%	0.00%	0.00%
Total BNAs (27)	100.00%	88.89% (24 of 27)	100.00%	100.00%	100.00%

We also noted that the 20 moderate and middle income BNAs, where LBC's lending penetration is the heaviest, contain over 80% of the low-and-moderate income families and households within the assessment area.

In addition to the above, the internal analysis of the entire loan portfolio at July 20, 1998 analyzed the volume of lending to the different BNA types after adjustments for certain demographic data. The data included the volume of families with incomes greater than \$15,000 per year, the volume of borrowing age population, and the volume of owner-occupied housing in the BNAs. Each of these factors has a bearing on the ability of LBC, or any other financial institution, to make loans in the BNAs. The results of this analysis noted that the actual lending in the moderate-and-middle income BNAs was well above what LBC should have expected to achieve in these areas.

### **Responses to Complaints**

No complaints concerning the Community Reinvestment Act have been received since the last examination of the bank.

### **Fair Lending Matters**

No violations of the substantive provisions of antidiscrimination laws and regulations were identified. Additionally, no evidence of discrimination or disparate treatment was found. The lending practices of LBC are reflective of antidiscrimination policies.

### **Other Information**

LBC's commitment to its communities is also demonstrated by the following information:

- LBC loaned over \$375,000 to a regional disposal company for equipment purchases. This enhanced the company's ability to provide solid waste disposal services in a four county area that includes Marshall County and part of Carter County.
- LBC participated in over \$2.3 million in loans to a Marshall County manufacturing concern. These loans and commitments to lend enabled the company to expand the plant facilities and add several job opportunities for individuals in Marshall County and the surrounding counties.
- LBC also participated in \$5.6 million in loans and commitments to lend to a company to build a medical facility in Durant, Oklahoma. The facility will serve Bryan County as well as persons in the adjacent counties and will provide numerous new job opportunities in this portion of the bank's assessment area.

This information is presented because it is not easily captured and reflected in the five standard performance categories for small bank Community Reinvestment Act examinations.