

LANDMARK BANCORP INC
Form 10-Q
August 08, 2018

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934**

For the quarterly period ended June 30, 2018

OR

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934**

For the transition period from _____ to _____

Commission File Number 0-33203

LANDMARK BANCORP, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

43-1930755

(I.R.S. Employer Identification Number)

701 Poyntz Avenue, Manhattan, Kansas 66502

(Address of principal executive offices) (Zip code)

(785) 565-2000

(Registrant's telephone number, including area code)

Indicate by check mark whether the 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 the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer (Do not check if a smaller reporting company)

Smaller reporting company Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes
[] No [X]

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of the latest practicable date: as of August 7, 2018, the issuer had outstanding 4,162,779 shares of its common stock, \$0.01 par value per share.

LANDMARK BANCORP, INC.

Form 10-Q Quarterly Report

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PART I – FINANCIAL INFORMATION**ITEM 1. FINANCIAL STATEMENTS****LANDMARK BANCORP, INC. AND SUBSIDIARY****CONSOLIDATED BALANCE SHEETS**

<i>(Dollars in thousands, except per share amounts)</i>	June 30, 2018 (Unaudited)	December 31, 2017
Assets		
Cash and cash equivalents	\$ 19,883	\$ 16,584
Investment securities available-for-sale, at fair value	398,137	387,983
Bank stocks, at cost	6,034	5,423
Loans, net of allowance for loans losses of \$5,835 at June 30, 2018 and \$5,459 at December 31, 2017	461,396	433,743
Loans held for sale, at fair value	11,764	6,535
Premises and equipment, net	21,381	20,824
Bank owned life insurance	24,019	23,698
Goodwill	17,532	17,532
Other intangible assets, net	3,358	3,659
Real estate owned, net	452	436
Accrued interest and other assets	14,224	13,037
Total assets	\$ 978,180	\$ 929,454
Liabilities and Stockholders' Equity		
Liabilities:		
Deposits:		
Non-interest-bearing demand	\$ 172,103	\$ 160,496
Money market and checking	373,843	388,311
Savings	96,160	93,474
Time	123,185	123,277
Total deposits	765,291	765,558
Federal Home Loan Bank borrowings	85,600	31,600
Subordinated debentures	21,584	21,484
Other borrowings	8,417	13,509
Accrued interest, taxes, and other liabilities	10,873	9,681
Total liabilities	891,765	841,832
Commitments and contingencies		

Stockholders' equity:		
Preferred stock, \$0.01 par value per share, 200,000 shares authorized; none issued	-	-
Common stock, \$0.01 par value per share, 7,500,000 shares authorized; 4,147,946 and 4,081,659 shares issued and outstanding at June 30, 2018 and December 31, 2017, respectively	41	41
Additional paid-in capital	58,356	57,772
Retained earnings	33,514	30,214
Accumulated other comprehensive loss	(5,496) (405)
Total stockholders' equity	86,415	87,622
Total liabilities and stockholders' equity	\$978,180	\$929,454

See accompanying notes to consolidated financial statements.

LANDMARK BANCORP, INC. AND SUBSIDIARY**CONSOLIDATED STATEMENTS OF EARNINGS****(Unaudited)**

	Three months ended		Six months ended	
(Dollars in thousands, except per share amounts)	June 30, 2018	2017	June 30, 2018	2017
Interest income:				
Loans:				
Taxable	\$5,709	\$5,246	\$11,059	\$10,265
Tax-exempt	35	34	64	69
Investment securities:				
Taxable	1,305	1,202	2,502	2,394
Tax-exempt	1,034	974	2,059	1,916
Total interest income	8,083	7,456	15,684	14,644
Interest expense:				
Deposits	631	394	1,172	732
Borrowings	616	486	1,082	968
Total interest expense	1,247	880	2,254	1,700
Net interest income	6,836	6,576	13,430	12,944
Provision for loan losses	250	100	450	150
Net interest income after provision for loan losses	6,586	6,476	12,980	12,794
Non-interest income:				
Fees and service charges	1,808	1,917	3,564	3,632
Gains on sales of loans, net	1,468	1,692	2,629	3,081
Bank owned life insurance	162	119	321	236
Gains on sales of investment securities, net	-	177	35	324
Other	815	296	1,105	569
Total non-interest income	4,253	4,201	7,654	7,842
Non-interest expense:				
Compensation and benefits	3,966	3,918	7,755	7,675
Occupancy and equipment	1,072	1,097	2,150	2,121
Amortization of intangibles	283	328	560	626
Data processing	376	337	741	667
Professional fees	430	476	818	766
Advertising	165	166	332	332
Federal deposit insurance premiums	72	73	144	145
Foreclosure and real estate owned expense	12	49	25	101
Other	1,190	1,108	2,481	2,180
Total non-interest expense	7,566	7,552	15,006	14,613
Earnings before income taxes	3,273	3,125	5,628	6,023
Income tax expense	428	742	684	1,435

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Net earnings	\$2,845	\$2,383	\$4,944	\$4,588
Earnings per share:				
Basic (1)	\$0.69	\$0.59	\$1.20	\$1.13
Diluted (1)	\$0.68	\$0.58	\$1.19	\$1.11
Dividends per share (1)	\$0.20	\$0.19	\$0.40	\$0.38

(1) Per share amounts for the periods ended June 30, 2017 have been adjusted to give effect to the 5% stock dividend paid during December 2017.

See accompanying notes to consolidated financial statements.

LANDMARK BANCORP, INC. AND SUBSIDIARY**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME/(LOSS)****(Unaudited)**

(Dollars in thousands)	Three months ended		Six months ended	
	June 30, 2018	2017	June 30, 2018	2017
Net earnings	\$2,845	\$2,383	\$4,944	\$4,588
Net unrealized holding (losses) gains on available-for-sale securities	(323)	4,497	(6,699)	5,019
Reclassification adjustment for net gains included in earnings	-	(177)	(35)	(324)
Net unrealized (losses) gains	(323)	4,320	(6,734)	4,695
Income tax effect on net gains included in earnings	-	65	9	120
Income tax effect on net unrealized holding losses (gains)	79	(1,670)	1,641	(1,871)
Other comprehensive (loss) income	(244)	2,715	(5,084)	2,944
Total comprehensive income (loss)	\$2,601	\$5,098	\$(140)	\$7,532

See accompanying notes to consolidated financial statements.