FORM 10-K405

Annual report pursuant to section 13 and 15(d), Regulation S-K Item 405

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FILER

LANDMARK BANCSHARES INC

CIK:**915800**| IRS No.: **481142260** | State of Incorp.:**KS** | Fiscal Year End: **0930**
Type: **10-K405** | Act: **34** | File No.: **000-23164** | Film No.: **96687808**
SIC: **6035** Savings institution, federally chartered

Mailing Address
CENTRAL & SPRUCE STREETS
DODGE CITY KS 67801

Business Address
CENTRAL & SPRUCE STS
DODGE CITY KS 67801
3162278111

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

[x] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED]

For the fiscal year ended September 30, 1996

- OR -

|_| TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED]

For the transition period from ___________________ to ___________________

SEC File Number: 0-23164

LANDMARK BANCSHARES, INC.

(Exact name of registrant as specified in its charter)

Kansas	48-1142260
(State or other jurisdiction of of incorporation or organization)	(I.R.S. Employer Identification No.)
Central and Spruce Streets, Dodge City, Kansas	67801
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (316) 227-8111

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act:

Common Stock, par value $0.10 per share

(Title of Class)

Indicate by check mark whether registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No ______

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

Registrant's voting stock trades on the Nasdaq Stock Market under the symbol "LARK". The aggregate market value of the voting stock held by non-affiliates of registrant, based upon the closing price of such stock as of November 29, 1996 ($16.50 per share), was $22.6 million.

As of December 1, 1996, registrant had 1,847,996 shares of Common Stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

1. Parts II and IV -- Portions of registrant's Annual Report to Stockholders.

2. Part III -- Portions of registrant's Proxy Statement for Annual Meeting of Stockholders to be held in January 1997.

PART I

Item 1. Business

General

Landmark Bancshares, Inc. ("Registrant" or the "Company") is a unitary savings and loan holding company that was incorporated in November 1993 under the laws of the State of Kansas for the purpose of acquiring all of the issued and outstanding common stock of Landmark Federal Savings Bank (the "Bank"). This acquisition occurred in March 1994 at the time Landmark simultaneously converted from a mutual to stock institution, and sold all of its outstanding capital stock to the Company and the Company made its initial public offering of common stock (the "Conversion"). As of September 30, 1996, the Company had total assets of $213.7 million, total deposits of $143.8 million, and stockholders' equity of $32.3 million or 15.15% of total assets under generally accepted accounting principles ("GAAP"). The only subsidiary of the Company is the Bank.

The Bank is a federally chartered stock savings bank headquartered in Dodge City, Kansas. The Bank was founded in 1920 with a charter from the state of Kansas under the name of "Dodge City Savings and Loan Association" which later became a federal association under the name of "First Federal Savings and Loan of Dodge City." First Federal Savings and Loan of Dodge City became known as Landmark Federal Savings Association in 1983 when it changed its name at the time it merged with Peoples Savings and Loan Association of Sterling, Kansas. Landmark Federal Savings Association changed its name to Landmark Federal Bank at the time it converted to stock form and was acquired by Registrant in March 1994. The Bank's deposits are federally insured by the Savings Association Insurance Fund ("SAIF"), as administered by the Federal Deposit Insurance Corporation ("FDIC").

The primary activity of the Company is directing and planning the activities of the Bank, the Company's primary asset. At September 30, 1996, the remainder of the assets of the Company were maintained in the form of a loan to the Bank or in the form of common stock of other banks. The Company engages in no other significant activities. As a result, references to the Company or Registrant generally refer to the Bank, unless the context otherwise indicates. In the discussion of regulation, except for the discussion of the regulation of the Company, all regulations apply to the Bank rather than the Company.

Registrant is primarily engaged in attracting deposits from the general public and using those funds to originate and sell real estate loans on one-to-four family residences and, to a lesser extent, to originate consumer and construction loans for its portfolio. Registrant also purchases one- to four-family residential loans. Registrant has offices in Garden City, Dodge City, Great Bend, LaCrosse, and Hoisington, Kansas, which are located in its primary market area of Ford, Finney, Barton, and Rush Counties in the State of Kansas. In addition, Registrant invests in mortgage-related securities and investment securities. Registrant offers its customers fixed-rate and adjustable-rate mortgage loans, as well as FHA/VA loans and consumer loans, including home equity and savings account loans. Adjustable-rate mortgage loans and 15-year fixed-rate mortgage loans are originated for retention in Registrant's portfolio while 30-year fixed-rate mortgage loans are sold into the secondary market. All consumer loans are retained in Registrant's portfolio.

The principal sources of funds for Registrant's lending activities are deposits and the amortization, repayment, and maturity of loans, mortgage-related securities, and investment securities. Principal sources of income are interest and fees on loans, mortgage-related securities, investment securities, and deposits held in other financial institutions. Registrant's principal expense is interest paid on deposits.

Market Area

The Kansas counties of Ford, Finney, Barton, and Rush, Kansas are Registrant's primary market area. This area was founded on agriculture, which continues to play a major role in the economy. Predominant activities involve the wheat crop and feed lot operations. Dodge City, the location of Registrant's main office is known as the "Cowboy Capital of the World" and maintains a significant tourism industry. In the central part of Kansas, where Registrant has three branch offices, the oil industry is prevalent. In the past several years, the economic conditions in this area have improved significantly over the major downturn in oil drilling activity during the 1980s. The largest employment sector in Registrant's market area is agriculture. The market area of Registrant is largely dependent upon the agricultural, beef packing, and oil and gas industries. The effect of a downturn in either or both of these industries could have a negative impact on the results of operations of Registrant.

Lending Activities

General. Registrant's loan portfolio consists primarily of adjustable-rate mortgage loans secured by one- to four-family residences and, to a lesser extent, consumer loans and construction loans. The portfolio also includes commercial real estate loans.

Analysis of Loan Portfolio. Set forth below is selected data relating to the composition of Registrant's loan portfolio by type of loan on the dates indicated:

<TABLE>
<CAPTION>

	At September 30,									
	1992		1993		1994		1995		1996	
	$	%	$	%	$	%	$	%	$	%
	(Dollars in Thousands)									
Type of Loan:(1)										
Real estate loans										
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Construction	$ 221	0.35 %	$ 201	0.32 %	$ 221	0.31%	$ 202	0.20 %	$ 1,130	.87 %
Residential	58,774	93.47	58,439	93.32	64,169	90.06	83,519	84.42	105,195	80.98
Commercial	1,217	1.94	1,087	1.74	1,300	1.83	1,781	1.80	1,852	1.43
Second mortgage	1,724	2.74	1,952	3.12	2,916	4.09	5,784	5.85	8,140	6.27
Commercial business	35	0.05	90	0.14	74	0.10	1,753	1.77	3,601	2.77
Consumer:										
Savings account	409	0.65	292	0.47	369	0.52	605	0.61	555	.43
Home improvement	14	0.02	2	0.00	1	0.00	--	--	--	--
Automobile	1,287	2.05	1,509	2.41	3,118	4.38	5,986	6.05	9,784	7.53
Other	53	0.08	40	0.06	45	0.06	286	0.29	643	.49
Gross loans	63,734	101.35	63,612	101.58	72,213	101.35	99,916	100.99	130,900	100.77
Less:										
Unamortized premiums (discounts) on loan purchases	--	--	--	--	--	--	69	0.07	47	.04
Loans in process	(14)	(0.02)	(4)	(0.01)	--	--	(45)	(0.05)	--	--
Deferred loan origination fees and costs	(267)	(0.42)	(272)	(0.43)	(341)	(0.48)	(362)	(0.37)	(304)	(.23)
Allowance for loan losses	(574)	(0.91)	(716)	(1.14)	(619)	(0.87)	(644)	(6.44)	(740)	(.58)
Total loans, net	$62,879	100.00 %	$62,620	100.00 %	$71,253	100.00%	$98,934	100.00 %	$129,903	100.00 %

</TABLE>

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(1) Includes loans classified as held for sale.

Loan Maturity. The following table sets forth the maturity of Registrant's loan portfolio at September 30, 1996. The table does not include prepayments or scheduled principal repayments. Prepayments and scheduled principal repayments on loans totalled $13.7 million, $16.3 million, and $28.9 million for the three years ended September 30, 1994, 1995, and 1996, respectively. Adjustable- rate mortgage loans are shown as maturing based on contractual maturities.

<TABLE>
<CAPTION>

	1-4 Family Real Estate Mortgage	Other Residential Commercial	Construction	Consumer	Total
			(In Thousands)		
Amounts Due:					
<S>	<C>	<C>	<C>	<C>	<C>
Within 1 year	$ 32	$ 533	$ 330	$ 2,146	$ 3,041

After 1 year:					
1 to 3 years	243	2,895	6	3,830	6,974
3 to 5 years	848	517	--	8,189	9,554
5 to 10 years	6,515	1,390	--	4,293	12,198
10 to 20 years	50,909	3,839	247	611	55,606
Over 20 years	42,922	5	547	53	43,527
Total due after one year........	101,437	8,646	800	16,976	127,859
Total amount due	$101,469	$ 9,179	$ 1,130	$ 19,122	$ 130,900
Less:					
Unamortized premium on					
loan purchases	47	--	--	--	47
Allowance for loan loss.........	(532)	--	--	--	--
Loans in process	--	--	--	(208)	(740)
Deferred loan fees	(287)	(9)	(8)	--	(304)
Loans receivable, net........	$100,697	$ 9,170	$ 1,122	$18,914	$ 129,903

</TABLE>

The following table sets forth the dollar amount of all loans due after September 30, 1997, which have predetermined interest rates and which have floating or adjustable interest rates.

	Fixed Rates	Floating or Adjustable Rates	Total
		(In Thousands)	
One-to-four family......	$43,519	$57,918	$101,437
Commercial.............	5,702	2,944	8,646
Construction............	800	--	800
Consumer................	16,755	221	16,976
Total.................	$66,776	$61,083	$127,859

Residential Loans. Registrant's primary lending activity consists of the origination of one-to-four family, owner-occupied, residential mortgage loans secured by property located in its primary market

area. Registrant also originates a small number of residential real estate loans secured by multi-family dwellings.

Registrant currently offers adjustable-rate mortgages ("ARMs") that adjust every one, three, and five years and have terms from 1 to 30 years, and fixed-rate mortgage loans with terms of 1 to 30 years. The interest rates on ARMs are based on treasury bill rates and the national cost of funds. Registrant considers the market factors and competitive rates on loans as well as its own cost of funds when determining the rates on the loans that it offers. Registrant also has a small network of correspondents from whom Registrant may be referred both fixed- and adjustable-rate real estate mortgage loans. Registrant retains the adjustable-rate loans for its own loan portfolio and sells most of the fixed rate loans into the secondary market, primarily to the Federal Home Loan Mortgage Corporation ("FHLMC"). Historically, Registrant has sold its 30-year and 15-year fixed rate loans in the secondary market; however, Registrant has recently begun to hold its 15-year and 20-year fixed rate mortgage loans to maturity. Registrant also offers Federal Housing Administration and Veterans Administration ("FHA/VA") loans. Fixed-rate mortgage loans are generally originated to FHLMC standards. Although Registrant originates adjustable-rate mortgage loans for its own portfolio, they are underwritten to FHLMC standards, so that they are saleable in the secondary market. FHA/VA loans are originated in accordance with FHA/VA guidelines, most of which are sold to various private investors.

Generally, during periods of rising interest rates, the risk of default on an ARM is considered to be greater than the risk of default on a fixed-rate loan due to the upward adjustment of interest costs to the borrower. To help reduce such risk, Registrant qualifies the loan at the fully indexed accrual rate, as opposed to the original interest rate. ARMs may be made at up to 95% of the loan to value ratio.

Registrant does not originate ARMs with negative amortization.

Regulations limit the amount which a savings association may lend in relationship to the appraised value of the real estate securing the loan, as determined by an appraisal at the time of loan origination. Such regulations permit a maximum loan-to-value ratio of 100% for residential property and 90% for all other real estate loans. Registrant's lending policies, however, generally limit the maximum loan-to-value ratio to 80% of the appraised value of the property, based on an independent or staff appraisal. When Registrant makes a loan in excess of 80% of the appraised value or purchase price, private mortgage insurance is generally required for at least the amount of the loan in excess of 80% of the appraised value. Registrant generally does not make non-owner occupied one- to four-family loans in excess of 80%.

The loan-to-value ratio, maturity, and other provisions of the residential real estate loans made by Registrant reflect the policy of making loans generally below the maximum limits permitted under applicable regulations. Registrant requires an independent or staff appraisal, title insurance or an attorney's opinion or with an abstract, flood hazard insurance (if applicable), and fire and casualty insurance on all properties securing real estate loans made by Registrant. Registrant reserves the right to approve the selection of which title insurance companies' policies are acceptable to insure the real estate in the loan transactions.

While one- to four-family residential real estate loans are normally originated with 15-30 year terms, such loans typically remain outstanding for substantially shorter periods. This is because borrowers often prepay their loans in full upon sale of the property pledged as security or upon

refinancing the original loan. In addition, substantially all of the fixed-interest rate loans in Registrant's loan portfolio contain due-on-sale clauses providing that Registrant may declare the unpaid amount due and payable upon the sale of the property securing the loan. Registrant enforces these due-on-sale clauses to the extent permitted by law. Thus, average loan maturity is a function of, among other factors, the level of purchase and sale activity in the real estate market, prevailing interest rates, and the interest rates payable on outstanding loans.

Second Mortgage Loans. Registrant makes loans on real estate secured by secondary, or junior, mortgages. Secondary mortgage loans possess somewhat greater risk than primary mortgage loans because the security underlying the second mortgage loan must first be used to satisfy the obligation under the primary mortgage loan. Registrant's lending policies for second mortgage loans secured by one- to four-family residences are similar to those used for residential loans, including the required loan-to-value ratio. Registrant does not currently originate any second mortgage loans outside its primary market area.

Multi-Family Loans. Registrant also makes fixed-rate and adjustable-rate multi-family loans, including loans on apartment complexes. The largest multi-family real estate loan had a balance of approximately $770,000 at September 30, 1996, on an apartment complex located within its primary market area.

Multi-family loans generally provide higher origination fees and interest rates, as well as shorter terms to maturity and repricing, than can be obtained from single-family mortgage loans. Multi-family lending, however, entails significant additional risks compared with one- to four-family residential lending. For example, multi-family loans typically involve larger loan balances to single borrowers or groups of related borrowers, the payment experience on such loans typically is dependent on the successful operation of the real estate project, and these risks can be significantly impacted by supply and demand conditions in the market for multi-family residential units and commercial office, retail, and warehouse space.

Consumer Loans. Registrant views consumer lending as an important component of its business operations because consumer loans generally have shorter terms and higher yields, thus reducing exposure to changes in interest rates. In addition, Registrant believes that offering consumer loans helps to expand and create stronger ties to its customer base. Consequently, Registrant intends to continue its consumer lending. Regulations permit federally-chartered savings banks to make certain secured and unsecured consumer loans up to 35% of assets. In addition, Registrant has lending authority above the 35% limit for certain consumer loans, such as home improvement, credit card, and education loans, and loans secured by savings accounts.

Consumer loans consist of personal unsecured loans, home improvement loans, automobile loans, and savings account loans, at fixed rates.

The underwriting standards employed by Registrant for consumer loans include a determination of the applicant's payment history on other debts and an assessment of ability to meet existing obligations and payments on the proposed loan. In addition, the stability of the applicant's monthly income from primary employment is considered during the underwriting process. Credit worthiness of the applicant is of primary consideration; however, the underwriting process also includes a comparison of the value of the security in relation to the proposed loan amount.

Consumer loans entail greater credit risk than do residential mortgage loans, particularly in the case of consumer loans which are unsecured or secured by assets that depreciate rapidly, such as automobiles, mobile homes, boats, and recreational vehicles. In such cases, repossessed collateral for a defaulted consumer loan may not provide an adequate source of repayment for the outstanding loan and the remaining deficiency often does not warrant further substantial collection efforts against the borrower. In particular, amounts realizable on the sale of repossessed automobiles may be significantly reduced based upon the condition of the automobiles and the lack of demand for used automobiles. Registrant adds a general provision to its consumer loan loss allowance, based on general economic conditions, prior loss experience, and management's periodic evaluation.

Commercial Real Estate Loans. Commercial real estate secured loans are originated in amounts up to 80% of the appraised value of the property. Such appraised value is determined by an independent appraiser previously approved by Registrant. Registrant's commercial real estate loans are permanent loans secured by improved property such as small office buildings, retail stores, small strip plazas, and other non-residential buildings. Registrant originates commercial real estate loans with amortization periods of 1 to 20 years, primarily as adjustable rate mortgages.

Loans secured by commercial real estate generally involve a greater degree of risk than residential mortgage loans and carry larger loan balances. This increased credit risk is a result of several factors, including the concentration of principal in a limited number of loans and borrowers, the effects of general economic conditions on income producing properties and the increased difficulty of evaluating and monitoring these types of loans. Furthermore, the repayment of loans secured by commercial real estate is typically dependent upon the successful operation of the related real estate project. If the cash flow from the project is reduced, the borrower's ability to repay the loan may be impaired. At September 30, 1996, the largest commercial real estate loan had a balance of approximately $347,000 and was performing.

Construction Loans. Registrant does not actively seek to make construction loans. Construction financing is generally considered to involve a higher degree of risk of loss than long-term financing on improved, occupied real estate. Risk of loss on a construction loan is dependent largely upon the accuracy of the initial estimate of the property's value at completion of construction or development and the estimated cost (including interest) of construction. During the construction phase, a number of factors could result in delays and cost overruns. If the estimate of construction costs proves to be inaccurate, Registrant may be required to advance funds beyond the amount originally committed to permit completion of the development. If the estimate of value proves to be inaccurate, Registrant may be confronted, at or prior to the maturity of the loan, with a project having a value which is insufficient to assure full repayment.

Commercial Business Loans. Regulations authorize Registrant to make secured or unsecured loans for commercial, corporate, business, and agricultural purposes. The aggregate amount of such loans outstanding may not exceed 10% of Registrant's assets. In addition, another 10% of total assets may be invested in commercial equipment leasing. Registrant has offered limited commercial business loans since the early 1980s, primarily to existing customers. Most of Registrant's commercial business loans are secured by real estate or other assets.

It is the policy of Registrant to annually request financial statements from commercial loan borrowers. The financial statements are reviewed as received by management to detect any conditions or trends that may affect the ability of the borrower, including cash flows of the project, to repay the debt.

Loan Solicitation and Processing. Registrant's sources of mortgage loan applications are referrals from existing or past customers, local realtors, builders, loan correspondents, and walk-in customers and also as the result of advertising. The Association actively solicits local realtors and believes they provide a substantial number of customers that originate loans with Registrant. Registrant also solicits loans from a small network of correspondent lenders in Wichita and Kansas City, Kansas and Albuquerque, New Mexico as well as various communities in central and western Kansas. These correspondents, selected by management, are located in markets Registrant does not otherwise serve.

The loan approval process is segmented by the type of loan and size of loan. Consumer loans may be approved by certain loan officers within designated limits. One or more signatures of members of senior management may also be required for larger consumer loans. The Board of Directors ratifies all loans that have been approved by officers or committees.

All commercial real estate loans are submitted to the Board of Directors for approval upon the recommendation of senior management.

The real estate loan committee consists of various officers. Any two of those individuals may collectively approve one- to four-family residential real estate loans up to $100,000. Loans in amounts greater than $100,000 and up to the current FHLMC maximum loan amount must be approved by no less than three members of the loan committee. Real estate loans over the current FHLMC limit require the approval of the Board of Directors.

Registrant uses fee appraisers or staff appraisers on all real estate related transactions that are originated in the main office or branch offices of Registrant. It is Registrant's policy to obtain title insurance on all properties securing real estate loans and to obtain fire and casualty insurance on all loans that require security. On occasion, when originating loans, abstracts or attorney opinions may be utilized in lieu of title insurance.

Origination, Purchase, and Sale of Loans

During the fiscal year ended September 30, 1996, Registrant originated $52.6 million in loans, purchased $17.1 million in loans (all secured by one- to four-family residences), and sold $9.7 million in loans.

Loan Sales. Registrant generally retains servicing on all loans sold with the exception of fixed rate FHA/VA loans which are sold with servicing released. All such loans were sold without recourse to the Company.

Loan Commitments. Registrant issues written, formal commitments to prospective borrowers on all real estate approved loans. The commitments generally requires acceptance within 60 days of the date of issuance. For commercial real estate loans or commercial loans in general, the commitment is issued for approximately 60 days and must be closed within 60 days of issuance. Commitments for

consumer loans expire 30 days after issuance. At September 30, 1996, Registrant had $2.1 million of commitments to originate mortgage loans.

Loan Processing and Servicing Fees. In addition to interest earned on loans, the Company recognizes fees and service charges which consist primarily of fees on loans serviced for others and late charges. The Company recognized net loan servicing fees of $179,537, $173,020, and $161,329 for the years ended September 30, 1994, 1995, and 1996, respectively. As of September 30, 1996, loans serviced for others totalled $53.7 million.

Loans to One Borrower. Savings associations are subject to the same limits as those applicable to national banks, which under current regulations generally limit loans-to-one borrower to an amount equal to 15% of unimpaired capital and unimpaired surplus calculated as the sum of the Bank's core and supplementary capital included in total capital, plus the balance of the general valuation allowances for loan and lease losses not included in supplementary capital, plus investments in subsidiaries that are not included in calculating core capital, or $500,000, whichever is greater. An additional amount equal to 10% of unimpaired capital and unimpaired surplus may be included if the loan is secured by readily marketable collateral (generally, financial instruments, not real estate). Under this general restriction, the Bank's maximum loan to one borrower ("LTOB") limit at September 30, 1996 was approximately $7.0 million.

Registrant's largest loan to one borrower is a loan originated in June 1994 having a balance of approximately $770,000 as of September 30, 1996. This loan is secured by an apartment complex. This loan was current at September 30, 1996.

Loan Delinquencies. Registrant's collection procedures provide that when a mortgage loan is 15 days past due, a computer printed delinquency notice is sent. If payment is still delinquent at the end of that month, within 15 days a telephone call is made to the borrower. If the delinquency continues, subsequent efforts are made to eliminate the delinquency. If the loan continues in a delinquent status for 60 days or more, the Board of Directors of Registrant generally approves the initiation of foreclosure proceedings unless other repayment arrangements are made. Collection procedures for non-mortgage loans generally begin after a loan is 10 days delinquent.

Loans are reviewed on a regular basis and are generally placed on a non-accrual status when the loan becomes more than 90 days delinquent and, in the opinion of management, the collection of additional interest is doubtful. Interest accrued and unpaid at the time a loan is placed on non-accrual status is charged against interest income. Subsequent interest payments, if any, are either applied to the outstanding principal balance or recorded as interest income, depending on the assessment of the ultimate collectibility of the loan.

The following table sets forth information regarding non-accrual loans, real estate owned ("REO") and other repossessed assets, and loans that are 90 days or more delinquent but on which Registrant was accruing interest at the dates indicated. At such dates, Registrant had no restructured loans within the meaning of Statement of Financial Accounting Standards ("SFAS") No. 15.

<TABLE>
<CAPTION>

	At September 30,				
	1992	1993	1994	1995	1996
	(Dollars in thousands)				
Loans accounted for on a non-accrual basis:					
Mortgage loans:					
Permanent loans secured					
<S>	<C>	<C>	<C>	<C>	<C>
by 1-4 dwelling units	$ 231	$ 48	$ 37	$ 239	$ 51
All other mortgage loans	--	--	--	--	--
Non-mortgage loans:					
Consumer loans	21	30	--	5	76
Total	$ 252	$ 78	$ 37	$ 244	$ 127
Accruing loans that are contractually past due 90 days or more:					
Mortgage loans:					
Permanent loans secured					
by 1-4 dwelling units	$ 222	$ 160	171	$ 142	$ 146
All other mortgage loans	--	--	--	--	44
Total	$ 222	$ 160	171	$ 142	$ 190
Total non-accrual and 90-day past due accrual loans	$ 474	$ 238	208	$ 386	$ 317
Real estate owned	$ 818	$ 351	$ 200	$ 66	$ --
Total non-performing assets	$1,292	$ 589	408	$ 452	$ 317
Total non-accrual and 90-day past due accrual loans to net loans	0.75%	0.38%	0.29%	0.39%	0.24%
Total non-accrual and 90 day past due accrual loans to total assets	0.29%	0.14%	0.11%	0.19%	0.15%
Total non-performing assets to total assets	0.80%	0.36%	0.22%	0.22%	0.15%

</TABLE>

Interest income that would have been recorded on renegotiated loans and loans accounted for on a non-accrual basis under the original terms of such loans was $13,000 for the year ended September 30, 1996. Amounts foregone and not included in Registrant's interest income for the year ended September 30, 1996 totalled $5,000.

Classified Assets. Office of Thrift Supervision ("OTS") regulations provide for a classification system for problem assets of insured institutions that covers all problem assets. Under this classification system, problem assets of insured institutions are classified as "substandard," "doubtful," or "loss." An asset is considered substandard if it is inadequately protected by the current net worth and paying capacity of the obligor or of the collateral pledged, if any. Substandard assets include those characterized by the "distinct possibility" that the insured institution will sustain "some loss" if the deficiencies are not corrected. Assets classified as doubtful have all of the weaknesses inherent in those classified substandard, with the added characteristic that the weaknesses present make "collection or liquidation in full," on the basis of currently existing facts, conditions and values, "highly questionable and improbable." Assets classified as loss are those considered "uncollectible" and of such little value that their continuance as assets without the establishment of a specific loss reserve is not warranted. Assets designated special mention by management are assets included on Registrant's internal watchlist because of potential weakness but which do not currently warrant classification in one of the aforementioned categories.

When an insured institution classifies problem assets as either substandard or doubtful, it may establish general allowances for loan losses in an amount deemed prudent by management. General allowances represent loss allowances which have been established to recognize the inherent risk associated with lending activities, but which, unlike specific allowances, have not been allocated to particular problem assets. When an insured institution classifies problem assets as loss, it is required either to establish a specific allowance for losses equal to 100% of that portion of the asset so classified or to charge off such amount. An institution's determination as to the classification of its assets and the amount of its valuation allowances is subject to review by the OTS, which may order the establishment of additional general or specific loss allowances. A portion of general loss allowances established to cover possible losses related to assets classified as substandard or doubtful may be included in determining an institution's regulatory capital, while specific valuation allowances for loan losses generally do not qualify as regulatory capital. At September 30, 1996 that Registrant had a general loss allowance for loans and REO of $740,346.

	At September 30, 1996 (In Thousands)
Special mention assets....................	$ 98
Classified assets	
Substandard............................	$1,101
Doubtful...............................	--
Loss...................................	--
Total..............................	$1,101

Real Estate Owned. Real estate owned or acquired by Registrant as a result of foreclosure, judgment, or by a deed in lieu of foreclosure is classified as real estate owned until it is sold. When property is acquired it is recorded at fair value as of the date of foreclosure or transfer less estimated disposal costs. Valuations are periodically performed by management and subsequent charges to general mortgage loan reserves are taken when it is determined that the carrying value of the property exceeds the fair value less estimated costs to sell. It is subsequently carried at the lower of the new basis (fair value at foreclosure or transfer) or fair value. Registrant did not hold any REO as of September 30, 1996.

Allowance for Loan and Real Estate Losses. It is management's policy to provide for losses on unidentified loans in its loan portfolio and foreclosed real estate. A provision for loan losses is charged to operations based on management's evaluation of the potential losses that may be incurred in Registrant's loan portfolio. Such evaluation, which includes a review of all loans of which full collectibility of interest and principal may not be reasonably assured, considers, among other matters, the estimated net realizable value of the underlying collateral. During the years ended September 30, 1994, 1995, and 1996, Registrant charged $(85,000), $9,000, and $135,000, respectively, to the provision for loan losses and $0, $0, and $0, respectively, to the provision for losses on REO or in judgment and other repossessed assets.

Management will continue to review the entire loan portfolio to determine the extent, if any, to which further additional loss provisions may be deemed necessary. There can be no assurance that the allowance for losses will be adequate to cover losses which may in fact be realized in the future and that additional provisions for losses will not be required.

The amount and percent of loans in each category to total loans for the distribution of Registrant's allowance for losses on loans at the dates indicated is summarized as follows:

<TABLE>
<CAPTION>

	At September 30,									
	1992		1993		1994		1995		1996	
	$	%	$	%	$	%	$	%	$	%
	(Dollars in Thousands)									
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Residential real estate.	$471	95.27%	$619	95.25%	$526	93.21%	$521	89.58%	$523	87.44%
Commercial real estate..	9	1.91	11	1.71	10	1.80	10	1.78	9	1.42
Commercial business.....	--	0.05	--	0.14	--	0.10	23	1.76	51	2.75
Consumer................	94	2.77	86	2.90	83	4.89	90	6.88	157	8.39
Total...................	$574	100.00%	$716	100.00%	$619	100.00%	$644	100.00%	$740	100.00%

</TABLE>

The following table sets forth information with respect to Registrant's allowance for loan losses at the dates indicated:

<TABLE>
<CAPTION>

	At September 30,				
	1992	1993	1994	1995	1996
	(Dollars in Thousands)				
<S>	<C>	<C>	<C>	<C>	<C>
Total loans outstanding	$ 62,879	$ 62,620	$ 71,253	$98,934	$129,903
Average loans outstanding	69,964	61,156	64,245	81,236	110,084
Allowance balances (at beginning of period)	394	574	716	619	644
Provision (credit):					

Real estate-mortgage	194	190	(83)	(17)	20
Consumer	--	(6)	(2)	26	115
	194	184	(85)	9	135
Charge-offs:					
Real estate-mortgage	(14)	(83)	(18)	(1)	(19)
Consumer	(1)	(17)	(5)	(1)	(20)
	(15)	(100)	(23)	(2)	(39)
Recoveries:					
Real estate-mortgage	--	48	9	16	--
Consumer	1	10	2	2	--
	1	58	11	18	--
Net (charge-offs) recoveries	(14)	(42)	(12)	16	(39)
Allowance balance (at end of period)...	$ 574	$ 716	$ 619	$ 644	$ 740
Allowance for loan losses as a percent of total loans outstanding	0.91%	1.14%	0.87%	0.65 %	0.57%
Net loans charged off as a percent of average loans outstanding	0.02%	0.07%	0.02%	(0.02)%	0.04%

</TABLE>

The following table sets forth information with respect to Registrant's allowance for losses on real estate owned and in judgment at the dates indicated:

	At September 30,				
	1992	1993	1994	1995	1996
	(Dollars in Thousands)				
Total real estate owned and in judgment, net	$ 818	$ 351	$ 200	$ 66	$ --
Allowance balances - beginning	$ --	$ 31	$ --	$ --	$ --
Provision	31	--			--
Net charge-offs	--	(31)	--	--	--
Allowance balances - ending .	$ 31	$ --	$ --	$ --	$ --
Allowance for losses on real estate owned and in judgment to net real estate owned and in judgment	3.79%	--%	--%	--%	--%

Interest Bearing Accounts Held at Other Financial Institutions

As of September 30, 1996, the Company had outstanding checks in excess of bank balances of $143,808 on its interest-bearing deposits in other financial institutions, principally with the Federal Home Loan Bank ("FHLB") of Topeka (including up to $100,000 at the other financial institutions covered by FDIC deposit insurance and held in time deposits). The Company maintains these accounts in order to maintain liquidity and improve the interest-rate sensitivity of its assets.

Investment Activities

Registrant is required under federal regulations to maintain a minimum amount of liquid assets that may be invested in specified short-term securities and certain other investments. Registrant has generally maintained a liquidity portfolio well in excess of regulatory requirements. Liquidity levels may be increased or decreased depending upon the yields on investment alternatives and upon management's judgment as to the attractiveness of the yields then available in relation to other opportunities and its expectation of future yield levels, as well as management's projections as to the short-term demand for funds to be used in Registrant's loan origination and other activities. As of September 30, 1996, Registrant had an investment portfolio of approximately $33.5 million, consisting primarily of U.S. Government agency obligations, U.S. Treasury securities, investment grade corporate debt securities, municipal obligations, and FHLB stock as permitted by the OTS regulations. The level of investment securities increased significantly as a result of the receipt of proceeds from the initial issuance of common stock during 1994. During the last year, the level of investment securities declined as a result of the increase in loan originations. Registrant has also invested in mortgage-related securities principally in Federal National Mortgage Association ("FNMA") ARMs and FHLMC ARMs, and to a lesser extent, Collateralized Mortgage Obligations ("CMOs"). Registrant anticipates having the ability to fund all of its investing activities from funds held on deposit at FHLB of Topeka. Registrant will continue to seek high quality investments with short to intermediate maturities and duration from one to five years.

Investment Portfolio

The following table sets forth the carrying value of Registrant's investment securities portfolio, short-term investments, mutual funds, and FHLB stock, at the dates indicated. None of the investment securities held as of September 30, 1996 was issued by an individual issuer in excess of 10% of Registrant's capital, excluding the securities of U.S. Government and U.S. Government Agencies and Corporations. As of September 30, 1996, the market value of Registrant's total investment portfolio was $33.3 million.

	At September 30,		
	1994	1995	1996
Investments Held to Maturity:			
U.S. Government Securities..	$ 5,094	$ 2,887	$ --
U.S. Agency Securities......	31,323	29,158	27,169
Corporate Notes and Bonds...	750	250	--
Municipal Obligations.......	2,755	2,530	2,230
Total Investments Held to Maturity............	39,922	34,825	29,399
Investments Available-for-Sale:			
Common Stock................	257	207	2,396
FHLB Stock..................	1,476	1,476	1,732
Other Equity Securities.....	10	10	10
Total Investments Available-for-Sale................	1,743	1,693	4,138
Total Investments.........	$41,665	$36,518	$33,537

Registrant classifies its investments in accordance with SFAS 115. See the discussion of SFAS 115 under "-- Mortgage-Backed Securities." See Note 2 to Consolidated Financial Statements.

Investment Portfolio Maturities

The following table sets forth certain information regarding the carrying values, weighted average yields, and maturities of the Company's investment securities portfolio as of September 30, 1996.

<TABLE>
<CAPTION>

As of September 30, 1996

	One Year or Less		One to Five Years		Five to Ten Years		More than Ten Years		Total Investment Securities		
	Carrying Value	Average Yield	Carrying Value	Average Yield	Carrying Value	Average Yield	Carrying Value	Average Yield	Carrying Value	Average Yield	Market Value
	(Dollars in Thousands)										
Investment Securities:											
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
U.S. Government Obligations.	$ --	-- %	$ --	-- %	$ --	--	$ --	-- %	$ --	--%	$ --
U. S. Agency Obligations....	1,500	5.13	5,000	6.04	17,669	7.69	3,000	7.38	27,169	7.21	26,858
Municipal Obligations.......	600	4.96	1,000	5.33	530	5.16	100	5.90	2,230	5.22	2,255
Corporate Notes and Bonds...	--	--	--	--	--	--	--	--	--	--	--
Total......................	$2,100	5.08%	$6,000	5.92%	$18,199	7.62%	$ 3,100	7.33%	$29,399	7.06%	$29,113

</TABLE>

Mortgage-Backed Securities

To supplement lending activities, Registrant invests in residential mortgage-backed securities. Mortgage-backed securities can serve as collateral for borrowings (although Registrant has not used them as such) and, through repayments, as a source of liquidity.

In May 1993, the Financial Accounting Standards Board ("FASB") issued SFAS No. 115, Accounting for Certain Investments in Debt and Equity Securities. This statement addresses the accounting and reporting for investments in equity securities that have readily determinable fair values and for all investments in debt securities. SFAS No. 115 is effective for fiscal years beginning after December 15, 1993 as of the beginning of the fiscal year (i.e., October 1, 1994 for Registrant).

SFAS No. 115 requires classification of investments into three categories. Debt securities that Registrant has the positive intent and ability to hold to maturity must be reported at amortized cost. Debt and equity securities that are bought and held principally for the purpose of selling them in the near term must be reported at fair value, with unrealized gains and losses included in earnings. All other debt and equity securities must be considered available for sale and must be reported at fair value, with unrealized gains and losses excluded from earnings but reported as a separate component of stockholders' equity (net of tax effects).

Registrant adopted SFAS No. 115 as of October 1, 1994. At September 30, 1996, the mortgage-backed securities portfolio had a fair value of $45.5 million and an amortized cost of $45.9 million. That part of the mortgage-backed securities portfolio classified as held to maturity is recorded at amortized cost. That part of the mortgage-backed securities classified as available for sale is recorded at fair value, with unrealized gains and losses excluded from earnings but reported as a separate component of stockholders' equity (net of tax effects). As of September 30, 1996, there were no mortgage-backed securities that were classified as available for sale.

On November 15, 1995, the FASB adopted a special report "A Guide to Implementation of Statement 115 on Accounting for Certain Investments in Debt and Equity Securities." The guide included, along with other implementation guidance, a transition provision that allowed for a reassessment of the appropriateness of the classifications of all securities and allowed a one time reclassification of securities. Management, in December 1995, transferred $11.3 million of mortgage-backed securities from held-to-maturity classification to available-for-sale classification in accordance with the provisions of the guide. These securities were sold subsequent to the transfer.

Mortgage-backed securities represent a participation interest in a pool of single-family mortgages, the principal and interest payments on which are passed from the mortgage originators, through intermediaries (generally quasi-governmental agencies) that pool and repackage the participation interests in the form of securities, to investors such as the Association. Such quasi-governmental agencies, which guarantee the payment of principal and interest to investors, primarily include the Federal Home Loan Mortgage Corporation ("FHLMC"), Government National Mortgage Association ("GNMA"), and Federal National Mortgage Association ("FNMA").

FHLMC is a publicly-owned corporation chartered by the United States Government. FHLMC issues participation certificates backed principally by conventional mortgage loans. FHLMC guarantees the timely payment of interest and the ultimate return of principal within one year. FHLMC securities are indirect obligations of the United States Government. FNMA is a private corporation chartered by

Congress with a mandate to establish a secondary market for conventional mortgage loans. FNMA guarantees the timely payment of principal and interest, and FNMA securities are indirect obligations of the United States Government. GNMA is a government agency within the Department of Housing and Urban Development ("HUD") which is intended to help finance government assisted housing programs. GNMA guarantees the timely payment of principal and interest, and GNMA securities are backed by the full faith and credit of the United States Government. Because FHLMC, FNMA, and GNMA were established to provide support for low- and middle-income housing, there are limits to the maximum size of loans that qualify for these programs. To accommodate larger-sized loans, and loans that, for other reasons, do not conform to the agency programs, a number of private institutions have established their own home-loan origination and securitization programs.

Mortgage-backed securities typically are issued with stated principal amounts, and the securities are backed by pools of mortgages that have loans with interest rates that are within a range and have varying maturities. The underlying pool of mortgages can be composed of either fixed rate mortgages or adjustable rate mortgage loans. Mortgage-backed securities are generally referred to as mortgage participation certificates or pass-through certificates. As a result, the interest rate risk characteristics of the underlying pool of mortgages, (i.e., fixed rate or adjustable rate) as well as prepayment risk, are passed on to the certificate holder. The life of a mortgage-backed pass-through security is equal to the life of the underlying mortgages. Mortgage-backed securities issued by FHLMC, FNMA, and GNMA make up a majority of the pass-through certificates market.

The collateralized mortgage obligations ("CMOs") (in the form of real estate mortgage investment conduits) held by Registrant at September 30, 1996 totaled $22.3 million and consisted of CMOs issued by FHLMC, FNMA and private issuers. The aggregate book value of CMOs issued by any one private issuer did not exceed 10% of stockholders' equity at September 30, 1996, 1995, and 1994. The portfolio of CMOs held in Registrant's mortgage-backed securities portfolio at September 30, 1996 did not include any residual interests in CMOs. Further, at September 30, 1996, Registrant's mortgage-backed securities portfolio did not include any "stripped" CMOs (i.e., CMOs that pay interest only and do not repay principal or CMOs that repay principal only and do not pay interest).

The following table sets forth the carrying value of Registrant's mortgage-backed securities portfolio at the dates indicated.

<TABLE>
<CAPTION>

	1994	1995	1996	Weighted Average Rate At September 30, 1996
Held for Investment:				
<S>	<C>	<C>	<C>	<C>
GNMA ARMs...................	$11,819	$11,989	$ --	--%
FNMA ARMs...................	18,823	19,889	15,516	6.72
FHLMC ARMs..................	7,329	7,025	6,257	6.84
FHLMC Fixed Rate............	698	541	401	8.62
GNMA Fixed Rate.............	--	771	553	8.00
FNMA Fixed Rate.............	1,043	954	813	5.81

CMOs........................	30,758	27,037	22,337	6.13
Total Held for Investment	70,470	68,206	45,877	6.46
Held for Sale...............	--	--	--	--
Total mortgage-backed securities	$70,470	$ 68,206	$45,877	6.46%

</TABLE>

Mortgage-Backed Securities Maturity. The following table sets forth the contractual maturity of Registrant's mortgage-backed securities portfolio at September 30, 1996. The table does not include scheduled principal payments and estimated prepayments.

	Contractual Maturities Due (In Thousands)
Less than 1 year.......................................	$ 144
1 to 3 years...	1,826
3 to 5 years...	1,573
5 to 10 years..	5,353
10 to 20 years...	8,357
Over 20 years..	28,624
Total mortgage-backed securities.........................	$45,877

Sources of Funds

General. Deposits are the major source of Registrant's funds for lending and other investment purposes. Registrant derives funds from amortization and prepayment of loans and mortgage-backed securities, maturities of investment securities and operations. Scheduled loan principal repayments are a relatively stable source of funds, while deposit inflows and outflows and loan prepayments are significantly influenced by general interest rates and market conditions. Registrant may also borrow funds from the FHLB of Topeka as a source of funds.

Deposits. Consumer and commercial deposits are attracted principally from within Registrant's primary market area through the offering of a broad selection of deposit instruments including regular savings, demand and negotiable order of withdrawal ("NOW") accounts, and term certificate accounts (including negotiated jumbo certificates in denominations of $100,000 or more). Deposit account terms vary according to the minimum balance required, the time period the funds must remain on deposit, and the interest rate, among other factors.

Savings deposits and demand and NOW accounts constituted $24.3 million, or 16.90% of Registrant's deposit portfolio at September 30, 1996. Certificates of deposit constituted $119.5 million or 83.1% of the deposit portfolio, including certificates of deposit with principal amounts of $100,000 or more which constituted $7.0 million or 4.89% of the deposit portfolio at September 30, 1996. As of September 30, 1996, Registrant had no brokered deposits.

To supplement lending activities in periods of deposit growth and/or declining loan demand, Registrant has increased its investments in residential mortgage-backed securities during recent years. Although such securities are held for investment, they can serve as collateral for borrowings and, through repayments, as a source of liquidity. At September 30, 1996, $7.0 million in mortgage-backed securities were pledged as collateral for public funds.

Jumbo Certificates of Deposit

The following table indicates the amount of Registrant's certificates of deposit of $100,000 or more by time remaining until maturity as of September 30, 1996.

Maturity Period	September 30, 1996 (In Thousands)
Within three months	$ 1,538
Over three through six months	2,500
Over six through twelve months	2,285
Over twelve months	709
Total	$7,032

Borrowings

Deposits are the primary source of funds of Registrant's lending and investment activities and for its general business purposes. Registrant may obtain advances from the FHLB of Topeka to supplement its supply of lendable funds, and Registrant has utilized this funding source. Advances from the FHLB of Topeka would typically be secured by a pledge of Registrant's stock in the FHLB of Topeka and a portion of Registrant's first mortgage loans and certain other assets. Registrant, if the need arises, may also access the Federal Reserve Bank discount window to supplement its supply of lendable funds and to meet deposit withdrawal requirements. At September 30, 1996, Registrant had $33.5 million outstanding from the FHLB of Topeka and no borrowings of any other kind.

Personnel

As of September 30, 1996 Registrant had 40 full-time and nine part-time employees. None of Registrant's employees are represented by a collective bargaining group.

Competition

Registrant encounters strong competition both in the attraction of deposits and origination of loans. Competition comes primarily from savings institutions, commercial banks, and credit unions that operate in counties where Registrant's offices are located. Registrant competes for savings accounts by offering depositors competitive interest rates and a high level of personal service. Registrant competes for loans primarily through the interest rates and loan fees it charges and the efficiency and quality of services it provides borrowers, real estate brokers, and contractors.

Regulation

Set forth below is a brief description of certain laws that relate to the regulation of the Company and the Bank. The description does not purport to be complete and is qualified in its entirety by reference to applicable laws and regulations.

Company Regulation

General. The Company is a unitary savings and loan holding company subject to regulatory oversight by the OTS. As such, the Company is required to register and file reports with the OTS and is subject to regulation and examination by the OTS. In addition, the OTS has enforcement authority over the Company and its non-savings association subsidiaries, should such subsidiaries be formed, which also permits the OTS to restrict or prohibit activities that are determined to be a serious risk to the subsidiary savings association. This regulation and oversight is intended primarily for the protection of the depositors of the Bank and not for the benefit of stockholders of the Company.

Qualified Thrift Lender Test. As a unitary savings and loan holding company, the Company generally is not subject to activity restrictions, provided the Bank satisfies the Qualified Thrift Lender ("QTL") test or a somewhat similar test for domestic building and loan associations. If the Company acquires control of another savings association as a separate subsidiary, it would become a multiple savings and loan holding company, and the activities of the Company and any of its subsidiaries (other than the Bank or any other SAIF-insured savings association) would become subject to restrictions applicable to bank holding companies unless such other associations each also qualify as a QTL and were acquired in a supervisory acquisition. See "-- Regulation of the Bank -- Qualified Thrift Lender Test."

Regulation of the Bank

General. As a federally chartered, SAIF-insured savings association, the Bank is subject to extensive regulation by the OTS and the Federal Deposit Insurance Corporation ("FDIC"). Lending activities and other investments must comply with various federal statutory and regulatory requirements. The Bank is also subject to certain reserve requirements promulgated by the Federal Reserve Board.

The OTS, in conjunction with the FDIC, regularly examines the Bank and prepares reports for the consideration of the Bank's Board of Directors on any deficiencies that are found in the Bank's operations. The Bank's relationship with its depositors and borrowers is also regulated to a great extent by federal and state law, especially in such matters as the ownership of savings accounts and the form and content of the Bank's mortgage documents.

The Bank must file reports with the OTS and the FDIC concerning its activities and financial condition, in addition to obtaining regulatory approvals prior to entering into certain transactions such as mergers with or acquisitions of other savings institutions. This regulation and supervision establishes a comprehensive framework of activities in which an institution can engage and is intended primarily for the protection of the SAIF and depositors. The regulatory structure also gives the regulatory authorities extensive discretion in connection with their supervisory and enforcement activities and examination policies, including policies with respect to the classification of assets and the establishment of adequate loan loss reserves for regulatory purposes. Any change in such regulations, whether by the OTS, the FDIC, or the Congress could have a material adverse impact on the Company, the Bank, and their operations.

Insurance of Deposit Accounts. The Bank's deposit accounts are insured by the SAIF to a maximum of $100,000 for each insured member (as defined by law and regulation). Insurance of deposits may be terminated by the FDIC upon a finding that the institution has engaged in unsafe or unsound practices, is in an unsafe or unsound condition to continue operations or has violated any applicable law, regulation, rule, order or condition imposed by the FDIC or the institution's primary regulator.

The FDIC charges an annual assessment for the insurance of deposits based on the risk a particular institution poses to its deposit insurance fund. Under this system, a savings association has paid within a range of 23 cents to 31 cents per $100 of domestic deposits, depending upon the institution's risk classification. This risk classification is based on an institution's capital group and supervisory subgroup assignment. In addition, the FDIC is authorized to increase such deposit insurance rates on a semi-annual basis if it determines that such action is necessary to cause the balance in the SAIF to reach the designated reserve ratio of 1.25% of SAIF-insured deposits within a reasonable period of time. The SAIF was substantially underfunded through September 30, 1996. In addition, the FDIC may impose special assessments on SAIF members to repay amounts borrowed from the U.S. Treasury or for any other reason deemed necessary by the FDIC. By comparison, during the first part of 1996, members of the Bank Insurance Fund ("BIF"), predominantly commercial banks, were required to pay substantially lower, or virtually no, federal deposit insurance premiums.

Effective September 30, 1996, federal law was revised to mandate a one-time special assessment on SAIF members such as the Bank of approximately .657% of deposits held on March 31, 1995. The Bank recorded a $937,073 pre-tax expense for this assessment at September 30, 1996, and that assessment is payable on November 27, 1996. Beginning January 1, 1997, deposit insurance assessments for SAIF members are expected to be reduced to approximately .064% of deposits on an annual basis through the end of 1999. During this same period, BIF members are expected to be assessed approximately 0.13% of deposits. Thereafter, assessments for BIF and SAIF members should be the same and the SAIF and BIF may be merged. It is expected that these continuing assessments for both SAIF and BIF members will be used to repay outstanding Financing Corporation bond obligations. As a result of these changes, beginning January 1, 1997, the rate of deposit insurance assessed the Bank is expected to substantially decline.

Regulatory Capital Requirements. OTS capital regulations require savings associations to meet three capital standards: (1) a tangible capital requirement of 1.5% of total adjusted assets, (2) a leverage ratio (core capital) requirement of 3% of total adjusted assets and (3) a risk-based capital requirement equal to 8% of total risk-weighted assets. Additional regulatory requirements are discussed in Note 12 to the Consolidated Financial Statements.

As shown below, the Bank's regulatory capital exceeded all minimum regulatory capital requirements applicable to it as of September 30, 1996:

	Amount	Percent of Adjusted Assets
	(Dollars in Thousands)	
Tangible Capital:		
Regulatory requirement..............	$ 3,167	1.5%
Regulatory capital..................	28,112	13.3
Excess............................	$ 24,945	11.8%
Core Capital:		
Regulatory requirement..............	$ 6,335	3.0%
Regulatory capital..................	28,112	13.3
Excess............................	$ 21,777	10.3%
Risk-Based Capital:		
Regulatory requirement..............	$ 7,433	8.0%
Regulatory capital..................	28,852	31.1
Excess............................	$ 21,419	23.1%

Dividend and Other Capital Distribution Limitations. OTS regulations require the Bank to give the OTS 30 days advance notice of any proposed declaration of dividends to the Company, and the OTS has the authority under its supervisory powers to prohibit the payment of dividends to the Company. In addition, the Bank may not declare or pay a cash dividend on its capital stock if the effect thereof would be to reduce the regulatory capital of the Bank below the amount required for the liquidation account to be established pursuant to the Bank's Plan of Conversion.

OTS regulations impose limitations upon all capital distributions by savings institutions, such as cash dividends, payments to repurchase or otherwise acquire its shares, payments to shareholders of another institution in a cash-out merger and other distributions charged against capital. The rule establishes three tiers of institutions, based primarily on an institution's capital level. An institution that exceeds all fully phased-in capital requirements before and after a proposed capital distribution ("Tier 1 institution") and has not been advised by the OTS that it is in need of more than the normal supervision can, after prior notice but without the approval of the OTS, make capital distributions during a calendar year equal to the greater of (i) 100% of its net income to date during the calendar year plus the amount that would reduce by one-half its "surplus capital ratio" (the excess capital over its fully phased-in capital requirements) at the beginning of the calendar year, or (ii) 75% of its net income over the most recent four quarter period. Any additional capital distributions require prior regulatory approval. As of September 30, 1996, the Bank was a Tier 1 institution. In the event the Bank's capital fell below its fully phased-in requirement or the OTS notified it that it was in need of more than normal supervision, the Bank's ability to make capital distributions could be restricted. In addition, the OTS could prohibit a

proposed capital distribution by any institution, which would otherwise be permitted by the regulation, if the OTS determines that such distribution would constitute an unsafe or unsound practice.

Finally, a savings association is prohibited from making a capital distribution if, after making the distribution, the savings association would be undercapitalized (not meet any one of its minimum regulatory capital requirements).

Qualified Thrift Lender Test. Savings institutions must meet either the QTL test pursuant to OTS regulations or the definition of a domestic building and loan association in section 7701 of the Internal Revenue Code ("Code:). If the Bank maintains an appropriate level of certain specified investments (primarily residential mortgages and related investments, including certain mortgage-related securities) and otherwise qualifies as a QTL or a domestic building and loan association, it will continue to enjoy full borrowing privileges from the FHLB of Topeka. The required percentage of investments under the QTL test is 65% of assets while the Code requires investments of 60% of assets. An association must be in compliance with the QTL test or definition of domestic building and loan association on a monthly basis in nine out of every 12 months. As of September 30, 1996, the Bank was in compliance with its QTL requirement and met the definition of a domestic building and loan association.

Federal Reserve System. The Federal Reserve Board requires all depository institutions to maintain non-interest bearing reserves at specified levels against their transaction accounts (primarily checking, NOW, and Super NOW checking accounts) and non-personal time deposits. The balances maintained to meet the reserve requirements imposed by the Federal Reserve Board may be used to satisfy the liquidity requirements that are imposed by the OTS. At September 30, 1996, the Bank was in compliance with this requirement.

Executive Officers of the Company

The following individuals were executive officers of the Company as of September 30, 1996:

<TABLE>
<CAPTION>

Name	Age(1)	Positions Held With Registrant
<S>	<C>	<C>
Larry Schugart	57	President and Chief Executive Officer
James F. Strovas	50	Senior Vice President and Chief Financial Officer
Gary L. Watkins	41	Senior Vice President, Chief Operating Officer, and Secretary

</TABLE>

----
(1) At September 30, 1996.

The following is a description of the principal occupation and employment of the executive officers of Registrant as of September 30, 1996, during at least the past five years.

Larry Schugart has been with Registrant for more than 33 years. He is also a director of the Federal Home Loan Bank of Topeka where he serves on the Finance and Executive Committees. Mr. Schugart is a member and chair of various committees of the Heartland Community Bankers Association, is a past Chairman of the predecessor of the Heartland Community Bankers Association and serves as a member of the Governmental Affairs Committee of the America's Community Bankers. In addition Mr. Schugart is a member of the Dodge City Area Chamber of Commerce and is a board member of the Dodge City/Ford County Development Corporation.

James F. Strovas has been employed by Registrant since 1988 and presently serves as Senior Vice President and Chief Financial Officer of Registrant. He is also a board member of the Dodge City Area Chamber of Commerce, the Dodge City Area Community Foundation, the American Heart Association of Ford County, and is a member of the Dodge City Rotary Club.

Gary L. Watkins has been employed by Registrant since 1985 and is currently a Senior Vice President, Chief Operating Officer, and Secretary of Registrant. He is also a member of the Kiwanis and the Board of Directors of Trinity Association. Mr. Watkins is a past Vice President of the Dodge City Area Chamber of Commerce.

Item 2. Properties

Registrant owns its main office and three branch offices and leases one additional branch office. Registrant also leases a parking lot for its main office.

Item 3. Legal Proceedings

There are various claims and lawsuits in which Registrant is periodically involved, such as claims to enforce liens, condemnation proceedings on properties in which Registrant holds security interests, claims involving the making and servicing of real property loans, and other issues incident to Registrant's business.

In the opinion of management, no material loss is expected from any of the pending claims or lawsuits.

Item 4. Submission of Matters to a Vote of Security Holders

No matter was submitted to a vote of securities holders during the fourth quarter of the fiscal year.

PART II

Item 5. Market for Registrant's Common Equity and Related Stockholder Matters

The information contained under the section captioned "Stock Price Information" in the Company's Annual Report to Stockholders for the fiscal year ended September 30, 1996 (the "Annual Report"), is incorporated herein by reference.

Item 6. Selected Financial Data

The information contained in the table captioned "Five-Year Financial Summary" in the Annual Report is incorporated herein by reference.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The information contained in the section captioned "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Annual Report is incorporated herein by reference.

Item 8. Financial Statements and Supplementary Data

Registrant's financial statements listed under Item 14 are incorporated herein by reference.

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure

Not applicable.

PART III

Item 10. Directors and Executive Officers of Registrant

The information contained under the section captioned "Proposal I -- Election of Directors" and "Voting Securities and Principal Holders Thereof -- Security Ownership of Certain Beneficial Owners" in Registrant's definitive proxy statement for Registrant's Annual Meeting of Stockholders (the "Proxy Statement") is incorporated herein by reference.

Additional information concerning executive officers is included under "Part I - Executive Officers of the Company."

Item 11. Executive Compensation

The information contained under the section captioned "Director and Executive Compensation" in the Proxy Statement is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management

(a) Security Ownership of Certain Beneficial Owners

Information required by this item is incorporated herein by reference to the section captioned "Voting Securities and Principal Holders Thereof" in the Proxy Statement.

(b) Security Ownership of Management

Information required by this item is incorporated herein by reference to the section captioned "Voting Securities and Principal Holders Thereof" and to the first table under "Proposal 1 -- Election of Directors" in the Proxy Statement.

(c) Management of Registrant knows of no arrangements, including any pledge by any person of securities of Registrant, the operation of which may at a subsequent date result in a change in control of Registrant.

Item 13. Certain Relationships and Related Transactions

The information required by this item is incorporated herein by reference to the section captioned "Certain Relationships and Related Transactions" in the Proxy Statement.

PART IV

Item 14. Exhibits, Financial Statement Schedules, and Reports on Form 8-K

(a) The following documents are filed as a part of this report:

1. The following financial statements and the report of independent accountants of Registrant included in Registrant's Annual Report to Stockholders are incorporated herein by reference and also in Item 8 hereof.

Independent Auditor's Report.

Consolidated Statements of Financial Condition as of September 30, 1995 and 1996.

Consolidated Statements of Operations for the Years Ended September 30, 1994, 1995, and 1996.

Consolidated Statements of Changes in Stockholders' Equity for the Years Ended September 30, 1994, 1995, and 1996.

Consolidated Statements of Cash Flows for the Years Ended September 30, 1994, 1995 and 1996.

Notes to Consolidated Financial Statements.

2. Except for Exhibits 11 and 27 below, Financial Statement Schedules for which provision is made in the applicable accounting regulations of the SEC are not required under the related instructions or are inapplicable and therefore have been omitted.

3. The following exhibits are included in this Report or incorporated herein by reference:

(a) List of Exhibits:

3(i) Articles of Incorporation of Landmark Bancshares, Inc.*

3(ii) Bylaws of Landmark Bancshares, Inc.*

10.1 1994 Stock Option Plan of Landmark Bancshares, Inc.**

10.2 Management Stock Bonus Plan and Trust Agreements**

10.3 Employment Agreement with Larry Schugart***

10.4 Stock Option Agreement with Richard Ball

11 Statement Regarding Computation of Earnings per Share

13 Annual Report to Stockholders for the fiscal year ended September 30, 1996

21 Subsidiaries of Registrant***

23 Consent of Regier Carr & Monroe, L.L.P.

27 Financial Data Schedule

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* Incorporated by reference to the registration statement on Form S-1 (File No. 33-72562) declared effective by the SEC on February 9, 1994.

** Incorporated by reference to the proxy statement for a special meeting of stockholders held on June 22, 1994 and filed with the SEC on May 24, 1994 (File No. 0-23164).

*** Incorporated by reference to the Annual Securities Report on Form 10-K for the fiscal year ended September 30, 1994 (File No. 0-23164), filed with the SEC.

(b) No reports on Form 8-K were filed during the last quarter of the period covered by this report.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed as of December 26, 1996 on its behalf by the undersigned, thereunto duly authorized.

Landmark Bancshares, Inc.
By: /s/ Larry Schugart

Larry Schugart
President and Chief
Executive Officer
(Duly Authorized Representative)

Pursuant to the requirement of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated as of December 26, 1996.

/s/ James F. Strovas

James F. Strovas
Senior Vice President and Chief
Financial Officer
(Principal Financial and Accounting
Officer)

/s/ Larry Schugart

Larry Schugart
President, Chief Executive Officer,
and Director
(Principal Executive Officer)

/s/ Gary L. Watkins

Gary L. Watkins
Senior Vice President, Chief Operating
Officer, and Secretary

/s/ Richard A. Ball

Richard A. Ball
Director

/s/ David H. Snapp

David H. Snapp
Director

/s/ C. Duane Ross

C. Duane Ross
Director

/s/ Jim W. Lewis

Jim W. Lewis

Director

LANDMARK BANCSHARES, INC.

STOCK OPTION AGREEMENT

This Agreement constitutes the award of STOCK OPTIONS for a total of 11,634 shares of Common Stock, par value $.10 per share, of Landmark Bancshares, Inc. (the "Corporation"), to Richard A. Ball (the "Participant") on such terms and conditions as are set forth hereinafter.

1. Definitions. As used herein, the following definitions shall apply.

"Award" means the grant by the Board of the Corporation of a Stock Option as detailed hereinafter.

"Bank" shall mean Landmark Federal Savings Bank, or any predecessor corporation thereto.

"Board" shall mean the Board of Directors of the Corporation, or any successor or parent corporation thereto.

"Code" shall mean the Internal Revenue Code of 1986, as amended.

"Committee" shall mean the Board or the Stock Option Committee which may be appointed by the Board from time to time.

"Common Stock" shall mean common stock, par value $0.10 per share, of the Corporation, or any successor or parent corporation thereto.

"Corporation" shall mean Landmark Bancshares, Inc., the parent corporation for the Bank, or any predecessor or Parent thereof.

"Director" shall mean a member of the Board of the Corporation, or any successor or parent corporation thereto.

"Director Emeritus" shall mean a person serving as a director emeritus, advisory director, consulting director or other similar position as may be appointed by the Board of Directors of the Bank or the Corporation from time to time.

"Disability" means any physical or mental impairment which renders the Participant incapable of continuing in the employment or service of the Bank or the Parent in his then current capacity as determined by the Committee.

"Date of Grant" shall mean November 20, 1996.

"Employee" shall mean a person employed by the Corporation or any present or future Parent or Subsidiary of the Corporation.

"Fair Market Value" shall mean: (i) if the Common Stock is traded otherwise than on a national securities exchange, then the Fair Market Value per Share shall be equal to the mean between the last bid and ask price of such Common Stock on such date or, if there is no bid and ask price on said date, then on the immediately prior business day on which there was a bid and ask price. If no such bid and ask price is available, then the Fair Market Value shall be determined by the Committee in good faith; or (ii) if the Common Stock is listed on a national securities exchange, then the Fair Market Value per Share shall be not less than the average of the highest and lowest selling price of such Common Stock on such exchange on such date, or if there were no sales on said date, then the Fair Market Value shall be not less than the mean between the last bid and ask price on such date.

"Option" or "Stock Option" shall mean an option to purchase Shares awarded herein which option is not intended to qualify under Section 422 of the Code.

"Optioned Stock" shall mean Common Stock subject to an Option granted pursuant to the Agreement.

"Parent" shall mean any present or future corporation which would be a "parent corporation" as defined in Subsections 424(e) and (g) of the Code.

"Participant" means Richard A. Ball.

"Share" shall mean one share of Common Stock.

"Subsidiary" shall mean any present or future corporation which would be a "subsidiary corporation" as defined in Subsections 424(f) and (g) of the Code.

2. Option Price. The Option exercise price is $16.50 for each Share, representing 100% of the Fair Market Value of the Common Stock on the Date of Grant as determined by the Board of the Corporation.

3. Exerciseability of Options.

(a) Schedule of Exercise. This Option shall be immediately exercisable as of the Date of Grant for a period of not more that ten years thereafter, as noted herein.

(b) Method of Exercise. This Option shall be exercisable by a written notice which shall:

(i) State the election to exercise the Option, the number of Shares with respect to which it is being exercised, the person in whose name the stock certificate or certificates for such Shares of Common Stock is to be registered, his address and Social Security Number (or if more than one, the names, addresses and Social Security Numbers of such persons);

(ii) Contain such representations and agreements as to the Participant's investment intent with respect to such shares of Common Stock as may be satisfactory to the Corporation's counsel;

(iii) Be signed by the person or persons entitled to exercise the Option and, if the Option is being exercised by any person or persons other than the Participant, be accompanied by proof, satisfactory to counsel for the Corporation, of the right of such person or persons to exercise the Option; and

(iv) Be in writing and delivered in person or by certified mail to the Treasurer of the Corporation.

Payment of the purchase price of any Shares with respect to which the Option is being exercised shall be by certified or bank cashier's or teller's check. The certificate or certificates for shares of Common Stock as to which the Option shall be exercised shall be registered in the name of the person or persons exercising the Option.

(c) Restrictions on Exercise. This Option may not be exercised if the issuance of the Shares upon such exercise would constitute a violation of any applicable federal or state securities or other law or valid regulation. As a condition to the Participant's exercise of this Option, the Corporation may require the person exercising this Option to make any representation and warranty to the Corporation as may be required by any applicable law or regulation.

4. Non-transferability of Option. This Option may not be transferred in any manner otherwise than by will or the laws of descent or distribution and may be exercised during the lifetime of the Participant only by the Participant. The terms of this Option shall be binding upon the executors, administrators, heirs, successors and assigns of the Participant.

5. Six Month Holding Period. A total of six months must elapse between the

Date of Grant of an Option and the date of the sale of Common Stock received through the exercise of an Option.

6. Recapitalization, Merger, Consolidation, Change in Control and Similar Transactions.

(a) Adjustment. Subject to any required action by the stockholders of the Corporation, within the sole discretion of the Committee, the aggregate number of Shares of Common Stock for which Options may be granted hereunder, the number of Shares of Common Stock covered by each outstanding Option, and the exercise price per Share of Common Stock of each such Option, shall all be proportionately adjusted for any increase or decrease in the number of issued and outstanding Shares of Common Stock resulting from a subdivision or consolidation of Shares (whether by reason of merger, consolidation, recapitalization, reclassification, split-up, combination of shares, or otherwise) or the payment of a stock dividend (but only on the Common Stock) or any other increase or decrease in the number of such Shares of Common Stock effected without the receipt of consideration by the Corporation (other than Shares held by dissenting stockholders).

(b) Change in Control. In the event of such a change in control or imminent change in control, the Participant shall, at the discretion of the Committee, be entitled to receive cash in an amount equal to the fair market value of the Common Stock subject to any Stock Option over the Option

Price of such Shares, in exchange for the surrender of such Options by the Participant on that date in the event of a change in control or imminent change in control of the Corporation. For purposes of the Agreement, "change in control" shall mean: (i) the execution of an agreement for the sale of all, or a material portion, of the assets of the Corporation; (ii) the execution of an agreement for a merger or recapitalization of the Corporation or any merger or recapitalization whereby the Corporation is not the surviving entity; (iii) a change of control of the Corporation, as otherwise defined or determined by the Office of Thrift Supervision or regulations promulgated by it; or (iv) the acquisition, directly or indirectly, of the beneficial ownership (within the meaning of that term as it is used in Section 13(d) of the Securities Exchange Act of 1934 and the rules and regulations promulgated thereunder) of twenty-five percent (25%) or more of the outstanding voting securities of the Corporation by any person, trust, entity or group. This limitation shall not apply to the purchase of shares by underwriters in connection with a public offering of Corporation stock, or the purchase of shares of up to 25% of any class of securities of the Corporation by a tax-qualified employee stock benefit plan which is exempt from the approval requirements, set forth under 12 C.F.R. ss.574.3(c)(1)(vi) as now in effect or as may hereafter be amended. The term "person" refers to an individual or a corporation, partnership, trust, association, joint venture, pool, syndicate, sole proprietorship, unincorporated organization or any other form of entity not specifically listed herein. For purposes of the Agreement, "imminent change in control" shall refer to any offer or announcement, oral or written, by any person or persons acting as a group, to acquire control of the Corporation. The decision of the Committee as to whether a change in control or imminent change in control has occurred shall be conclusive and binding.

(c) Extraordinary Corporate Action. Subject to any required action by the stockholders of the Corporation, in the event of any change in control, recapitalization, merger, consolidation, exchange of Shares, spin-off, reorganization, tender offer, partial or complete liquidation or other extraordinary corporate action or event, the Committee, in its sole discretion, shall have the power, prior or subsequent to such action or event to:

(i) appropriately adjust the number of Shares of Common Stock subject to each Option, the exercise price per Share of Common Stock, and the consideration to be given or received by the Corporation upon the exercise of any outstanding Option;

(ii) cancel any or all previously granted Options, provided that appropriate consideration is paid to the Participant in connection therewith; and/or

(iii) make such other adjustments in connection with the Agreement as the Committee, in its sole discretion, deems necessary, desirable, appropriate or advisable.

7. Related Matters.

(a) Payment. Full payment for each Share of Common Stock purchased upon the exercise of any Stock Option granted herein shall be made at the time of exercise of each such Stock Option and shall be paid in cash (in United States Dollars), Common Stock or a combination of cash and Common Stock. Common Stock utilized in full or partial payment of the exercise price shall be valued at its fair market value at the date of exercise. The Corporation shall accept full or partial payment in Common Stock only to the extent permitted by applicable law. No Shares of Common Stock shall be issued until full payment therefor has been received by the Corporation, and no Participant shall have any of the rights of a stockholder of the Corporation until Shares of Common Stock are issued to him.

(b) Cashless Exercise. A Participant who has held a Stock Option for at least six months may engage in the "cashless exercise" of the Option. In a cashless exercise, a Participant gives the Corporation written notice of the exercise of the Option together with an order to a registered broker-dealer or equivalent third party, to sell part or all of the Optioned Stock and to deliver enough of the proceeds to the Corporation to pay the Option price and any applicable withholding taxes. If the Participant does not sell the Optioned Stock through a registered broker-dealer or equivalent third party, he can give the Corporation written notice of the exercise of the Option and the third party purchaser of the Optioned Stock shall pay the Option price plus any applicable withholding taxes to the Corporation.

(c) Transferability. Any Stock Option granted pursuant to the Agreement shall be exercised during a Participant's lifetime only by the Participant to whom it was granted and shall not be assignable or transferable otherwise than by will or by the laws of descent and distribution.

(d) Effect of Termination of Employment or Service. Upon the termination of an Participant's employment or service with the Corporation or the Bank as a Director, Director Emeritus or Employee, the Participant may continue to exercise such Options for a period of ten years from the date of termination of employment or service by the Participant, but not later than the date on which the Option would otherwise expire. Such Options of a deceased Participant may be exercised within two years from the date of his or her death, but not later than the date on which the Option would otherwise expire.

(e) Change in Applicable Law. Notwithstanding any other provision contained in the Agreement, in the event of a change in any federal or state law, rule or regulation which would make the exercise of all or part of any previously granted Stock Option unlawful or subject the Corporation to any penalty, the Committee may restrict any such exercise without the consent of the Participant or other holder thereof in order to comply with any such law, rule or regulation or to avoid any such penalty.

(f) Conditions Upon Issuance of Shares. Shares shall not be issued with respect to any Option granted under the Agreement unless the issuance and delivery of such Shares shall comply with all relevant provisions of law, including, without limitation, the Securities Act of 1933, as amended, the rules and regulations promulgated thereunder, any applicable state securities law and the requirements of any stock exchange upon which the Shares may then be listed.

The inability of the Corporation to obtain from any regulatory body or authority deemed by the Corporation's counsel to be necessary to the lawful issuance and sale of any Shares hereunder shall relieve the Corporation of any liability in respect of the non-issuance or sale of such Shares.

As a condition to the exercise of an Option, the Corporation may require the person exercising the Option to make such representations and warranties as may be necessary to assure the availability of an exemption from the registration requirements of federal or state securities law.

(g) Withholding Tax. The Corporation shall have the right to deduct from all amounts paid in cash with respect to the cashless exercise of Options under the Agreement any taxes required by law to be withheld with respect to such cash payments. Where a Participant or other person is entitled to receive Shares pursuant to the exercise of an Option pursuant to the Agreement, the Corporation shall have the right to require the Participant or such other person to pay the Corporation the amount of any taxes which the Corporation is required to withhold with respect to such Shares, or,

in lieu thereof, to retain, or to sell without notice, a number of such Shares sufficient to cover the amount required to be withheld.

(h) Governing Law. The Agreement shall be governed by and construed in accordance with the laws of the State of Kansas, except to the extent that federal law shall be deemed to apply.

(i) Administration. All decisions, determinations and interpretations of the Committee shall be final and conclusive on all persons affected thereby.

8. Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon any corporate or other successor of the Bank or Parent which shall acquire, directly or indirectly, by merger, consolidation, purchase or otherwise, all or substantially all of the assets or stock of the Bank or Parent.

9. Amendments. No amendments or additions to this Agreement shall be binding upon the parties hereto unless made in writing and signed by both parties, except as herein otherwise specifically provided.

10. Severability. The provisions of this Agreement shall be deemed severable and the invalidity or unenforceability of any provision shall not affect the validity or enforceablitiy of the other provisions hereof.

11. Entire Agreement. This Agreement together with any understanding or modifications thereof as agreed to in writing by the parties, shall constitute the entire agreement between the parties hereto.

This Agreement is hereby executed between the parties as of November 20, 1996

LANDMARK BANCSHARES, INC.

By: /s/Larry Schugart

Attest:

/s/Gary L. Watkins

[SEAL]

ACCEPTED: /s/Richard A. Ball

PARTICIPANT

LANDMARK BANCSHARES, INC.
Statement Regarding Computation of Earnings Per Share
Years Ended September 30, 1996, 1995 and 1994

<TABLE>
<CAPTION>

	Years Ended September 30,		
	1996	1995	1994
Primary:			
<S>	<C>	<C>	<C>
Weighted average common shares outstandng	$ 2,281,312	$ 2,281,312	$ 2,281,312
Net effect of dilutive stock options	72,860	33,707	23,736
Average unallocated ESOP shares	(107,987)	(123,231)	
Weighted average treasury shares purchased	(308,365)	(50,574)	
	1,937,820	2,141,214	2,305,048
Fully Diluted:			
Weighted average common shares outstandng	$ 2,281,312	$ 2,281,312	$ 2,281,312
Net effect of dilutive stock options	88,814	68,039	34,734
Average unallocated ESOP shares	(107,987)	(123,231)	
Weighted average treasury shares purchased	(308,365)	(50,574)	
	1,953,774	2,175,546	2,316,046
Net earnings	$ 1,404,226	$ 1,762,523	$ 1,583,985
Earnings per share:			
Primary	$ 0.72	$ 0.82	$ 0.38
Fully Diluted	$ 0.72	$ 0.81	$ 0.38

</TABLE>

Earnings per share for the year ended September 30, 1994 is computed on net income and common stock outstanding since March 28, 1994, the date the Company completed its initial stock offering.

Beginning with the fiscal year ending September 30, 1995, the Company accounts for the 136,878 shares acquired by the Employee Stock Ownership Plan ("ESOP") in accordance with Statement of Position 93-6. In accordance with this statement, shares controlled by the ESOP are not considered in the weighted average shares outstanding until the shares are committed for allocation. In accordance with the provisions of the statement, the change in accounting for shares held by the ESOP was applied prospectively. Had the statement been applied to fiscal year ending September 30, 1994, average unallocated shares held by the ESOP would have reduced common stock equivalents outstanding by 133,116.

[LOGO]

1996

ANNUAL REPORT

Landmark Bancshares, Inc.

CONTENTS

MESSAGE TO OUR STOCKHOLDERS:

This past fiscal year was a good year for Landmark Bancshares, Inc. (the "Company"). The date of September 30, 1996, the last day of our fiscal year, will be remembered as significant, not only for our Company, but for the entire thrift industry. On that date President Clinton signed into law the Omnibus Appropriations Bill, earlier passed by Congress. Included in this legislation was a one-time assessment to recapitalize the Savings Association Insurance Fund ("SAIF"). This special assessment, based on March 31, 1995 deposits, resulted in a charge to expense of approximately $937,000 (pre-tax), which was charged in the fourth quarter. The Company still reflected net income for 1996 of $1,404,226, a decrease of $358,297 compared to fiscal 1995, after the charge to expense as a result of the assessment.

While the one-time SAIF assessment depleted substantially all of the fourth quarter earnings, it is viewed as a positive step for the future of the Company and the thrift industry. Future SAIF payments will be reduced, resulting in an expected $300,000 annual pre-tax savings in future periods.

Landmark Federal Savings Bank (the "Bank"), a wholly-owned subsidiary of the Company, is a community oriented financial institution that continues to serve southwest and central Kansas with a full range of deposit and loan products. The Bank continues to specialize in one to four family residential loans and consumer lending. The Bank increased loans receivable by over $30 million during the past year. Landmark Federal Savings Bank is committed to meeting the savings and housing needs of the communities we serve.

[PLOTTING POINTS FOR GRAPH ARE BELOW]

Loans Receivable

```
150
125
100
 75
 50
 25
  0

   1996  1995  1994  1993  1992
```

Chart 1: bar graph showing the size of the loans receivable portfolio in dollars. The horizontal axis shows 1996 to 1992 and the vertical axis shows amounts from 0 to 150 (in thousands). Graph values are 129,903, 98,934, 71,253, 62,620, and 62,879, for 1996, 1995, 1994, 1993, and 1992, respectively.

Our 1996 success was accomplished through the continued effective application of our basic business philosophies. These philosophies include a commitment to strong credit quality for lending and prudent interest rate risk management. Landmark Federal Savings Bank has consistently maintained excellent asset quality throughout the last five years. Strong asset quality reduces operating costs, by minimizing loan loss reserve requirements and operating expenses associated with non-performing assets. Total non-performing assets as of September 30, 1996, were 0.24% of net loans and 0.15% of total assets, far lower than industry averages.

[PLOTTING POINTS FOR GRAPH ARE BELOW]

Non non-performing Assets/Total Assets

1.00%
0.80%
0.60%
0.40%
0.20%
0.00%

1996 1995 1994 1993 1992

Chart 2: bar graph showing the ratio of non-performing assets to total assets, expressed as a percentage. The horizontal axis shows 1996 to 1992 and the vertical axis shows percentages amounts from 0.00% to 1.00%. Graph values are 0.15%, 0.22%, 0.22%, 0.36%, and 0.80%, for 1996, 1995, 1994, 1993, and 1992, respectively.

Our employees continue to be our most valuable resource. Through their efforts Landmark Federal Savings Bank's efficiency ratio for the year ended September 30, 1996 was 52.03% (without the effect of the one-time SAIF assessment).

[PLOTTING POINTS FOR GRAPH ARE BELOW]

Efficiency Ratio

60.00%
40.00%
20.00%
0.00%

1996 1995 1994 1993

Chart 3: bar graph showing an efficiency ratio, expressed as a percentage. The horizontal axis shows 1996 to 1993 and the vertical axis shows percentages amounts from 0.00% to 60.00%. Graph values are 52.03%, 54.30%, 53.60%, and 50.80, for 1996, 1995, 1994, and 1993, respectively.

A financial institution's efficiency ratio is a measurement of how much expense is incurred to generate each dollar of pre-tax profit. The lower the efficiency ratio, the more efficient the generation of profit. A ratio of less than 60% is considered good in the industry, and it remains management's goal to reduce the ratio to 50% or less.

Fully diluted earnings per share, based on 1,953,774 shares outstanding at September 30, 1996, was $0.72 as compared to $0.81 at September 30, 1995. Earnings per share, without the one-time SAIF assessment, would have been $1.02 for the year ended September 30, 1996.

Continued earnings growth is the key to any successful business. This growth is fueled by growth in assets. The Company has grown by leveraging its equity, mainly through advances from the Federal Home Loan Bank of Topeka. Theses advances have been used to fund for portfolio, adjustable rate mortgages

originated in our trade area, as well as the purchase of mortgage loans from other lenders in Kansas and other states.

[PLOTTING POINTS FOR GRAPH ARE BELOW]

Total Assets

250,000
200,000
150,000
100,000

50,000
0
1996 1995 1994 1993 1992

Chart 4: bar graph showing total assets in thousands of dollars. The horizontal axis shows 1996 to 1992 and the vertical axis shows amounts from 0 to 250 (in thousands). Graph values are 213,734, 208,632, 188,727, 164,694, and 161,365, for 1996, 1995, 1994, 1993, and 1992, respectively.

The Bank will begin construction of a new full service branch office in early 1997, to be located in the northwest area of Dodge City. It will have four drive-thru teller lanes to relieve backup traffic in our downtown location. In addition, the Bank will issue debit cards next year and locate our first ATM at the new branch location to enhance our commitment to customer service.

We are enthusiastic about the future potential of Landmark Bancshares, Inc. and feel we are positioning the Company to be a larger and more profitable full service financial institution. The continued implementation of our basic business plan is the core to our future success. We will continue to work diligently to generate the returns our stockholders deserve.

Thank you for your confidence and continued support!

Personal regards,

/s/Larry Schugart
Larry Schugart
President and
Chief Executive Officer

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CORPORATE PROFILE AND RELATED INFORMATION

Landmark Bancshares, Inc. (the "Company") is the parent company for Landmark Federal Savings Bank (the "Bank"). The Company was formed as a Kansas corporation in November 1993 at the direction of the Bank in connection with the Bank's conversion from a mutual to stock form of ownership (the "Conversion"). The Company acquired all of the capital stock that the Bank issued upon its conversion. On March 28, 1994, the Bank completed it's conversion in connection with a $22.8 million initial public offering. The Company is a unitary savings and loan holding company which, under existing laws, generally is not restricted in the types of business activities in which it may engage provided that the Bank retains a specified amount of its assets in housing-related investments. At the present time, since the Company does not conduct any active business, the Company does not intend to employ any persons other than officers but utilizes the support staff and facilities of the Bank from time to time.

Landmark Federal Savings Bank is a federally chartered stock savings bank headquartered in Dodge City, Kansas. The Bank was founded in 1920 with a charter from Kansas under the name of "Dodge City Savings and Loan Association" which later became a federal association under the name of "First Federal Savings and Loan of Dodge City". First Federal Savings and Loan of Dodge City became known as "Landmark Federal Savings Association" in 1983 when it changed its name at the time it merged with Peoples Savings and Loan of Sterling, Kansas. The Bank's deposits have been federally insured since 1943 and are currently insured by the Federal Deposit Insurance Corporation (the "FDIC") under the Savings Association Insurance Fund (the "SAIF"). The Bank conducts its business from its main office in Dodge City, Kansas and four branch offices located in Barton, Finney and Rush Counties, Kansas.

STOCK PRICE INFORMATION

There were 1,852,996 shares (net of treasury stock) of common stock of Landmark Bancshares, Inc. outstanding on September 30, 1996, held by approximately 337 stockholders of record (not including the number of persons or entities holdingthe stock in nominee or street name through various brokerage firms). Since its issuance in March 1994, the Company's common stock has been traded on the Nasdaq National Market. The daily stock quotation for Landmark Bancshares, Inc. is listed in the Nasdaq National Market published in The Wall Street Journal and other leading newspapers under the trading symbol of "LARK". The following table reflects stock price information based on sales as published by the Nasdaq National Market statistical report for each quarter for fiscal year 1996 and 1995.

Year Ended September 30,			
1996		1995	
HIGH	LOW	HIGH	LOW

FIRST QUARTER	14 3/4	13 1/2	11 1/2	9 3/4
Second Quarter	15 1/4	13 1/2	11 3/4	10 1/4
Third Quarter	16	14 1/2	12 3/4	11 3/8
Fourth Quarter	16 1/2	15 1/4	14 1/2	12

The following table sets forth, for each quarter the dividends paid or payable on the common stock for the indicated fiscal years ending September 30th. The Company's ability to pay dividends to shareholders is largely dependent upon the dividends it receives from the Bank. The Bank is subject to regulatory limitations on the amount of cash dividends it may pay.

	Year Ended September 30,	
Dividends per share	1996	1995
First Quarter	$ 0.10	$ 0.55
Second Quarter	0.10	0.05
Third Quarter	0.10	0.05
Fourth Quarter	0.10	0.10

FIVE-YEAR FINANCIAL SUMMARY

SELECTED FINANCIAL CONDITION DATA (DOLLARS IN THOUSANDS)

<TABLE>
<CAPTION>

At September 30,	1996	1995	1994	1993	1992
<S>	<C>	<C>	<C>	<C>	<C>
Total assets	$213,734	$208,632	$188,727	$164,694	$161,365
Loans receivable	129,903	98,934	71,253	62,620	62,879
Investments held-to-maturity	29,399	34,825	39,922	24,579	33,712
Investments available-for-sale	4,138	1,693	1,743		
Mortgaged-backed securities held-to-maturity	45,877	68,207	70,470	69,986	59,300
Cash and cash equivalents	474	462	1,061	2,432	287
Deposits	143,815	144,957	136,858	147,428	145,408
FHLB borrowings	33,467	25,533	13,580	-	-
Stockholders' equity	32,389	34,667	36,606	15,144	13,360

SUMMARY OF OPERATIONS (DOLLARS IN THOUSANDS)

Year Ended September 30,	1996	1995	1994	1993	1992
Interest income	$ 14,575	$ 13,652	$ 10,671	$ 10,964	$ 13,041
Interest expense	8,678	8,224	5,917	6,424	8,390
Net interest income	5,897	5,428	4,754	4,540	4,651
Provision for loan losses	135	9	(85)	184	225
Provision for losses on corporate securities and municipal obligations	-	-	(128)	42	32
Net interest income after provision for losses on loans and investments	5,762	5,419	4,967	4,314	4,394
Non-interest income	745	684	450	896	1,165
Non-interest expense (1)	4,323	3,315	2,907	2,651	2,525
Income before income taxes and cumulative effect of change in accounting principle	2,184	2,788	2,510	2,559	3,034
Provision for income taxes	780	1,025	926	944	1,130
Income before cumulative effect of change in accounting principle	1,404	1,763	1,584	1,615	1,904
Cumulative effect of October 31, 1992 change in accounting for income taxes	-	-	-	117	-
Net income	$ 1,404	$ 1,763	$ 1,584	$ 1,732	$ 1,904
Primary earnings per share (2)	$ 0.72	$ 0.82	$ 0.38	$ -	$ -
Fully diluted earnings per share (2)	$ 0.72	$ 0.81	$ 0.38	$ -	$ -
Dividends per share (2)	$ 0.40	$ 0.75	$ 0.05	$ -	$ -
Book value per common share outstanding at September 30	$ 17.48	$ 16.62	$ 16.05	$ -	$ -

</TABLE>

(*) Data presented prior to March 28, 1994, the date of conversion, is for Landmark Federal Savings Bank only.

(1) Includes one-time SAIF special assessment of $973,073 for the year ended September 30, 1996.
(2) For periods following conversion from mutual to stock on March 28, 1994 (1994 - March 28 through September 30).

FIVE-YEAR FINANCIAL SUMMARY
SELECTED RATIOS AND OTHER DATA(*)

At or For the Year Ended September 30,	1996	1995	1994	1993	1992
Return on average assets	0.70 %	0.88 %	0.90 %	1.08 %	1.17 %
Return on average equity	4.14	4.92	6.06	12.14	15.21
Average equity to average assets	17.00	17.88	14.93	8.89	7.69
Equity to assets at period end	15.15	16.62	19.40	9.20	8.28
Net interest spread	2.11	1.88	2.18	2.51	2.53
Net yield on average interest-earning assets	3.01	2.76	2.77	2.89	2.92
Non-performing assets to total assets	0.15	0.22	0.22	0.36	0.80
Non-performing loans to net loans	0.24	0.39	0.29	0.38	0.75
Allowance for loan losses to total loans	0.57	0.65	0.87	1.14	0.91
Dividend payout	53.58	90.93	13.02	-	-
Number of:					
Loans outstanding	5,439	4,561	3,859	3,624	3,703
Deposit accounts	13,443	13,731	12,582	13,074	13,377
Full service offices	5	5	5	5	5

(*) Data presented prior to March 28, 1994, the date of conversion, is for Landmark Federal Savings Bank only.

MANAGEMENT'S DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

LANDMARK BANCSHARES, INC.

The following is a discussion of the financial condition and results of operations of the Company and its subsidiary, Landmark Federal Savings Bank (the "Bank"), and should be read in conjunction with the accompanying Consolidated Financial Statements.

GENERAL

The Bank is primarily engaged in the business of attracting deposits from the general public and using those deposits, together with other funds, to originate mortgage loans for the purchase and refinancing of residential properties located in central and southwestern Kansas. In addition, the Bank also offers and purchases loans through correspondent lending relationships in Kansas and in other states. The Bank also makes automobile loans, second mortgage loans, equity loans and deposit loans. The Bank's market has historically provided an excess of savings deposits over loan demand. Accordingly, in addition to originating loans in its market the Bank also purchases mortgage-backed securities and investment securities.

The Company's operations, as with those of the entire banking industry, are significantly affected by prevailing economic conditions, competition, and the monetary and fiscal policies of governmental agencies. Lending activities are influenced by the demand for loans, competition among lenders, the prevailing market rates of interest, primarily on competing investments, account maturities, and the levels of personal income and savings in the market area.

FINANCIAL CONDITION

Consolidated total assets increased 2.45% from $208,631,862 at September 30, 1995, to $213,733,690 at September 30, 1996. The principal factor contributing to the growth in assets was the increase in the loans receivable portfolio during the year, which more than offset a decrease in investment securities and mortgage-backed securities.

Net loans receivable held for investment increased $29,396,503 or 29.81%, from $98,616,725 at September 30, 1995, to $128,013,228 at September 30, 1996. This growth in the loan portfolio is attributed to increased lending throughout the year and the purchase of $16,398,206 in mortgage loan packages during the year.

Investment securities held-to-maturity decreased $5,426,532 from $34,825,052 at September 30, 1995 to $29,398,520 at September 30, 1996. This decrease was directly related to the increase in the loan portfolio discussed above, as securities matured or were called, excess funds were used to originate and purchase loans. Investment securities available-for-sale at September 30, 1996 experienced an increase of $2,445,087 from $1,692,550 at September 30, 1995 to $4,137,637 at September 30, 1996.

Mortgage-backed securities decreased $22,329,449 or 32.74%, from $68,206,569 at September 30, 1995 to $45,877,120 at September 30, 1996. The Company did not have any mortgage-backed securities available-for-sale at September 30, 1996. The Bank purchases mortgage-backed securities when loan demand decreases and it has excess liquidity to invest.

On November 15, 1995, the FASB adopted a special report "A Guide to Implementation of Statement 115 on Accounting for Certain Investments in Debt and Equity Securities". The guide includes, along with other implementation guidance, a transition provision that allowed for a reassessment of the appropriateness of the classifications of all securities and allowed a one-time reclassification of securities which will not call into question the intent of an enterprise to hold other debt securities to maturity in the future. Those reclassifications were to be made after the adoption date of November 15, 1995 and no later than December 31, 1995. In accordance with the guide, management transferred $11,355,417 of mortgage-backed securities from held-to-maturity classification to available-for-sale classification. These securities were sold after being transferred.

The Company had net unrealized losses on investment securities held-to-maturity, not reflected on the consolidated financial statements, of $285,153 and $209,133 at September 30, 1996 and 1995, respectively. The Company had net unrealized losses on mortgage-backed securities held-to-maturity, not reflected on the consolidated financial statements, of $351,113 and $132,059 at September 30, 1996 and 1995, respectively. This overall decline in fair market value belowthe amortized cost of these securities held-to-maturity at September 30, 1996 and 1995 is deemed to be due to temporary changes in the interest rate environment. The Bank has capital sufficient to support these net unrealized losses. The Company has experienced increases in the net unrealized losses on investments and mortgage-backed securities held-to-maturity due to the current interest rate environment.

There were no foreclosed assets ("REO") at September 30, 1996. At September 30, 1995, the balance in REO was $66,320, which consisted of single-family residences. This REO balance continues to be substantially lower than that experienced by the Bank in prior years. Additionally, non-performing loans totaled $317,000 and $386,000 at September 30, 1996 and 1995, respectively. At September 30, 1996 the Bank's ratio of total non-performing assets to total assets was 0.15%, far lower than the industry average. The Bank will continue with its aggressive collection policies to keep non-performing assets to a minimum, but no assurance can be given that negotiations with borrowers will continue to be successful.

Deposits decreased slightly from $144,957,084 at September 30, 1995 to $143,814,910 at September 30, 1996. This resulted in a 0.79% decrease. The modest decline was attributable to normal changes in outstanding deposits. The Bank continues to offer rates competitive with other financial institutions in the area.

Of the $119,510,219 in certificates of deposit held by the Bank at September 30, 1996, $94,575,804 of these deposits will mature during the year ended September 30, 1997. The majority of the Bank's time deposits consist of regular deposits from consumers within the Bank's surrounding community rather than institutional or brokered deposit accounts. As a result, most of these accounts of local customers are expected to be renewed.

The Bank has continued to utilize advances from the Federal Home Loan Bank ("FHLB") as a source of funds. Fixed term advances from the FHLB totaled$14,466,668 and $9,733,334 at September 30, 1996 and 1995, respectively. The Bank also established a line of credit with the FHLB during the year ended

September 30, 1995. The Bank had an outstanding balance of $19,000,000 at September 30, 1996. This resulted in a $7,933,334 or 31.07% increase in advances and other borrowings from the FHLB from September 30, 1995 to September 30, 1996. The funds provided by these borrowings were used primarily to fund lending activity throughout the year. The weighted average cost of these borrowings from the FHLB was 6.37% during fiscal 1996. Of the advances and other borrowings outstanding at September 30, 1996, $28,166,668 matures during the year ended September 30, 1997.

LIQUIDITY AND CAPITAL RESOURCES

The Office of Thrift Supervision ("OTS") establishes the minimum liquidity requirements for institutions such as the Bank. Current OTS regulations require that the Bank maintain liquid assets of not less than 5% of its average daily balance of net withdrawable deposit accounts and borrowings payable in one year or less, of which short-term liquid assets must consist of not less than 1%. The Bank met its liquidity requirement during fiscal 1996 and expects to meet this requirement in the future.

OTS has also set minimum capital requirements for institutions such as the Bank. The capital standards require the maintenance of regulatory capital sufficient to meet a tangible capital requirement, a core capital requirement and a risk-based capital requirement. At September 30, 1996 the Bank exceeded all of the minimum capital requirements as currently required. Please refer to Note 12 of the accompanying Notes to Consolidated Financial Statements for more information regarding the Bank's regulatory capital position at September 30, 1996.

IMPACT OF INFLATION AND CHANGING PRICES

The financial statements and related data presented herein have been prepared in accordance with generally accepted accounting principles, which require the measurement of financial position and operating results in terms of historical dollars without considering the change in the relative purchasing power of money over time due to inflation. Unlike most industrial companies, nearly all the assets and liabilities of the Bank are monetary. As a result, interest rates have a greater impact on the Bank's performance than do the effects of general levels of inflation. Interest rates do not necessarily move in the same direction or to the same extent as the price of goods and services.

ASSET/LIABILITY MANAGEMENT

The Bank has established an Asset/Liability Management Committee ("ALCO") for the purpose of monitoring and managing interest rate risk. Interest rate risk represents the earnings variation that could occur due to changes in the level of interest rates. Interest rate sensitivity is a measure of the difference between amounts of interest-earning assets and interest-bearing liabilities that either reprice or mature within a given period of time. The difference, or the interest rate repricing "gap," provides an indication of the extent to which a Bank's interest rate spread will be affected by changes in interest rates over a period of time. The Bank utilizes internally generated gap reports and externally prepared interest rate sensitivity of the net portfolio value reports to monitor and manage its interest rate risk.

Quarterly, the OTS prepares a report on the interest rate sensitivity of the net portfolio value ("NPV") from information provided by Bank. The OTS adopted a rule in August 1993 incorporating an interest

rate risk ("IRR") component into the risk-based capital rules. Implementation of the rule has been delayed until the OTS has tested the process under which institutions may appeal such capital deductions. The IRR component is a dollar amount that will be deducted from total capital for the purpose of calculating an institution's risk-based capital requirement and is measured in terms of the sensitivity of its NPV to changes ininterest rates. The NPV is the difference between incoming and outgoing discounted cash flows from assets, liabilities, and off-balance sheet contracts. An institution's IRR is measured as the change to its NPV as the result of a hypothetical 200 basis point change in market interest rates. A resulting change in NPV of more than 2% of the estimated market value of its assets will require the institution to deduct from its capital 50% of that excess change. The rule provides that the OTS will calculate the IRR component quarterly for each institution. The following tables present the Bank's NPV as well as other data as of September 30, 1996, as calculated by the OTS, based on information provided to the OTS by the Bank.
<TABLE>
<CAPTION>

Change in Interest Rates in Basis Points (Rate Shock)	Net Portfolio Value			NPV as % of Present Value of Assets	
	$ Amount	$ Change	% Change	NPV Ratio	Change
	(Dollars in Thousands)				

<S>	<C>	<C>	<C>	<C>	<C>	<C>
	+400 bp	$ 10,804	$(16,751)	(61) %	5.67 %	(741) bp
	+300 bp	$ 15,215	(12,340)	(45) %	7.77 %	(531) bp
	+200 bp (1)	$ 19,585	(7,970)	(29) %	9.75 %	(334) bp
	+100 bp	$ 23,789	(3,766)	(14) %	11.55 %	(153) bp
	0 bp	$ 27,555			13.08 %	
	-100 bp	$ 30,695	3,140	11 %	14.30 %	121 bp
	-200 bp	$ 32,498	4,943	18 %	14.94 %	186 bp
	-300 bp	$ 33,832	6,277	23 %	15.39 %	231 bp
	-400 bp	$ 35,515	7,960	29 %	15.96 %	287 bp

</TABLE>

(1) Denotes rate shock used to compute interest rate risk capital component.

	September 30, 1996
Risk Measures (200 Basis Point Rate Shock):	
Pre-Shock NPV Ratio: NPV as % of Present Value of Assets	13.08 %
Exposure Measure: Post-Shock NPV Ratio	9.75 %
Sensitivity Measure: Change in NPV Ratio	(334) bp
Calculation of Capital Component:	
Change NPV as % of Present Value of Assets	(3.78)%

Utilizing the data above, the Bank, at September 30, 1996, would have been considered by the OTS to have been subject to "above normal" interest rate risk and a deduction from risk-based capital would have been required.

Set forth below is a breakout, by basis points of the Bank's NPV as of September 30, 1996 by assets, liabilities, and off balance sheet items.

<TABLE>
<CAPTION>

Net Portfolio Value	-400 bp	-300 bp	-200 bp	-100 bp	No Change	+100 bp	+200 bp	+300 bp	+400 bp
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Assets	$222,585	$219,853	$217,494	$214,701	$210,631	$205,985	$200,956	$195,803	$190,637
- Liabilities	187,422	186,330	185,253	184,195	183,160	182,136	181,133	180,151	179,183
+ Off Balance Sheet	352	309	257	189	84	(60)	(238)	(437)	(650)
Net Portfolio Value	$ 35,515	$ 33,832	$ 32,498	$ 30,695	$ 27,555	$ 23,789	$ 19,585	$ 15,215	$ 10,804

</TABLE>

Certain assumptions utilized by the OTS in assessing the interest rate risk of savings associations were employed in preparing the previous table. These assumptions related to interest rates, loan prepayment rates, deposit decay rates, and the market values of certain assets under the various interest rate scenarios. It was also assumed that delinquency rates will not change as a result of changes in interest rates although there can be no assurance that this will be the case. Even if interest rates change in the designated amounts, there can be no assurance that the Bank's assets and liabilities would perform as set forth above.

Certain shortcomings are inherent in the preceding NPV tables because the data reflect hypothetical changes in NPV based upon assumptions used by the OTS to evaluate the Bank as well as other institutions. However, net interest income should decline with instantaneous increases in interest rates while net interest income should increase with instantaneous declines in interest rates. Generally, during periods of increasing interest rates, the Bank's interest rate sensitive liabilities would reprice faster than its interest rate sensitive assets causing a decline in the Bank's interest rate spread and margin. This would result from an increase in the Bank's cost of funds that would not be immediately offset by an increase in its yield on earning assets. An increase in the cost of funds without an equivalent increase in the yield on earning assets would tend to reduce net interest income.

In times of decreasing interest rates, fixed rate assets could increase in value and the lag in repricing of interest rate sensitive assets could be expected to have a positive effect on the Bank's net interest income.

RESULTS OF OPERATIONS

Net income decreased $358,279 or 20.33%, from $1,762,523 for the year ended September 30, 1995 to $1,404,226 for the year ended September 30, 1996. This decrease relates primarily to a special one-time SAIF assessment of $937,073.

On September 30, 1996, President Clinton signed into law a bill that provided for a special assessment of SAIF insured institutions amounting to 65.7 basis points applied to the Bank's deposit base measured as of March 31, 1995. The total amount of the special assessment for the Bank was accrued as of September 30, 1996 and included in expense for the year ended September 30, 1996. The after tax effect of the assessment was to reduce net income by approximately $600,000 for the year ended September 30,

1996. Without the effect of the assessment net income would have been approximately $2,000,000 for the year ended September 30, 1996. Earnings per share without the effect of the assessment would have been approximately $1.02 for the year ended September 30, 1996.

Beginning January 1, 1997, deposit insurance assessments for SAIF members are expected to be reduced to approximately 6.4 basis points of deposits on an annual basis through the end of 1999 from the previous level of 23 basis points. Assuming this reduction occurs, beginning January 1, 1997, the rate of deposit insurance assessed the Bank will decline by approximately 70%. Through 1999 BIF members are expected to be assessed at approximately 1.3 basis points on deposits. Thereafter, assessments for BIF and SAIF members should be the same and SAIF and BIF may be merged. It is expected that these continuing assessments for both SAIF and BIF members will be used to repay outstanding Financing Corporation bond obligations.

The disparity in insurance premiums between those required for the Bank and BIF members could allow BIF members to attract and retain deposits at higherinterest rates and at a lower effective cost than the Bank. This could put competitive pressure on the Bank to raise its interest rates paid on deposits, thus increasing its cost of funds and possibly reducing net interest income. Although the Bank has other sources of funds, these other sources may have higher costs than those of deposits.

Net income increased $178,538 or 11.27% from $1,583,985 for the year ended September 30, 1994 to $1,762,523 for the year ended September 30, 1995 which is primarily attributable to an increase in net interest income.

The operating results of the Company depend to a great degree on its net interest income, which is the difference between interest income on interest-earning assets, primarily loans, mortgage-backed securities and investment securities, and interest expense on interest-bearing liabilities, primarily deposits and borrowings. The Company's net income is also affected by the level of its provision for losses on loans and corporate securities and municipal obligations, non-interest income and non-interest expense.

NET INTEREST INCOME

The following table sets forth certain information relating to the Company's average balance sheet and reflects the average yield on assets and average cost of liabilities for the periods indicated and the average yields earned and rates paid. Such yields and costs are derived by dividing income or expense by the average balance of assets or liabilities, respectively, for the periods presented. Average balances are derived from month-end balances. Management does not believe that the use of month-end balances instead of daily average

balances has caused any material difference in the information presented.
<TABLE>
<CAPTION>

	At September 30, 1996	For Year Ended September 30, 1996			1995			1994		
	Yield/ Cost	Average Balance	Interest	Average Yield/ Cost	Average Balance	Interest	Average Yield/ Cost	Average Balance	Interest	Average Yield/ Cost
	(Dollars in Thousands)									
Interest-earning assets:										
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Loans receivable	8.17 %	$110,084	$ 9,077	8.25	$ 81,236	$ 6,449	7.94 %	$ 64,245	$ 5,007	7.79%
Mortgage-backed securities	6.46 %	54,647	3,557	6.51 %	70,947	4,359	6.14 %	70,479	3,683	5.23%
Investment securities	6.56 %	29,936	1,863	6.22 %	42,936	2,744	6.39 %	31,392	1,742	5.55%
Other interest-earning assets	6.86 %	1,085	78	7.19 %	1,216	100	8.22 %	5,636	239	4.24%

Total interest earning assets	7.54 %	$195,752	$ 14,575	7.45 %	$196,335	$ 13,652	6.95 %	$171,752	$10,671	6.21%
Non-interest earning assets:		3,764			3,903			3,380		
Total assets		$199,516			$200,238			$175,132		
Interest-bearing liabilities:										
Demand deposits	2.86 %	$ 14,249	$ 365	2.56 %	$ 12,279	$ 267	2.17 %	$ 15,872	$ 370	2.33%
Savings deposits and certificates of deposit	5.39 %	128,899	7,077	5.49 %	129,319	6,633	5.13 %	127,772	5,382	4.21%
Other liabilities	6.17 %	19,429	1,237	6.37 %	20,473	1,324	6.47 %	3,278	165	5.03%
Total interest-bearing liabilities	5.27 %	$162,577	$ 8,679	5.34 %	$162,071	$ 8,224	5.07 %	$146,922	$ 5,917	4.03%
Non-interest bearing liabilities		3,015			2,371			2,062		
Total liabilities		$165,592			$164,442			$148,984		
Stockholder's equity		33,924			35,796			26,148		
Total liabilities and stockholders' equity		$199,516			$200,238			$175,132		
Net interest income			$ 5,896			$ 5,428			$ 4,754	
Interest rate spread	2.27 %			2.11 %			1.88 %			2.88%
Net yield on interest-earning assets				3.01 %			2.76 %			2.77%
Ratio of interest-earning assets to interest-bearing liabilities				120.41 %			121.14 %			116.90%

</TABLE>

The following Rate/Volume Analysis table presents, for the periods indicated, information regarding changes in interest income and interest expense (in thousands) of the Company. For each category of interest-earning assets and interest-bearing liabilities, information is provided on the changes attributable to (i) changes in volume (changes in average daily balances of the portfolio multiplied by the prior year rate), (ii) changes in rate (changes in rate multiplied by prior year volume), and (iii) changes in rate/volume (changes in rate multiplied by the change in average volume).

<TABLE>
<CAPTION>

	Years Ended March 31,							
	1996 vs. 1995				1995 vs. 1994			
	Increase (Decrease) Due to				Increase (Decrease) Due to			
	Volume	Rate	Rate/ Volume	Net	Volume	Rate	Rate/ Volume	Net
	(In Thousands)							
Interest income:								
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Loans receivable	$ 2,291	$ 252	$ 85	$ 2,628	$ 1,324	$ 96	$ 22	$ 1,442
Mortgage-backed securities	(1,000)	263	(65)	(802)	24	641	11	676
Investment securities	(832)	(73)	24	(881)	635	264	103	1,002
Other interest-earning assets	(11)	(13)	2	(22)	(187)	224	(176)	(139)
Total interest-earning assets	$ 448	$ 429	$ 46	$ 923	$ 1,796	$ 1,225	$ (40)	$ 2,981
Interest expense:								
Demand deposits	$ 43	$ 48	$ 7	$ 98	$ (84)	$ (25)	$ 6	$ (103)
Savings deposits and certificates of deposits	(22)	466	-	444	65	1,176	10	1,251
Other liabilities	(68)	(2)	(17)	(87)	865	47	247	1,159
Total interest-bearing liabilities	$ (47)	$ 512	$ (10)	$ 455	$ 846	$ 1,198	$ 263	$ 2,307
Net change in interest income	$ 495	$ (83)	$ 56	$ 468	$ 950	$ 27	$ (303)	$ 674

</TABLE>

Total interest income increased $922,628, or 6.76%, to $14,574,868 for the year ended September 30, 1996, from $13,652,240 for the year ended September 30, 1995. This increase is primarily the result of an increase in loans receivable during the year ended September 30, 1996, this is reflected in the Bank's rate/volume analysis as the increase in interest income resulting from the volume of loans receivable was $2,291,000. Income resulting from the increase in loan volume was partially offset by decreases in the volume of mortgage-backed and investment securities during the year.

Interest expense for the year ended September 30, 1996 increased $454,579, or 5.53%, to $8,678,368 from $8,223,789 at September 30, 1995. This increase is primarily due to an increase in market interest rates paid on deposits and the relatively rapid repricing of the deposit base. The Bank's rate/volume analysis reflects approximately $512,000 of the increase in interest expense resulting from interest rate changes. Although this results in an increase in interest expense, there was a $47,000 reduction in interest expense resulting from a decrease in the volume of interest-bearing liabilities, including $68,000 due to a reduction in the average balance outstanding of FHLB borrowings.

As a result of the above, net interest income increased $468,049, or 8.62%, from $5,428,451 for the year ended September 30, 1995 to $5,896,500 for the year ended September 30, 1996. The net interest spread

of the Bank increased from 1.88% for the year ended September 30, 1995 to 2.11% for the year ended September 30, 1996. The increase in net interest income is also attributable to a shift in the composition of interest-earning assets from generally lower yielding mortgage-backed and investment securities to loans, resulting in an increase in net interest income attributable to volume of $495,000.

Interest costs on liabilities increase or decrease faster than interest yields on assets, as shorter term liabilities reprice or adjust for changes in interest rates quicker than longer maturity assets. The change in interest rate spreadfor the year ended September 30, 1996 in comparison to the year ended September 30, 1995 relates to the continued overall increase in interest rates. As rates have continued to rise during the last three years, the slower repricing interest-earning assets have began to catch up with the more rapidly increasing interest rates on liabilities; therefore, increasing the interest rate spread during the year ended September 30, 1996.

Interest income increased $2,981,644, or 27.94%, to $13,652,240 for the year ended September 30, 1995, from $10,670,596 for the year ended September 30, 1994. This increase resulted from the average yield on interest-earning assets increasing to 6.95% for the year ended September 30, 1995 compared to 6.21% for the year ended September 30, 1994. This increase was the result of the maturity of lower yielding investments and the prepayment of loans and mortgage-backed securities and the reinvesting of those funds into higher yielding investments and loans. The higher yield is primarily due to an increase in market interest rates for all types of interest-earning assets. The rate/volume analysis reflects this increase, the change in interest income due to interest rates was an increase of $1,225,000. In addition, there was a corresponding increase of $1,796,000 in interest income due to the volume of interest-earning assets. Interest-earning assets increased as discussed previously due to the increase in the Bank's loan portfolio. Market interest rates continued to gradually increase during the fiscal year. As a result, the average yield on interest-earning assets held at September 30, 1995 was 7.12%, up from 6.49% at September 30, 1994.

Interest expense for the year ended September 30, 1995 increased $2,307,336, or 39.00%, to $8,223,789 from $5,916,453 at September 30, 1994. This increase was also due to the increase in interest rates throughout the fiscal year. Approximately $1,198,000 of the increase in interest expense was due to interest rates. In addition, there was an $865,000 increase in interest expense due to the increased volume of other interest-bearing liabilities, mainly advances and other borrowings from the FHLB. The average cost for interest-bearing

liabilities increased from 4.03% for the year ended September 30, 1994 to 5.07%for the year ended September 30, 1995.

As a result of the above, net interest income increased $674,308, or 14.18%, from $4,754,143 for the year ended September 30, 1994 to $5,428,451 for the year ended September 30, 1995. The net interest spread of the Bank decreased from 2.18% for the year ended September 30, 1994 to 1.88% for the year ended September 30, 1995. Interest costs on liabilities increase or decrease faster than interest yields on assets, as shorter term liabilities reprice or adjust for changes in interest rates quicker than longer maturity assets. Interest rates during the year started an upward swing, and as the liabilities repriced the net interest spread began to shrink. This increase in interest rates related to overall market increases and although interest-earning assets reprice slower than interest-bearing liabilities a continued decline in interest rate spreads is expected to reverse as interest rates stabilize or begin to decline.

PROVISION FOR LOSSES ON LOANS

The Bank maintains, and the Board of Directors monitors, allowances for possible losses on loans. These allowances are established based upon management's periodic evaluation of known and inherent risks in the loan portfolio, review of significant individual loans and collateral, review of delinquent loans, past loss experience, adverse situations that may affect the borrowers' ability to repay, current and expected market conditions, and other factors management deems important. Determining the appropriate level of reserves involves a high degree of management judgment and is based upon historical and projected losses in the loan portfolio and the collateral value of specifically identified problem loans. Additionally, allowance strategies and policies are subject to periodic review and revision in response to current market conditions, actual

loss experience and management's expectations.The allowance for loan losses was $740,346 and $643,547 at September 30, 1996 and 1995, respectively. The provision for losses on loans is the method by which the allowance for losses is adjusted during the period. The provision for losses on loans increased from $9,124 for the year ended September 30, 1995 to $134,743 for the year ended September 30, 1996. The $125,619 increase in the provision for the year ended September 30, 1996 was based on management's evaluation of the allowance in relation to the increase in the Bank's loan portfolio, including a 57.44% increase in loans other than first mortgage loans. Non-performing loans were $317,000 and $386,000 at September 30, 1996 and 1995, respectively. Historical non-performing loan ratios are presented with the five-year financial summary information. While management maintains its allowance for loan losses at levels which it considers adequate to provide for potential losses, there can be no assurance that additions will not be made to the allowance in future years and that such losses will not exceed the estimated amounts.

The allowance for loan losses was $643,547 and $619,218 at September 30, 1995 and 1994, respectively. The provision for losses on loans was $9,124 for the year ended September 30, 1995 and a credit, or recovery of amounts previously charged against income, of $84,933 for the year ended September 30, 1994. The increase in the allowance for the year ended September 30, 1995 was based on management's evaluation of the allowance in relation to the increase in the Bank's loan portfolio and the slight increase in non-performing loans.

PROVISION FOR INVESTMENT LOSSES

The Bank had maintained, and the Board of Directors monitored, an allowance for possible losses on investments, primarily corporate securities, private issue collateralized mortgage obligations and municipal obligations. The allowance was based on management's periodic evaluation of known and inherent risks associated with the investment portfolio. The allowance had been established to absorb potential credit losses associated with the above mentionedinvestment securities. The allowance for investment losses was $0 as of September 30, 1996 and 1995. The provision was a credit of amounts previously charged against income, of $128,106 for the year ended September 30, 1994. The provision for investment losses is the method by which the allowance for losses is adjusted during the period. In effect, management has discontinued its policy for the establishment of allowances for potential losses on investments, primarily due to the fact that no credit losses had to be charged against the allowance and the level of these types of investments is down from previous periods. While management has discontinued the policy for the establishment of allowance for potential credit losses on investments, there can be no assurance that such losses will not occur in future years.

NON-INTEREST INCOME

Non-interest income increased $61,896, or 9.06%, from $683,464 for the year ended September 30, 1995 to $745,360 for the year ended September 30, 1996. This was primarily due to the net gain on the sale of mortgage-backed securities, after they were reclassified from held-to-maturity to available-for- sale in accordance with the FASB Guide to Implementation of Statement 115, discussed earlier. The Bank reclassified $11,355,417 of mortgage-backed securities from held-to-maturity to available-for-sale and subsequently sold all of these securities for a net realized gain of $135,208. Net gains on sales of investment securities and loans decreased from during 1996 in comparison to 1995 due to reduced sales volume of available-for-sale investment securities and lower levels of gain recognized on sales of loans held-for-sale. Service and late charges increased from 1995 to 1996 primarily due to increases in charges on demand accounts.

Non-interest income increased $233,278 or 51.82%, from $450,186 for the year ended September 30, 1994 to $683,464 for the year ended September 30, 1995. The main reason for this increase was due to the net gain on sale of investments of $122,900, primarily corporate equity securities, which is a $216,399 increase

from the net loss on the sale of investments of $(93,499) realized during theyear ended September 30, 1994. Additionally, gain on sale of loans declined by 35.72% due to a decline in the volume of loan sales from 1994 to 1995 as a result of a less favorable interest rate environment. Loans originated for sale decreased from $18.4 million during 1994 to $5.9 million for 1995. Service and late charges also increased from 1994 to 1995.

NON-INTEREST EXPENSE

Non-interest expense increased $1,008,266, or 30.41% from $3,315,033 for the year ended September 30, 1995 to $4,323,299 for the year ended September 30, 1996. This increase relates primarily to the one-time SAIF special assessment of $937,073 discussed earlier.

Non-interest expense increased $407,304 or 14.01% from $2,907,729 for the year ended September 30, 1994 to $3,315,033 for the year ended September 30, 1995. Compensation and related expenses increased $333,881 or 21.17% during the year ended September 30, 1995. This increase was primarily the result of additional compensation expense related to the Employees Stock Ownership Plan (the "ESOP") and the Management Stock Bonus Plan (the "MSBP") which were in place throughout the year. Other expenses also increased $111,545 or 21.49% to $630,677 for the year ended September 30, 1995. This increase relates to an increase in professional fees as a result of the conversion and general increases in expense of operations as a result of inflation and increased asset size.

INCOME TAXES

Income tax expense decreased $245,643, or 23.96%, from $1,025,235 for the year ended September 30, 1995 to $779,592 for the year ended September 3, 1996. This decrease in income tax resulted from a decrease in pre-tax income largely attributable to the accrual of the special SAIF assessment. Tax benefit attributable to the SAIF assessment was approximately $335,000.

The Company's income tax expense increased $99,581 from $925,654 for the year ended September 30, 1994 to $1,025,235 for the year ended September 30, 1995. The principal reason for the increase was the increase in pre-tax income.

[CORPORATE LOGO]

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Stockholders of
Landmark Bancshares, Inc.
Dodge City, Kansas

We have audited the accompanying consolidated statements of financial condition of Landmark Bancshares, Inc. and subsidiary as of September 30, 1996 and 1995, and the related consolidated statements of operations, changes in stockholders' equity and cash flows for each of the three years in the period ended September 30, 1996. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Landmark Bancshares, Inc. and subsidiary as of September 30, 1996 and 1995, and the results of their operations and cash flows for each of the three years in the period ended September 30, 1996 in conformity with generally accepted accounting principles.

/s/Regier Carr & Monroe, L.L.P.
Regier Carr & Monroe, L.L.P.

October 24, 1996

Wichita, Kansas

LANDMARK BANCSHARES, INC.

CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION
SEPTEMBER 30, 1996 AND 1995

<TABLE>
<CAPTION>

ASSETS	1996	1995
Cash and cash equivalents:		
<S>	<C>	<C>
Interest bearing	$ 3,063	$ --
Non-interest bearing	470,647	462,021
Total cash and cash equivalents	473,710	462,021
Time deposits in other financial institutions	479,949	579,000
Investment securities held-to-maturity (estimated market value of $29,113,367 and $34,615,919 at September 30, 1996 and 1995, respectively)	29,398,520	34,825,052
Investment securities available-for-sale	4,137,637	1,692,550
Mortgage-backed securities held-to-maturity (estimated market value of $45,526,007 and $68,074,510 at September 30, 1996 and 1995, respectively)	45,877,120	68,206,569
Loans receivable, net	128,013,228	98,616,725
Loans held-for-sale	1,890,007	316,991
Accrued income receivable	1,518,640	1,671,075
Foreclosed real estate, net		66,320
Office properties and equipment, at cost less accumulated depreciation	949,786	1,005,908
Prepaid expenses and other assets	973,383	1,175,524
Deferred income taxes	21,710	
Income taxes receivable, current		14,127
Total assets	$ 213,733,690	$ 208,631,862
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Deposits	$ 143,814,910	$ 144,957,084
Outstanding checks in excess of bank balance	143,808	1,050,816
Borrowings from Federal Home Loan Bank	33,466,668	25,533,334
Advances from borrowers for taxes and insurance	1,673,142	1,340,156
Accrued expenses and other liabilities	2,193,296	935,531
Income taxes payable, current	52,691	
Deferred income taxes		147,495
Total liabilities	181,344,515	173,964,416
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, no par value; 5,000,000 shares authorized; no shares outstanding		
Common stock, $0.10 par value; 10,000,000 shares authorized; 2,281,312 shares issued and outstanding	228,131	228,131
Additional paid-in capital	21,944,175	21,893,499
Retained income, substantially restricted	17,468,325	16,816,492
Unrealized gain on available-for-sale securities, net of deferred taxes	253,057	37,454
Unamortized stock acquired by Employee Stock Ownership Plan	(994,695)	(1,131,573)
Unamortized compensation related to Management Stock Bonus Plan	(482,612)	(675,657)
Treasury stock, at cost, 428,316 and 195,980 shares at September 30, 1996 and 1995, respectively	(6,027,206)	(2,500,900)
Total stockholders' equity	32,389,175	34,667,446
Total liabilities and stockholders' equity	$ 213,733,690	$ 208,631,862

</TABLE>

The Notes to Consolidated Financial Statements are an integral part of these statements.

LANDMARK BANCSHARES, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED SEPTEMBER 30, 1996, 1995 AND 1994

	1996	1995	1994
Interest income:			
Interest on loans	$ 9,076,880	$ 6,448,797	$ 5,007,261
Interest and dividends on investment securities	1,940,908	2,844,191	1,980,787
Interest on mortgage-backed securities	3,557,080	4,359,252	3,682,548
Total interest income	14,574,868	13,652,240	10,670,596
Interest expense:			
Deposits	7,441,797	6,899,764	5,751,386
Borrowed funds	1,236,571	1,324,025	165,067
Total interest expense	8,678,368	8,223,789	5,916,453
Net interest income	5,896,500	5,428,451	4,754,143
Provision for losses on loans	134,743	9,124	(84,933)
Provision for losses on corporate securities and municipal obligations			(128,106)
Net interest income after provisions for losses	5,761,757	5,419,327	4,967,182
Non-interest income:			
Service charges and late charges	217,317	192,213	120,666
Net gain (loss) on sale of investments	27,107	122,900	(93,499)
Net gain on sale of loans	82,208	114,246	177,730
Net gain on sale of mortgage-backed securities	135,208		15,000
Service fees on loans sold	161,329	173,020	179,537
Other	122,191	81,085	50,752
Total non-interest income	745,360	683,464	450,186
Non-interest expense:			
Compensation and related expenses	1,893,458	1,911,205	1,577,324
Occupancy expense	169,780	146,162	150,098
Advertising	63,371	68,876	72,438
Federal insurance premium	389,986	379,086	382,314
SAIF special assessment	937,073		
Loss from real estate operations	4,289	3,425	13,970
Data processing	187,237	175,602	192,453
Other expense	678,105	630,677	519,132
Total non-interest expense	4,323,299	3,315,033	2,907,729
Income before income taxes	2,183,818	2,787,758	2,509,639
Income taxes:			
Currently payable	1,085,774	872,163	826,485
Deferred tax expense (benefit)	(306,182)	153,072	99,169
	779,592	1,025,235	925,654
Net income	$ 1,404,226	$ 1,762,523	$ 1,583,985
Income per common share			
Primary:			
Earnings per share (for period subsequent to initial issuance of common stock on March 28, 1994)	$ 0.72	$ 0.82	$ 0.38
Weighted average common and common shares outstanding	1,937,820	2,141,214	2,305,048
Fully diluted:			
Earnings per share (for period subsequent to initial issuance of common stock on March 28, 1994)	$ 0.72	0.81	0.38
Weighted average common and common shares outstanding	1,953,774	2,175,546	2,316,046

The Notes to Consolidated Financial Statements are an integral part of these statements.

LANDMARK BANCSHARES, INC.

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
YEARS ENDED SEPTEMBER 30, 1996, 1995 AND 1994

	Common Stock	Additional Paid-In Capital	Retained Income	Unrealized Gain on Available-for Sale Securities
Balance, September 30, 1993	$ -	$ -	$15,186,659	$ -
Net proceeds on common stock issued in stock conversion	228,131	21,883,578		
Allocation of shares by Employees' Stock Ownership Plan				
Amortization of compensation related to Management Stock Bonus Plan				
Net income for the year ended September 30, 1994			1,583,985	
Cash dividend paid ($0.05 per share)			(114,065)	
Net change in unrealized depreciation on marketable-equity securities				
Balance, September 30, 1994	228,131	21,883,578	16,656,579	-
Cumulative effect of October 1, 1995 change in accounting for certain investment securities				15,569
Allocation of shares by Employees' Stock Ownership Plan		9,921		
Amortization of compensation related to Management Stock Bonus Plan				
Net income for the year ended September 30, 1995			1,762,523	
Cash dividend paid ($0.75 per share)			(1,602,610)	
Net change in unrealized gain on available-for-sale investment securities				21,885
Purchase of 195,980 treasury shares				
Balance, September 30, 1995	228,131	21,893,499	16,816,492	37,454
Allocation of shares by Employees' Stock Ownership Plan		50,676		
Amortization of compensation related to Management Stock Bonus Plan				
Net income for the year ended September 30, 1996			1,404,226	
Cash dividend paid ($0.40 per share)			(752,393)	
Net change in unrealized gain on available-for-sale investment securities				215,603
Purchase of 232,336 treasury shares				
Balance,				

September 30, 1996	$228,131	$21,944,175	$17,468,325	$ 253,057
	========	===========	===========	============

</TABLE>

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	Unrealized Depreciation on Marketable Equity Securities	Unamortized Common Stock Acquired by ESOP	Unamortized Compensation Related to MSB	Treasury Stock	Total Stockholders' Equity
Balance,					
<S>	<C>	<C>	<C>	<C>	<C>
September 30, 1993	$ (42,302)	$ -	$ -	$	$15,144,357
Net proceeds on common stock issued in stock conversion		(1,368,780)	(965,224)		19,777,705
Allocation of shares by Employees' Stock Ownership Plan		75,239			75,239
Amortization of compensation related to Management Stock Bonus Plan			96,522		96,522
Net income for the year ended September 30, 1994					1,583,985
Cash dividend paid ($0.05 per share)					(114,065)
Net change in unrealized depreciation on marketable-equity securities	42,302				42,302
Balance, September 30, 1994	-	(1,293,541)	(868,702)	-	36,606,045
Cumulative effect of October 1, 1995 change in accounting for certain investment securities					15,569
Allocation of shares by Employees' Stock Ownership Plan		161,968			
Amortization of compensation related to Management Stock Bonus Plan			193,045		193,045
Net income for the year ended September 30, 1995					1,762,523
Cash dividend paid ($0.75 per share)					(1,602,610)
Net change in unrealized gain on available-for-sale investment securities					21,885
Purchase of 195,980 treasury shares				(2,500,900)	(2,500,900)
Balance, September 30, 1995	-	(1,131,573)	(675,657)	(2,500,900)	34,667,446
Allocation of shares by Employees' Stock Ownership Plan		136,878			187,554
Amortization of compensation related to Management Stock Bonus Plan			193,045		193,045
Net income for the year ended September 30, 1996					1,404,226
Cash dividend paid ($0.40 per share)					(752,393)
Net change in unrealized gain on available-for-sale investment securities					215,603
Purchase of 232,336 treasury shares				(3,526,306)	(3,526,306)
Balance, September 30, 1996	$ -	$ (994,695)	$ (482,612)	$ (6,027,206)	$32,389,175

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</TABLE>

The Notes to Consolidated Financial Statements are an integral part of these statements.

LANDMARK BANCSHARES, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 1996, 1995 AND 1994

<TABLE>
<CAPTION>

	1996	1995	1994
CASH FLOWS FROM OPERATING ACTIVITIES			
<S>	<C>	<C>	<C>
Net income	$ 1,404,226	$ 1,762,523	$ 1,583,985
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	116,278	109,413	120,986
Loss (gain) on sale of investment securities available-for-sale	(27,107)	(122,900)	93,499
Decrease (increase) in accrued interest receivable	152,435	(325,534)	(290,516)
Increase (decrease) in outstanding checks in excess of bank balance	1,050,816	(907,008)	--
Increase (decrease) in accrued and deferred income taxes	(239,364)	168,159	(82,261)
Increase (decrease) in accounts payable and accrued expenses	1,257,765	395,949	(194,146)
Amortization of premiums and discounts on investments and loans	(171,438)	(261,601)	(88,619)
Provision for losses on loans and investments	134,743	9,124	(213,039)
Proceeds from sale of mortgage-backed securities held-for-sale	--	--	1,015,000
Sale of loans held-for-sale	9,679,305	6,294,625	27,312,466
Gain on sale of mortgage-backed securities available-for-sale	(135,208)	--	(15,000)
Gain on sale of loans held-for-sale	(82,208)	(114,246)	(177,730)
Origination of loans held-for-sale	(9,643,647)	(5,886,469)	(18,395,219)
Purchase of loans held-for-sale	(2,803,645)	(701,310)	--
Amortization related to MSBP and ESOP	329,923	355,013	171,761
Other non-cash items, net	293,135	(34,981)	(61,145)
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,460,520	3,399,891	7,976,377
CASH FLOWS FROM INVESTING ACTIVITIES			
Loan originations and principal payments on loans held-for-investment	(14,007,163)	(13,940,760)	(4,369,147)
Loans purchased for investment	(16,398,206)	(13,959,464)	(10,086,155)
Principal repayments on mortgage-backed securities	12,396,168	8,046,547	28,280,853
Proceeds from sale of mortgage-backed securities available-for-sale	11,490,625	--	--
Acquisition of mortgage-backed securities held-to-maturity	(1,482,865)	(5,875,830)	(30,148,425)
Acquisition of investment securities held-to-maturity	(16,295,500)	(6,451,406)	(28,866,068)
Acquisition of investment securities available-for-sale	(2,373,880)	(748,625)	--
Proceeds from sale of investment securities available-for-sale	308,479	733,382	--
Proceeds from maturities or calls of investment securities held-to-maturity	21,862,135	11,830,000	11,593,000
Proceeds from sale of marketable equity securities	--	--	654,458
Net decrease in time deposits	99,051	285,000	955,000
Proceeds from sale of foreclosed real estate	130,923	125,554	205,179
Acquisition of fixed assets	(60,156)	(188,533)	(24,569)
Other investing activity, net	36,111	181	(147,729)
NET CASH USED IN INVESTING ACTIVITIES	(4,294,278)	(20,143,954)	(31,953,603)

</TABLE>

The Notes to Consolidated Financial Statements are an integral part of these statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEARS ENDED SEPTEMBER 30, 1996, 1995 AND 1994

	1996	1995	1994
CASH FLOWS FROM FINANCING ACTIVITIES			
Net increase (decrease) in deposits	$ (1,142,174)	$ 8,098,871	$(10,569,540)
Net increase (decrease) in escrow accounts	332,986	196,850	(68,615)
Proceeds from FHLB advances and other borrowings	53,600,000	62,500,000	50,030,000
Repayment of FHLB advances and other borrowings	(45,666,666)	(50,546,666)	(36,450,000)
Purchase of treasury stock	(3,526,306)	(2,500,900)	
Proceeds from stock issuance, net of conversion costs and stock acquired by ESOP	--	--	20,742,929
Purchase of company stock for MSBP	--	--	(965,224)
Dividends paid	(752,393)	(1,602,610)	(114,065)
NET CASH PROVIDED BY FINANCING ACTIVITIES	2,845,447	16,145,545	22,605,485
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	11,689	(598,518)	(1,371,741)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	462,021	1,060,539	2,432,280
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 473,710	$ 462,021	$ 1,060,539
SUPPLEMENTAL DISCLOSURES			
Cash paid during the year for:			
Interest on deposits, advances and other borrowings	$ 8,519,955	$ 7,718,438	$ 5,924,494
Income taxes	1,018,956	857,076	1,007,915
Transfers from loans to foreclosed real estate	27,411	42,658	214,629
Loans to finance sale of foreclosed real estate	25,954	--	75,450
Transfer of held-to-maturity mortgage-backed securities to available-for-sale	11,355,417	--	--

The Notes to Consolidated Financial Statements are an integral part of these statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 1996, 1995 AND 1994

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF OPERATIONS:
Landmark Bancshares, Inc. (the Company) is a Kansas corporation and is the parent company of its wholly-owned subsidiary, Landmark Federal Savings Bank (the Bank). At the present time, the Company does not conduct any active business.

Landmark Federal Savings Bank is primarily engaged in attracting deposits from the general public and using those deposits, together with other funds, to originate real estate loans on one- to four- family residences, and, to a lesser extent, consumer and commercial loans. The Bank conducts its business from its main office in Dodge City and also has four branch offices located in Barton, Finney and Rush Counties, Kansas. In addition, the Bank invests in mortgage-backed securities and investment securities. The Bank offers its customers fixed rate and adjustable rate mortgage loans, as well as consumer loans, including auto, home equity and savings account loans.

PRINCIPLES OF CONSOLIDATION:
The accompanying consolidated financial statements include the accounts of Landmark Bancshares, Inc. and its wholly-owned subsidiary, Landmark Federal Savings Bank. Significant intercompany transactions and balances have been

eliminated.

USE OF ESTIMATES:
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ significantly from those estimates.

Material estimates that are particularly susceptible to significant change in the near-term relate to the determination of the allowance for loan losses and the valuation of assets acquired in connection with foreclosures or in satisfaction of loans. In connection with the determination of the allowances for loan losses and the valuation of assets acquired by foreclosure, management obtains independent appraisals for significant properties.

Management believes that the allowances for losses on loans and valuations of assets acquired by foreclosure are adequate and appropriate. While management uses available information to recognize losses on loans and assets acquired by foreclosure, future loss may be accruable based on changes in economic conditions. In addition, various regulatory agencies, as an integral part of their examination process, periodically review the Company's allowances for losses on loans and valuations of assets acquired by foreclosure. Such agencies may require the Bank to recognize additional losses based on their judgment of information available to them at the time of their examination.

CASH AND CASH EQUIVALENTS:
Cash and cash equivalents include unrestricted cash on hand, demand deposits maintained in depository institutions and other readily convertible investments with original maturities when purchased of three months or less. All time deposits in other depository institutions are treated as non-cash equivalents.

INVESTMENT AND MORTGAGE-BACKED SECURITIES:
Regulations require the Bank to maintain liquidity for maturities of deposits and other short-term borrowings in cash, U.S. Government and other approved securities.

In May, 1993, the Financial Accounting Standards Board issued SFAS Statement No. 115, Accounting for Certain Investments in Debt and Equity Securities. This standard establishes three categories of investments, including mortgage-backed securities; held-to-maturity, trading, and available-for-sale. Under SFAS No. 115, held-to-maturity securities are reported at amortized cost. Trading securities are reported at fair value, with unrealized changes in value reported in the Company's income statement as part of its earnings. Available-for-sale securities are also reported at fair value, but any unrealized appreciation or depreciation, net of tax effects are reported as a separate component of equity. The Company adopted SFAS No. 115 with an effective adoption date of October 1, 1994.

Prior to the adoption of SFAS No. 115, bonds, notes and debentures were carried at cost, adjusted for premiums and discounts that were recognized in interest income using the interest method over the period to maturity. Mortgage-backed and related securities held for investment were stated at cost, adjusted for amortization of premiums and accretion of discounts using the interest method. The Company had the positive intent and ability to hold such assets to maturity. Equity securities that were non-marketable were carried at cost. All other equity securities were carried at the lower of cost or estimated market value in the aggregate. In the event the carrying amount was reduced below market, a valuation account was established by a charge to equity representing the net unrealized loss.

In accordance with the provisions of the Financial Accounting Standards Board A Guide to Implementation of Statement 115 on Accounting for Certain Investments in Debt and Equity Securities (the Guide), the management of the Company in December of 1995 transferred $11,355,417 of mortgage-backed securities from held-to-maturity classification to available-for-sale classification. These securities were sold subsequent to the transfer. The transfer was a one-time transaction as provided for in the Guide in an effort to restructure and enhance the yield and rate sensitivity of the Company's portfolio of held-to-maturity securities.

Premiums and discounts are recognized in interest income using the interest method over the period to maturity.

Gains and losses on the sale of investment and mortgage-backed securities are determined using the specific-identification method. All sales are made without recourse.

LOANS RECEIVABLE:
Loans receivable that management has intent and ability to hold for the foreseeable future or until maturity or pay-off are reported at their outstanding principal balances, net of undisbursed loan proceeds, the allowance for loan losses, any deferred fees or costs on originated loans and unamortized premiums or discounts on purchased loans.

The allowance for loan losses is increased by charges to income and decreased by charge-offs (net of recoveries). Management's periodic evaluation of the adequacy of the allowance is based on the Bank's past loan loss experience, known and inherent risks in the portfolio, adverse situations that may affect the borrower's ability to repay, the estimated value of any underlying collateral, the current level of non-performing assets and current economic conditions.

Premiums and discounts on purchased residential real estate loans are amortized to income using the interest method over the estimated remaining period to maturity.

Loan origination fees and certain direct costs are capitalized and recognized as an adjustment of the yield of the related loan.

The accrual of interest on impaired loans is discontinued when in management's opinion, the borrower may be unable to meet payments as they become due. When interest accrual is discontinued, all unpaid accrued interest is reversed. Interest income is subsequently recognized only to the extent cash payments are received.

LOANS HELD-FOR-SALE:
Mortgage loans originated and intended for sale in the secondary market are carried at the lower of cost or estimated market value in the aggregate. Net unrealized losses are recognized through a valuation allowance by charges to income.

FORECLOSED REAL ESTATE:
Real estate properties acquired through, or in lieu of, foreclosure are to be sold and are initially recorded at fair value at the date of foreclosure establishing a new cost basis. Valuations are periodically performed by management, and an allowance for losses is established by a charge to operations if the carrying value of a property exceeds the fair value less estimated costs to sell. Revenue and expenses from operations and changes in the valuation allowance are included in gain or loss on foreclosed real estate. The historical average holding period for such property is approximately one year.

EXCESS SERVICING FEES RECEIVABLE:
Additional funds for lending are provided by selling participating interests in real estate loans. When participating interests in loans sold have an average contractual interest rate, adjusted for normal servicing fees, that differs from the agreed yield to the purchaser, gains or losses are recognized equal to the present value of such differential over the estimated remaining life of such loans. The resulting "excess servicing fees receivable" is amortized over the estimated life using the interest method. The excess servicing fees receivable is included in prepaid expenses and other assets on the consolidated statements of financial condition.

The excess servicing fees receivable and the amortization thereon is periodically evaluated in relation to estimated future net servicing revenues, taking into consideration changes in interest rates, current prepayment rates and expected future cash flows. The Bank evaluates the carrying value of the excess servicing receivables by estimating the future net servicing income of the excess servicing receivable based on management's best estimate of remaining loan lives.

FINANCIAL INSTRUMENTS:
All derivative financial instruments held or issued by the Bank are held or issued for purposes other than trading.

Off-balance sheet instruments: In the ordinary course of business the Bank has entered into off-balance sheet financial instruments consisting of commitments to extend credit, commitments under credit card arrangements, commercial letters of credit, and standby letters of credit. Such financial instruments are recorded in the financial statements when they are funded or related fees are incurred or received.

OFFICE PROPERTIES AND EQUIPMENT:
Office properties and equipment are stated at cost less accumulated deprecation. Depreciation is computed on a straight-line basis or accelerated methods over the estimated useful lives of five to fifty years for buildings and improvements and three to twenty years for furniture, fixtures, equipment and automobiles.

INCOME TAXES:
Deferred tax assets and liabilities are reflected at currently enacted income tax rates applicable to the period in which the deferred tax assets or liabilities are expected to be realized or settled. As changes in tax laws or rates are enacted, deferred tax assets and liabilities are adjusted through the provision for income taxes.

IMPACT OF NEW ACCOUNTING STANDARDS:
In April, 1995, the FASB issued SFAS No. 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of. Statement No. 121 establishes standards for recognizing and measuring the impairment of long-lived assets, certain identifiable intangibles, and goodwill, when an entity is unable to recover the carrying amount of those assets. This statement is effective for fiscal years beginning after December 15, 1995. SFAS No. 121 would not have a material effect on the Company's financial statements.

In May, 1995, the FASB issued SFAS No. 122, Accounting for Mortgage Servicing Rights. This Statement amends SFAS No. 65, Accounting for Certain Mortgage Banking Activities, to require that a mortgage banking enterprise recognize as separate assets rights to service mortgage loans for others, however those servicing rights are acquired. This Statement requires that a mortgage banking enterprise assess its capitalized mortgage servicing rights for impairment based on the fair value of those rights. SFAS No. 122 is effective for fiscal years beginning after December 15, 1995. SFAS No. 122 is to be applied prospectively effective October 1, 1996, and is not expected to have a material effect on the Company's financial statements. This Statement was superseded by SFAS No. 125 which was issued in June 1996, SFAS No. 125 is discussed below.

In October, 1995, the FASB issued SFAS No. 123, Accounting for Stock-Based Compensation. This Statement establishes a fair-value-based method of accounting for stock compensation plans with employees and others. It applies to all arrangements under which employees receive shares of stock or other equity instruments of the employer, or the employer incurs liabilities to employees in amounts based on the price of the employer's stock. The objective of the measurement process is to estimate the fair value of options or other equity instruments based on the stock price at the grant date, to which employees will become entitled when they have

rendered the requisite service and satisfy all other conditions necessary to earn the right to benefit from the options or other equity instruments. Although encouraged to do so, entities are not required to adopt the recognition and measurement aspects of SFAS No. 123, and may continue to account for stock-based compensation plans in accordance with APB Opinion 25. However, entities that continue to apply Opinion 25 must comply with the disclosure requirements of SFAS No. 123. Whichever method is used must be applied for all stock-based employee compensation arrangements. Once the recognition and measurement provisions of SFAS No. 123 are adopted, that election may not be reversed. SFAS No. 123 will be effective for the fiscal year beginning October 1, 1996. SFAS No. 123 will effect the Company's stock options granted after October 1, 1996. These options will be recognized and measured in accordance with the fair-value-based method of accounting, this Statement is not expected to have a material effect on the Company's financial statements

In June, 1996, the FASB issued SFAS No. 125, Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities. This Statement established revised standards for recognition, measurement, and disclosure of transfers and servicing of financial assets and extinguishment of debt. Those standards are based on consistent application of a financial-components approach that focuses on control. Under that approach, after a transfer of financial assets, an entity recognizes the financial and servicing assets it controls and the liabilities it has incurred, derecognizes financial assets when control has been surrendered, and derecognizes liabilities when extinguished. This Statement provides consistent standards for distinguishing transfers of financial assets that are sales from transfers that are secured borrowings. A transfer of financial assets in which the transferor surrenders control over those assets is accounted for as a sale to the extent that consideration other than beneficial interests in the transferred assets is received in exchange. As issued, Statement No. 125 is effective for transfers and servicing of financial assets and extinguishment of liabilities occurring after December 31, 1996, and is to be applied prospectively. An exposure draft of a proposed SFAS was issued in November 1996 titled "Deferral of the Effective Date of Certain Provisions of FASB Statement No. 125" , an amendment of FASB Statement No. 125. This proposed statement would defer the effective date of SFAS No. 125 for one year. This exposure draft was issued after the Board was made aware of the volume and variety of certain transactions and the related changes to information systems and accounting processes that are necessary to comply with the requirements of SFAS No. 125. Earlier application of the Statement is not allowed. The Statement's impact on the Bank is not determinable since it will be based on future transfers of financial assets.

EARNINGS PER SHARE:
Primary earnings per common and common equivalent share and fully diluted earnings per common and common equivalent share are computed using the weighted average number of shares outstanding adjusted for unallocated ESOP shares and for incremental shares related to outstanding options to purchase common stock.

Earnings per share of common stock for 1994 was computed by dividing net income subsequent to conversion by the weighted average number of common and common equivalent shares outstanding subsequent to conversion on March 28, 1994.

FINANCIAL STATEMENT PRESENTATION:
Certain items in prior year financial statements have been reclassified to conform to the 1996 presentation.

2. INVESTMENT SECURITIES

Effective October 1, 1994, the Company adopted the Financial Accounting Standards Board Statement SFAS No. 115, Accounting for Certain Investments in Debt and Equity Securities. This statement is not retroactively applied. In conjunction with the adoption of SFAS No. 115, investment securities as of October 1, 1994 were designated as held-to-maturity or available-for-sale. The cumulative effect of classifying securities previously accounted for at the lower of cost or market in the aggregate as available-for-sale was to reflect an unrealized gain, net of tax effect, as a component of retained income of $15,569 as of October 1, 1994.

The amortized cost and estimated market values of investment securities at September 30 are summarized as follows:

<TABLE>
<CAPTION>

	September 30, 1996			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Market Value
Held-to-maturity:				
<S>	<C>	<C>	<C>	<C>
Government Agency Securities	$27,168,520	$ 53,398	$363,467	$ 26,858,451
Municipal Obligations	2,230,000	30,291	5,375	2,254,916
	$29,398,520	$ 83,689	$368,842	$ 29,113,367
Available-for-sale:				
Common Stock	$ 1,982,407	$420,600	$ 6,770	$ 2,396,237
Stock in Federal Home Loan Bank, at cost	1,731,400			1,731,400
Other, at cost	10,000			10,000
	$ 3,723,807	$420,600	$ 6,770	$ 4,137,637

</TABLE>

<TABLE>
<CAPTION>

	September 30, 1995			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Market Value

Held-to-maturity:

<S> <C> <C> <C> <C>

United States Treasury Securities	$ 2,887,463	$ -	$ 24,692	$ 2,862,771
Corporate Securities	250,000	2,578	379,938	252,578
Government Agency Securities	29,157,953	137,427	5,712	28,915,442
Municipal Obligations	2,529,636	61,204		2,585,128
	$34,825,052	$201,209	$410,342	$34,615,919

Available-for-sale:

Common Stock	$ 145,000	$ 61,250	$ -	$ 206,250
Stock in Federal Home Loan Bank, at cost	1,476,300			1,476,300
Other, at cost	10,000			10,000
	$ 1,631,300	$ 61,250	$ -	$ 1,692,550

</TABLE>

Government agency securities above include bonds and notes issued by various government agencies. Those agencies include the following: Federal Farm Credit, Fannie Mae, Freddie Mac, Sallie Mae, Federal Home Loan Bank, Resolution Trust Corporation, and the Tennessee Valley Authority.

2. INVESTMENT SECURITIES (CONTINUED)

Federal Home Loan Bank members are required to maintain an investment in stock at an amount equal to a percentage of outstanding home loans. For disclosure purposes such stock, which is carried at cost, is assumed to have a market value which is equal to cost.

The amortized cost and estimated market value of debt securities, all of which are classified as held-to-maturity, at September 30, 1996, by contractual maturity are shown below. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties. The equity securities have been excluded from the maturity table below because they do not have contractual maturities associated with debt securities.

<TABLE>
<CAPTION>

<S> <C> <C>

	Amortized Cost	Estimated Market Value
Held-to-maturity:		
Due in one year or less	$ 2,100,000	$ 2,104,531
Due after one year through five years	5,999,613	5,952,725
Due after five years through ten years	18,198,907	18,094,923
Due after ten years	3,100,000	2,961,188
Total held-to-maturity	$ 29,398,520	$ 29,113,367

</TABLE>

Gross realized gains and (losses) on sales of investment securities during the years ended September 30 are as follows:

	1996	1995	1994
Available-for-sale securities:			
Realized gains	$ 27,107	$ 122,900	$ --
Realized losses	--	--	(93,499)
	$ 27,107	$ 122,900	$(93,499)

Proceeds from sales of available-for-sale or marketable equity securities were $308,479, $733,382 and $654,458 for the years ended September 30, 1996, 1995 and 1994, respectively. During the year ended September 30, 1994, sales consisted of mutual funds. During the year ended September 30, 1996 and 1995, sales consisted of common stock of unrelated financial corporations.

There were no proceeds from sales of debt securities for the years ended September 30, 1996, 1995 and 1994.

Investment securities with a carrying amount of $0 and $500,000 as of September 30, 1996 and 1995, respectively, were pledged as collateral for public funds as discussed in Note 9.

3. MORTGAGE-BACKED SECURITIES

Mortgage-backed securities, all of which were classified as held-to-maturity at September 30, 1996 and 1995, consist of the following:

<TABLE>
<CAPTION>

	September 30, 1996			
	Amortized Cost	Unrealized Gains	Gross Unrealized Losses	Gross Market Value
<S>	<C>	<C>	<C>	<C>
GNMA - fixed rate	$ 552,879	$ 11,524	$ --	$ 564,403
FNMA - ARMs	15,516,459	147,235	137,645	15,526,049
FHLMC - ARMs	6,257,007	77,661	12,704	6,321,964
FHLMC - fixed rate	401,275	10,550	2,561	409,264
FNMA - fixed rate	812,750	66,092	--	878,842
Collateralized mortgage obligations-government agency issue	16,681,922	14,183	402,707	16,293,398
Collateralized mortgage obligations-private issues	5,654,828	4,899	127,640	5,532,087
	$45,877,120	$ 332,144	$ 683,257	$45,526,007

</TABLE>

<TABLE>
<CAPTION>

	September 30, 1995			
	Amortized Cost	Unrealized Gains	Gross Unrealized Losses	Gross Market Value
<S>	<C>	<C>	<C>	<C>
GNMA - ARMs	$11,989,312	$ --	$ 43,189	$11,946,123
FNMA - ARMs	19,889,225	23,127	--	19,912,352
FHLMC - ARMs	7,024,892	18,722	--	7,043,614
GNMA - fixed rate	771,308	24,587	--	795,895
FNMA - fixed rate	954,025	--	1,067	952,958
FHLMC - fixed rate	540,546	10,807	--	551,353
Collateralized mortgage obligations-government agency issue	19,616,992	--	111,781	19,505,211
Collateralized mortgage obligations-private issues	7,420,269	--	53,265	7,367,004
	$68,206,569	$ 77,243	$ 209,302	$68,074,510

</TABLE>

Collateralized mortgage obligations consist of floating rate and fixed rate notes with varying contractual principal maturities. The Bank has no principal only, interest only, or residual collateralized mortgage obligations.

Proceeds from sales of mortgage-backed securities available-for-sale or held-for-sale were $11,490,625, $0 and $1,015,000 for years ended September 30, 1996, 1995 and 1994, respectively. Sales for the year ended September 30, 1996 consisted of mortgage-backed securities that were transferred from held-to-maturity to available-for-sale in December, 1995. These securities were transferred in accordance with the one-time transaction allowed under the FASB Implementation Guide, see Note 1 for further discussion. These securities were subsequently sold.

3. MORTGAGE-BACKED SECURITIES (CONTINUED)

Gross realized gains and (losses) on sales of mortgage-backed securities during the years ended September 30 are as follows:

	1996	1995	1994
Realized gain	$ 144,885	$ --	$ 15,000
Realized losses	(9,677)	--	--
	$ 135,208	$ --	$ 15,000

Mortgage-backed securities with a carrying amount of $7,001,787 and $2,173,413 at September 30, 1996 and 1995, respectively, were pledged as collateral for public funds as discussed in Note 9.

4. LOANS RECEIVABLE

Loans receivable at September 30 are summarized as follows:

	September 30, 1996	September 30, 1995
First mortgage loans:		
Secured by one to four family residences	$ 99,579,583	$ 79,162,144
Secured by other properties	3,726,333	4,040,156
Construction loans	1,129,915	202,177
Other	1,852,243	1,781,074
	106,288,074	85,185,551
Less: Unamortized premium on loan purchase	46,617	69,170
Unearned discounts and loan fees	(304,237)	(362,021)
Undisbursed loan proceeds	-	(45,648)
Allowance for loan losses	(531,749)	(530,956)
Total first mortgage loans	105,498,705	84,316,096
Consumer and other loans:		
Automobile	9,783,677	5,985,574
Commercial	3,600,888	1,752,796
Loans on deposits	554,550	604,555
Home equity and second mortgage	8,139,668	5,784,158
Mobile homes	27,791	7,051
Other	616,546	279,086
	22,723,120	14,413,220
Less: Allowance for loan losses	(208,597)	(112,591)
Total consumer and other loans	22,514,523	14,300,629
	$ 128,013,228	$ 98,616,725

The following is analysis of the change in the allowance for loss on loans:

	1996	1995	1994
Balance, beginning	$ 643,547	$ 619,218	$ 715,810
Provision charged to operations	134,743	9,124	(84,933)
Loans charged off	(38,631)	(2,200)	(22,657)
Recoveries	687	17,405	10,998
Balance, ending	$ 740,346	$ 643,547	$ 619,218

4. LOANS RECEIVABLE (CONTINUED)

Impairment of loans having recorded investments of $0 at September 30, 1996 and $243,587 at September 30, 1995 , has been recognized in conformity with FASB Statement No. 114, as amended by FASB Statement No. 118. The average recorded investment in impaired loans during the years ended September 30, 1996 and 1995 was $60,897 and $269,555, respectively. Allowances for loss on these loans are included in the above analysis of the overall allowance for loss on loans. There are no specific loss provisions associated with impaired loans as of September 30, 1996 and 1995. Interest income on impaired loans of $0 and $15,049 was recognized for cash payments received for the year ended September 30, 1996 and 1995, respectively.

It is Bank policy not to modify interest rates below the then current market rate on loans associated with troubled debt restructuring. The Bank is not committed to lend additional funds to debtors whose loans have been modified.

See Note 17 for disclosure of loans to related parties.

5. LOAN SERVICING

Mortgage loans serviced for others are not included in the accompanying statements of financial condition. The unpaid principal balances of these loans at September 30 are summarized as follows:

<TABLE>
<CAPTION>

	1996	1995	1994
<S>	<C>	<C>	<C>
FHLMC	$ 52,343,707	$ 54,326,611	$ 57,964,741
Other investors	1,396,481	1,721,703	2,012,952
	$ 53,740,188	$ 56,048,314	$ 59,977,693

</TABLE>

The following is an analysis of the changes in excess servicing fees retained asset balances for the years ending September 30, 1994, 1995 and 1996:

	Retained
Balance, October 1, 1993	$ 13,604
Amortization	(7,775)
Balance, September 30, 1994	5,829
Amortization	(3,627)
Balance, September 30, 1995	2,202
Amortization	(2,202)
Balance, September 30, 1996	$ -

6. ACCRUED INCOME RECEIVABLE

Accrued interest receivable at September 30 is summarized as follows:

	1996	1995
Mortgage-backed securities	$ 290,900	$ 422,503
Loans receivable	762,588	552,178
Investments	465,152	696,394
	$ 1,518,640	$ 1,671,075

7. FORECLOSED REAL ESTATE

Real estate owned or in judgment and other repossessed assets consist of the following:

<TABLE>

<CAPTION>

	September 1996	1995
<S>	<C>	<C>
Real estate acquired by foreclosure	$ -	$ -
Real estate loans in judgment and subject to redemption	-	66,320
Loans accounted for as in-substance foreclosures		
	$ -	$66,320

</TABLE>

There was no activity in the allowance for loss account for the years ended September 30, 1996, 1995 and 1994.

8. OFFICE PROPERTIES AND EQUIPMENT

Office properties and equipment are stated at cost less accumulated depreciation as follows:

<TABLE>
<CAPTION>

	September 30, 1996	1995
<S>	<C>	<C>
Land	$ 298,366	$ 298,366
Office building and improvements	1,272,632	1,250,516
Furniture, fixtures and equipment	835,874	799,816
Automobiles	9,642	9,642
	2,416,514	2,358,340
Less accumulated depreciation	1,466,728	1,352,432
	$ 949,786	$ 1,005,908
Depreciation expense ($120,986 for 1994)	$ 116,278	$ 109,413

</TABLE>

9. DEPOSITS

Deposits at September 30 are summarized as follows:

	1996 Amount	1995 Amount
Demand accounts:		
Interest bearing	$ 15,273,551	$ 9,789,501
Non-interest bearing	3,233,958	2,564,548
Total demand accounts	18,507,509	12,354,049
Savings deposits	5,797,182	6,680,784
Certificates of deposit	119,510,219	125,922,251
	$143,814,910	$144,957,084

The aggregate amount of jumbo certificates of deposit with a minimum denomination of $100,000 as of September 30, 1996 and 1995 was approximately $7,032,053 and $9,014,468, respectively. Demand and NOW accounts as of September 30, 1996 included public funds of $2,533,407. Public funds were collateralized by investment securities and mortgage-backed securities as discussed in Notes 2 and 3.

At September 30, 1996, scheduled maturities of certificates of deposit are as follows:

Year Ending September 30,	
1997	$ 94,575,804
1998	17,856,209
1999	3,827,400

2000	2,537,974
2001	712,832
	$ 119,510,219

10. ADVANCES AND OTHER BORROWINGS FROM FEDERAL HOME LOAN BANK

Advances and other borrowings from the Federal Home Loan Bank at September 30 are summarized as follows:

	1996	1995
Advances	$ 14,466,668	$ 9,733,334
Line of credit	19,000,000	15,800,000
	$ 33,466,668	$ 25,533,334

10. ADVANCES AND OTHER BORROWINGS FROM FEDERAL HOME LOAN BANK (CONTINUED)

Advances and other borrowings from the Federal Home Loan Bank at September 30 consist of the following:

Fiscal Year Maturity	1996 Amount	1996 Weighted Average Rate	1995 Amount	1995 Weighted Average Rate
1996	$ --	--%	$16,800,000	6.60%
1997	28,166,668	6.06	2,333,334	6.93
1998	5,000,000	6.74	2,000,000	7.19
1999	300,000	7.18	400,000	7.18
2000	-	-	4,000,000	7.71
	$33,466,668	6.17%	$25,533,334	6.86%

At September 30,1996 the Company had $19,000,000 outstanding under a $24,000,000 line of credit with the Federal Home Loan Bank. All amounts outstanding under the line of credit are payable on February 5, 1997 and bear interest at the line of credit rate established by the Federal Home Loan Bank. This rate is adjusted from time to time, the rate as of September 30, 1996 was 6.03%. At September 30, 1995 the Company had $15,800,000 outstanding under a $17,000,000 line of credit, due February 6, 1996.

The advances and line of credit are collateralized as of September 30, 1996 and 1995 by a blanket pledge agreement, including all stock in Federal Home Loan Bank, qualifying first mortgage loans, certain mortgage-related securities and other investment securities.

11. INCOME TAXES

The company and subsidiary file consolidated federal income tax returns. The company's effec-tive income tax rate was different than the statutory federal income tax rate for the following reasons:

	September 30, 1996	1995	1994
Statutory federal income tax	34.0 %	34.0 %	34.0 %
Increase (reductions) resulting from:			
Kansas Privilege Tax	4.3	5.8	4.3
Other	(2.6)	(3.0)	(1.4)
	35.7 %	36.8 %	36.9 %

11. INCOME TAXES (CONTINUED)

Deferred taxes are included in the accompanying Statements of Financial Condition at September 30, 1996 and 1995 for the estimated future tax effects of differences between the financial statement and federal income tax basis of assets and liabilities given the provisions of currently enacted tax laws. The net deferred tax asset (liability) at September 30, 1996 and 1995 were comprised of the following:

	1996	1995
Deferred tax assets:		
Deferred loan fees and costs	$ 53,143	$ 69,188
Allowance for loan losses	282,590	245,642
FDIC special assessment	357,681	
Deferred compensation and accrued salaries	105,913	69,301
Capital loss carryover	12,976	23,323
	812,303	407,454
Deferred tax liabilities:		
Accumulated depreciation	(6,063)	(10,207)
Special bad debt deduction	(347,550)	(283,561)
FHLB stock dividends	(276,207)	(237,385)
Unrealized gain on available-for-sale securities	(160,773)	(23,796)
	(790,593)	(554,949)
	$ 21,710	$(147,495)

No valuation allowance was recorded against deferred tax assets at September 30, 1996 or 1995.

The Bank is allowed a special bad debt deduction based on a percentage of taxable income (8%) or on specified experience formulas, subject to certain limitations based upon aggregate loan balances at the end of the year. The Bank used the percentage-of-taxable income method in 1996, 1995, and 1994. Effective with the tax year beginning October 1, 1996, the Bank will no longer be able to use the percentage of taxable income method and will begin to recapture tax bad debt reserves of approximately $910,000 over a six year period. The reserves to be recaptured consist of bad debt deductions after December 31, 1987. If the amounts deducted prior to December 31, 1987 are used for purposes other than for loan losses, such as in a distribution in liquidation or otherwise, the amounts deducted would be subject to federal income tax at the then current corporate tax rate. The Bank has recorded a deferred tax asset related to the allowance for loan losses reported for financial reporting purposes and a deferred tax liability for special bad debt deductions after December 31, 1987. The Bank, in accordance with SFAS No. 109, has not recorded a deferred tax liability of approximately $1,907,000 related to approximately $5,610,000 of cumulative special bad debt deductions prior to December 31, 1987.

12. REGULATORY MATTERS

The Bank is subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory--and possibly additional discretionary--actions by regulators that, if undertaken, could have a direct material effect on the Bank's financial statements. Under capital adequacy guidelines and the

regulatory framework for prompt corrective action, the Bank must meet specific capital guidelines that involve quantitative measures of the Bank's assets, liabilities, and certain off-balance sheet items as calculated under regulatory accounting practices. The Bank's capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors.

Quantitative measures established by regulation to ensure capital adequacy require the Bank to maintain minimum amounts and ratios (set forth in the table below) of core and tangible capital (as defined in the regulations) to assets (as defined) and core and total capital to risk weight assets (as defined). Management believes, as of September 30, 1996, that the Bank meets all capital adequacy requirements to which it is subject.

As of September 30, 1996, the most recent notification from the Office of Thrift Supervision (OTS) categorized the Bank as well capitalized under the regulatory framework for prompt corrective action. To be categorized as well capitalized the Bank must maintain minimum total risk-based, Tier I risk-based, and Tier I leverage ratios as set forth in the table. There are no conditions or events since that notification that management believes have changed the Bank's category.

The Bank's actual capital amounts (in thousands) and ratios are also presented in the following table:

	Actual		For Capital Adequacy Purposes:		To Be Well Capitalized Under Prompt Corrective Action Provisions:	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
As of September 30, 1996:						
Tangible Capital (to Assets)	$28,112	13.3%	$ 3,167	$ 1.5%	N/A	
Total (Risk-Based) Capital (to Risk Weighted Assets)	28,852	31.1%	7,433	8.0%	9,292	10.0%
Core (Tier I) Capital (to Risk Weighted Assets)	28,112	30.3%	N/A		5,575	6.0%
Core (Tier I) Capital - leverage (to Assets)	28,112	13.3%	6,335	3.0%	10,558	5.0%
As of September 30, 1995:						
Tangible Capital (to Assets)	26,400	12.7%	3,116	1.5%	N/A	
Total (Risk-Based) Capital (to Risk Weighted Assets)	27,044	35.8%	6,048	8.0%	7,561	10.0%
Core (Tier I) Capital (to Risk Weighted Assets)	26,400	34.9%	N/A		4,536	6.0%
Core (Tier I) Capital - leveraged (to Assets)	26,400	12.7%	6,233	3.0%	10,388	5.0%

12. REGULATORY MATTERS (CONTINUED)

The following is a reconciliation of net worth to regulatory capital as reported in the September 30, 1996 and 1995 reports to the Office of Thrift Supervision:

	September 30, 1996	September 30, 1995
Bank net worth per report to Office of Thrift Supervision	$ 28,112,000	$ 26,401,000
Rounding	45	(576)
Net worth as reported in accompanying financial statements (Bank only)	28,112,045	26,400,424
Adjustments to arrive at Core (Tier I) and Tangible Capital	-	-
Core (Tier I) and Tangible Capital	28,112,045	26,400,424
Adjustments to arrive at Total Capital:		
Allowable portion of general allowance for loan losses	740,000	644,000
Total Capital	$ 28,852,045	$ 27,044,424

Risk weight assets	$ 92,918,000	$ 75,606,000

</TABLE>

Effective October 1, 1996 the Bank declared a dividend payable to the Company as of October 4, 1996 in the amount of $2,500,000.

13. COMMITMENTS AND CONTINGENCIES

In the ordinary course of business, the Company has various outstanding commitments and contingent liabilities that are not reflected in the accompanying consolidated financial statements. In addition, the Company is a defendant in certain claims and legal actions arising in the ordinary course of business. In the opinion of management, after consultation with legal counsel, the ultimate disposition of these matters is not expected to have a material adverse effect on the consolidated financial condition of the Company.

14. EMPLOYEE BENEFIT PLANS

EMPLOYEE RETIREMENT PLAN:
The Bank has adopted a 401(k) defined contribution savings plan. Substantially all employees are covered under the contributory plan. Pension costs attributable to the years ended September 30, 1996, 1995 and 1994 were $26,218, $24,296 and $23,261, respectively, including all current service costs.

DEFERRED COMPENSATION AGREEMENTS:
The Bank has entered into deferred compensation agreements with certain key employees which provide for cash payments to be made after their retirement. The liabilities under the agreements have been recorded at the present values of accrued benefits using a 7% interest rate. The balance of estimated accrued benefits was $128,306 and $76,397 at September 30, 1996 and 1995, respectively.

14. EMPLOYEE BENEFIT PLANS (CONTINUED)

In connection with the deferred compensation agreements, the Bank has purchased life insurance policies on covered employees in which the Bank is the beneficiary to assist in funding benefits. At September 30, 1996 and 1995, the cash surrender values on the policies were $379,857 and $339,945, respectively.

EMPLOYEE STOCK OWNERSHIP PLAN:
Upon conversion from mutual to stock form, the Bank established an employee stock ownership plan (ESOP). The original acquisition of 136,878 shares of Company stock by the plan was funded by a loan from the Company to the ESOP, in the amount of $1,368,780. The loan, together with interest, is to be repaid over a ten year period through annual contributions by the Bank.

The Bank makes annual contributions to the ESOP equal to the ESOP's debt service less dividends received by the ESOP. All dividends received by the ESOP are used to pay debt service. The ESOP shares initially were pledged as collateral for its debt. As the debt is repaid, shares are released from the collateral and will be allocated to active employees, based on the proportion of debt service paid in the year. The Bank accounts for its ESOP shares in accordance with Statement of Position No. 93-6. Accordingly, the debt of the ESOP is recorded as debt of the Bank and the shares pledged as collateral are reported as unearned ESOP shares in the statement of financial condition. As of September 30, 1996, the balance of indebtedness from the ESOP to the Company was $994,695, which is shown as a deduction from stockholders' equity on the consolidated balance sheet. The debt, which is accounted for as a liability of the Bank and a receivable for the Company, has been eliminated in consolidation. As shares are released from collateral, the Company reports compensation expense equal to the current market price of the shares, and the shares become outstanding for earnings per share (EPS) computations. Dividends on allocated ESOP shares are recorded as a reduction of retained earnings; dividends on unallocated ESOP shares are recorded as compensation expense. ESOP compensation expense was $133,817 and $69,187 for the years ended September 30, 1996 and 1995, respectively. As of September 30, 1996, of the 134,469 shares acquired by the ESOP, 35,000 shares were allocated and 99,469 shares were unallocated. The 99,469 unallocated shares had an estimated market value of $1,628,800 at September 30, 1996.

MANAGEMENT STOCK BONUS PLAN:
In connection with the stock conversion, the Bank adopted three Management Stock Bonus Plans (collectively the MSBP), the objective of which is to

enable the Bank to retain personnel of experience and ability in key positions of responsibility. All employees of the Bank are eligible to receive benefits under the MSBP. Benefits may be granted at the sole discretion of a committee appointed by the Board of Directors. The MSBP is managed by trustees who are non-employee directors and who have the responsibility to invest all funds contributed by the Bank to the trusts created for the MSBP.

The MSBP has purchased 91,252 shares of the Company's stock for $965,224. These shares were granted in the form of restricted stock payable over a five-year period at the rate of one-fifth of such shares per year following the date of grant of the award. Compensation expense, in the amount of the fair market value of the common stock at the date of the grant to the employee, will be recognized pro rata over the five years during which the shares are payable. A recipient of such restricted stock will be entitled to all voting and other stockholder rights, except that the

shares, while restricted, may not be sold, pledged or otherwise disposed of and are required to be held in escrow. If a holder of such restricted stock terminates employment for reasons other than death, disability or retirement, the employee forfeits all rights to the allocated shares under restriction. If the participant's service terminates as a result of death, disability, retirement or a change in control of the Bank, all restrictions expire and all shares allocated become unrestricted. The Board of Directors can terminate the MSBP at any time, and if it does so, any shares not allocated will revert to the Company.

15. FINANCIAL INSTRUMENTS

The Bank is a party to financial instruments with off-balance-sheet risk in the normal course of business to meet the financial needs of its customers and to reduce its own exposure to fluctuations in interest rates. These financial instruments include commitments to extend credit and commitments to sell loans. Those instruments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the statement of financial condition. The contract or notional amounts of those instruments reflect the extent of involvement the Bank has in particular classes of financial instruments.

The Bank's exposure to credit loss in the event of non-performance by the other party to the financial instrument for loan commitments is represented by the contractual notional amount of those instruments. The Bank uses the same credit policies in making commitments as it does for on-balance-sheet instruments.

At September 30, 1996 and 1995, the Bank had outstanding commitments to fund real estate loans of $2,054,583 and $1,110,268, respectively. Of the commitments outstanding at September 30, 1996, $898,573 were for fixed rate loans at rates of 7.625% to 9.50%. Commitments for adjustable rate loans amounted to $1,156,010 with initial rates of 6.50% to 8.75% at September 30, 1996. Of the commitments outstanding at September 30, 1995, $924,268 were for fixed rate loans at rates of 7.25% to 8.75%. Commitments for adjustable rate loans outstanding at September 30, 1995 amounted to $186,000 with initial rates of 7.625% to 9.125%.

Loan commitments are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The Bank evaluates each customer's creditworthiness on a case-by-case basis. The amount of collateral obtained if deemed necessary by the Bank upon extension of credit is based on management's credit evaluation of the counter-party. Collateral held is primarily residential real estate, but may include autos, accounts receivable, inventory, property, plant and equipment.

The Bank had outstanding commitments from mortgage banking concerns to purchase $234,792 and $100,137 of loans yet to be originated at September 30, 1996 and 1995, respectively. The Bank has outstanding commitments to originate or has applications pending approval at approximately equivalent interest rates.

The Bank had no commitments to purchase mortgage-backed securities or investments at September 30, 1996 and 1995.

15. FINANCIAL INSTRUMENTS (CONTINUED)

At September 30, 1996 and 1995, loans with a carrying value of $1,890,007 and $316,991, respectively, have been classified by management as held for sale. The carrying value of these loans is at the lower of cost or market value as of September 30, 1996 and 1995.

16. SIGNIFICANT CONCENTRATIONS OF CREDIT RISK

The Bank grants mortgage, consumer and business loans primarily to customers within the state. Although the bank has a diversified loan portfolio, a substantial portion of its customers' ability to honor their contracts is dependent upon the agribusiness and energy sectors of the economy. The Bank's net investment in loans is subject to a significant concentration of credit risk given that the investment is primarily within a specific geographic area.

As of September 30, 1996, the Bank had a net investment of $129,903,235 in loans receivable. These loans possess an inherent credit risk given the uncertainty regarding the borrower's compliance with the terms of the loan agreement. To reduce credit risk, the loans are secured by varying forms of collateral, including first mortgages on real estate, liens on personal property, savings accounts, etc. It is generally Bank policy to file liens on titled property taken as collateral on loans, such as real estate and autos. In the event of default, the Bank's policy is to foreclose or repossess collateral on which it has filed liens.

In the event that any borrower completely failed to comply with the terms of the loan agreement and the related collateral proved worthless, the Bank would incur a loss equal to the loan balance.

17. RELATED PARTY TRANSACTIONS

Directors and primary officers of the company were customers of, and had transactions with, the Bank in the ordinary course of business during the two years ended September 30, 1996 and 1995, and similar transactions are expected in the future. All loans included in such transactions were made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other persons and did not involve more than normal risk of loss or present other unfavorable features.

The following analysis is of loans made to principal officers and directors which individually exceeded $60,000 in aggregate during the year ended September 30, 1996:

Balance, September 30, 1995	$ 1,182,566
New loans	1,526,419
Repayments	568,481
Balance September 30, 1996	$ 2,140,504

18. DISCLOSURES ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

Cash:
For those short-term instruments, the carrying amount is a reasonable estimate of fair value.

Time deposits in financial institutions:
The fair value of fixed maturity certificate of deposits are estimated using the rates currently offered for deposits of similar remaining maturities.

Investment securities and mortgage-backed securities:
For marketable equity securities held for investment purposes, fair values are based on quoted market prices or dealer quotes. For other securities held as investments, fair value equals quoted market price, if available. If a quoted market price is not available, fair value is estimated using quoted market prices for similar securities.

Loans receivable:
The fair value of loans is estimated by discounting the future cash flows using the current rates at which similar loans would be made to borrowers

with similar credit ratings and for the same remaining maturities.

Deposit liabilities:
The fair value of demand deposits, savings accounts, and certain money market deposits is the amount payable on demand at the reporting date. The fair value of fixed-maturity certificates of deposit are estimated using the rates currently offered for deposits of similar remaining maturities.

Advances and other borrowings from Federal Home Loan Bank:
The fair value of advances from the Federal Home Loan Bank are estimated using the rates offered for similar borrowings.

Commitments to extend credit:
The fair value of commitments is estimated using the fees currently charged to enter into similar agreements, taking into account the remaining terms of the agreements and the present creditworthiness of the counterparties. For fixed rate loan commitments, fair value also considers the difference between current levels of interest rates and the committed rates.

18. DISCLOSURES ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

The estimated fair values of the Bank's financial instruments are as follows:

<TABLE>
<CAPTION>

	September 30, 1996		September 30, 1995	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	(In Thousands)			
Financial assets:				
Cash and cash equivalents:				
<S>	<C>	<C>	<C>	<C>
Interest bearing	$ 3	$ 3	$ --	$ --
Non-interest bearing	471	471	462	462
Time deposits in other financial institutions	480	480	579	579
Investment securities held-to-maturity	29,399	29,113	34,825	34,616
Investment securitiesavailable-for-sale ...	4,138	4,138	1,693	1,693
Mortgage-backed securities held-to-maturity	45,877	45,526	68,207	68,075
Loans receivable	128,013	126,244	98,617	99,325
Loans held-for-sale	1,890	1,890	317	317
Financial liabilities:				
Deposits	143,815	143,548	144,957	144,970
Advances and other borrowings from the Federal Home Loan Bank	33,467	33,377	25,533	25,698
	Par Value	Fair Value	Par Value	Fair Value
Unrecognized Financial instruments:				
Commitments to extend credit	$ 2,055	$ 2,040	$ 1,110	$ 1,121

</TABLE>

19. STOCK CONVERSION / RESTRICTIONS ON RETAINED EARNINGS

On August 24, 1993, the Board of Directors of the Bank adopted a Plan of Conversion to convert from a federally chartered mutual savings and loan association to a federally chartered stock savings bank with the concurrent formation of Landmark Bancshares, Inc. to act as a holding company of the Bank (the "Conversion").

At the date of conversion, March 28, 1994, the Company completed the sale of 2,281,312 shares of common stock, $0.10 par value, through concurrent subscription and community offerings at $10.00 per share. Included in the total shares outstanding are 91,252 shares which were purchased by the Bank's MSBP at an average price of $10.58 per share and 136,878 shares which were purchased by the Bank's ESOP at $10.00 per share. Net proceeds from the conversion, after recognizing conversion expenses and underwriting costs of $701,411, were $22,111,709. From the net proceeds, the company used $11,055,855 to purchase all of the capital stock of the Bank, $965,224 to fund the purchase of 91,252 shares of the company stock by the MSBP (Note 14) and $1,368,780 to fund the purchase of 136,878 shares of the company stock by the ESOP (Note 14).

19. STOCK CONVERSION / RESTRICTIONS ON RETAINED EARNINGS (CONTINUED)

The Bank may not declare or pay a cash dividend to the Company if the effect would cause the net worth of the Bank to be reduced below either the amount required for the "liquidation account" or the net worth requirement imposed by the OTS. If all capital requirements continue to be met, the Bank may not declare or pay a cash dividend in an amount in excess of the Bank's net earnings for the fiscal year in which the dividend is declared plus one-half of the surplus over the capital requirements, without prior approval of the OTS.

Office of Thrift Supervision regulations require that upon conversion from mutual to stock form of ownership, a liquidation account be established by restricting a portion of net worth for the benefit of eligible savings account holders who maintain their savings accounts with the Bank after conversion. In the event of complete liquidation (and only in such event) each savings account holder who continues to maintain their savings account shall be entitled to receive a distribution from the liquidation account after payment to all creditors but before any liquidation distribution with respect to common stock. The initial liquidation account was established at $15,489,000. This account may be proportionately reduced for any subsequent reduction in the eligible holder's savings accounts.

20. STOCK OPTION PLAN

In connection with the stock conversion, the Bank's Board of Directors adopted the 1994 Stock Option Plan (the Option Plan). Pursuant to the Option Plan, 228,131 shares of common stock are reserved for issuance by the Company upon exercise of stock options granted to officers, directors and employees of the Bank from time to time under the Option Plan. The purpose of the Option Plan is to provide additional incentive to certain officers, directors and key employees by facilitating their purchase of a stock interest in the Company. The Option Plan provides for a term of ten years, after which no awards may be made, unless earlier terminated by the Board of Directors pursuant to the Option Plan.

The Option Plan will be administered by a committee of at least three non-employee directors designated by the Board of Directors (the Option Committee). The Option Committee will select the employees to whom options are to be granted and the number of shares to be granted. The option price may not be less than 100% of the fair market value of the shares on the date of the grant, and no option shall be exercisable after the expiration of ten years from the grant date. In the case of any employee who owns more than 10% of the outstanding common stock at the time the option is granted, the option price may not be less than 110% of the fair market value of the shares on the date of the grant, and the option shall not be exercisable after the expiration of five years from the grant date. The exercise price may be paid in cash, shares of the common stock, or a combination of both.

As of the date of conversion, the Option Committee granted 228,131 shares of common stock, at an exercise price of $10 per share, contingent upon stockholder approval of the Option Plan which was ratified June 22, 1994. All such options are exercisable immediately following stockholder ratification. As of September 30, 1996, no options have been exercised and all options granted remain outstanding.

21. PARENT COMPANY FINANCIAL INFORMATION

Condensed financial statements of Landmark Bancshares, Inc. (Parent Company) are shown below. The Parent Company has no significant operating activities.

CONDENSED STATEMENTS OF FINANCIAL CONDITION
AS OF SEPTEMBER 30, 1996 AND 1995
(IN THOUSANDS)

<TABLE>
<CAPTION>

	1996	1995
ASSETS		
<S>	<C>	<C>
Cash and cash equivalents	$ 666	$ 551

Time deposits in other financial institutions	95	--
Investment securities available-for-sale	2,396	206
Investment in subsidiary	12,217	10,506
Loans receivable	1,236	7,106
Other assets	54	477
Total assets	$ 16,664	$ 18,846
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities	$ 169	$ 74
Stockholders' equity:		
Common stock	228	228
Additional paid-in capital	21,944	21,893
Retained income	1,574	922
Net unrealized gain on available-for-sale securities	253	37
Unamortized amounts related to ESOP and MSBP	(1,477)	(1,807)
	22,522	21,273
Treasury stock, at cost	(6,027)	(2,501)
Total stockholders' equity	16,495	18,772
Total liabilities and stockholders' equity	$ 16,664	$ 18,846

</TABLE>

CONDENSED STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED SEPTEMBER 30, 1996 AND 1995

<TABLE>
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<S>	<C>	<C>
Equity earnings of subsidiary	$ 1,331	$ 1,587
Interest and dividend income	221	343
Net gain on sale of investments	27	123
Other	3	3
Total income	1,582	2,056
Operating expenses	129	190
Income before income taxes	1,453	1,866
Income tax expense	49	103
Net income	$ 1,404	$1,763

</TABLE>

21. PARENT COMPANY FINANCIAL INFORMATION (CONTINUED)

CONDENSED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 1996 AND 1995
(IN THOUSANDS)

	1996	1995
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 1,404	$ 1,763
Adjustments to reconcile net income to net cash provided by operating activities:		
Equity in net income of subsidiary	(1,331)	(1,587)
Gain on sale of investments	(27)	(123)
Decrease in other assets	449	32
Increase in other liabilities	71	28
Other	(137)	(24)
Net cash provided by operating activities	429	89
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment in subsidiary	--	1140
Acquisition of investment securities available-for-sale, including deposits	(2,214)	(748)
Proceeds from sale of investment securities available-for-sale	308	733
Decrease in loans to subsidiary and ESOP, net	5,837	3,463
Other loans, net	33	(275)

Net cash provided by investing activities	3,964	4,313
CASH FLOWS FROM FINANCING ACTIVITIES		
Purchase of treasury stock	(3,526)	(2,501)
Cash dividends paid	(752)	(1,603)
Net cash used by financing activities	(4,278)	(4,104)
Increase in cash and cash equivalents	115	298
Cash and cash equivalents at beginning of year	551	253
Cash and cash equivalents at end of year	$ 666	$ 551

22. RECENT DEVELOPMENTS

Deposits of the Bank are insured by the SAIF as administered by the FDIC. As a member of the SAIF, the Bank paid an insurance premium to the FDIC equal to a minimum of 0.23% of its total deposits. The FDIC also maintains another insurance fund, the Bank Insurance Fund (BIF), which primarily insures commercial bank deposits. Effective September 30, 1995, the FDIC lowered the insurance premium of BIF insured deposits to range of between 0.04% and 0.31% of deposits, with the result that most commercial banks would pay the lower rate of 0.04%. Effective January 1, 1996, the annual insurance premium for most BIF members was lowered to $2,000. These reductions in insurance premiums for BIF members placed SAIF members at a competitive disadvantage to BIF members.

22. RECENT DEVELOPMENTS (CONTINUED)

Effective September 30, 1996, federal law was revised to mandate a one-time special assessment of SAIF members such as the Bank of approximately .657% of deposits held on March 31, 1995. The Bank recorded a $937,073 pre-tax expense for this assessment at September 30, 1996. Beginning January 1, 1997, deposit insurance assessments for SAIF members are expected to be reduced to approximately .064% of deposits on an annual basis through the end of 1999. During this same period, BIF members are expected to be assessed approximately .013% of deposits. Thereafter, assessments for BIF and SAIF members should be the same and SAIF and BIF may be merged. It is expected that theses continuing assessments for both SAIF and BIF members will be used to repay outstanding Financing Corporation bond obligations. Assuming this reduction, beginning January 1, 1997, the rate of deposit insurance assessed the Bank will decline by approximately 70%.

Corporate Information

<TABLE>
<CAPTION>

<S>

Landmark Bancshares, Inc.

Central and Spruce
Dodge City, Kansas 67801
(316) 227-8111

Board of Directors

C. Duane Ross
Chairman of the Board
President, High Plains Publishers, Inc.

Larry Schugart
President and Executive Officer

David H. Snapp
Partner, Waite, Snapp & Doll, Attorneys at Law

Richard Ball
CPA/Shareholder, Adams, Brown,
Beran & Ball, Chtd.

<C>

Form 10-K
A copy of the Company's annual report on Form 10-K for fiscal year ended September 30, 1996, including financial statements schedules, as filed with the Securities and Exchange Commission, will be finished without charge to stockholders, as of the record date upon written request to: Corporate Secretary, Landmark Bancshares, Inc., Central and Spruce, Dodge City, Kansas 67801.

Annual Meeting
The annual meeting of Landmark Bancshares, Inc. will be held on January 15, 1997 at 1:30 p.m. at the offices of the Company, located at Central and Spruce, Dodge City, Kansas 67801

Independent Accountants
Regier Carr & Monroe, L.L.P.
300 West Douglas, Suite 100
Wichita, Kansas 67202

Jim W. Lewis
Owner, Auto Dealerships

Executive Officers

Larry Schugart
President and Chief Executive Officer

James F. Strovas
Treasurer and Chief Financial Officer

Gary L. Watkins
Secretary and Chief Operating Officer

Special Counsel
Malizia, Spidi, Sloane and Fisch, P.C.
1301 K. Street, N.W., Suite 700 East
Washington, D.C. 20005

Stock Transfer Agent
American Securities Transfer & Trust, Inc.
1825 Lawrence Street, Suite 444
Denver, Colorado 80201

</TABLE>

INDEPENDENT AUDITOR'S CONSENT

We consent to the incorporation by reference in Registration Statement No. 33-95072 of Landmark Bancshares, Inc. on Form S-8 of our report dated October 24, 1996 incorporated by reference in this Annual Report on Form 10-K of Landmark Bancshares, Inc. for the year ended September 30, 1996.

/s/ Regier Carr & Monroe, L.L.P.
Regier Carr & Monroe, L.L.P.

December 27, 1996
Wichita, Kansas

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