

**CPP ANNUAL USE OF CAPITAL SURVEY - 2010**



NAME OF INSTITUTION  
(Include Holding Company Where Applicable)

The Landrum Company - Landmark Bank, National Association

Point of Contact:	Stephen E. Guthrie	RSSD: (For Bank Holding Companies)	1054514
UST Sequence Number:	896	Docket Number: (For Thrift Holding Companies)	
CPP/CDCI Funds Received:	15,000,000	FDIC Certificate Number: (For Depository Institutions)	4537
CPP/CDCI Funds Repaid to Date:		Credit Union Charter Number: (For Credit Unions)	
Date Funded (first funding):	N/A	City:	Columbia
Date Repaid <sup>1</sup> :	N/A	State:	Missouri

<sup>1</sup>If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP) and Community Development Capital Initiative (CDCI). To answer that question, Treasury is seeking responses that describe generally how the CPP/CDCI investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP/CDCI investment was deployed or how many CPP/CDCI dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

**What specific ways did your institution utilize CPP/CDCI capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP/CDCI funds were outstanding).**

**Increase lending or reduce lending less than otherwise would have occurred.**

Loan volume in 2010 was relatively flat throughout the year, reflecting the continuation of economic uncertainty in the environment. In Q1 2011, loan volume fell slightly by over 1%, but seems to have since stabilized.

**To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).**

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**Increase securities purchased (ABS, MBS, etc.).**

In 2010, the bank realized significant liquidity, and expanded the securities portfolio by almost 100% to \$275 million. In addition to high quality mortgage-backed securities which helped to provide mortgage financing to credit worthy borrowers, we have invested in high quality municipals.

**Make other investments.**

**Increase reserves for non-performing assets.**

Our level of problem loans is better than peer banks. Nonetheless, and despite relatively flat loan volume in 2010 we increased our loan loss reserve to total loans from 1.68% to 1.75% in 2010. In Q1 2011, that ratio increased further to 1.86%.

**Reduce borrowings.**

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**Increase charge-offs.**

Net charge-offs for 2010 amounted to .93%. While this was higher than our historical levels, it was not affected by our accepting CPP funds. It is worth noting that despite the increase, our level of net charge-offs compares favorably to peer averages.

**Purchase another financial institution or purchase assets from another financial institution.**

The bank has seriously pursued some opportunities to purchase institutions as well as bank branches. The CPP funds do play a role in making us more comfortable considering this in light of the economic uncertainties. We continue to explore acquisitions as a way to augment our organic growth.

**Held as non-leveraged increase to total capital.**

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**What actions were you able to avoid because of the capital infusion of CPP/CDCI funds?**

At the time we applied for CPP funds, the economic and credit turmoil was difficult to assess. Our ownership and board felt that it was prudent to take CPP funds mainly as a contingency for uncertainty; in essence a form of "capital insurance" should it be needed. Combined with the bank's generally stable local markets, our well run institution and our good credit quality, the CPP funds enabled us to continue to lend confidently in the communities we serve and maintain capital above "well capitalized" levels.

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**What actions were you able to take that you may not have taken without the capital infusion of CPP/CDCI funds?**

The board and the communities we serve benefitted from the additional capital from the standpoint of (1) our increased capacity to meet credit needs and to support other investment, and (2) our continued ability to meet regulatory capital guidelines. This institution has always done a good job of assessing and managing risk. That basic fundamental philosophy did not change after we received CPP funds. We manage the company on a fundamentally sound basis with or without CPP funds. Earlier this year we did bid on a failed bank; the auction which was managed by the FDIC. We were not the successful bidder.

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**Please describe any other actions that you were able to undertake with the capital infusion of CPP/CDCI funds.**

A large, empty rectangular box with a black border, intended for the respondent to provide a detailed description of actions taken with the capital infusion of CPP/CDCI funds.