SAUL CENTERS INC
Form 4
August 22, 2016

FORM 4

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL

OMB Number:	3235-0287
Expires:	January 31, 2005
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(Print or Type Responses)

1. Name and Address of Reporting Person *
SCHNEIDER SCOTT V

(Last) (First) (Middle)

7501 WISCONSIN AVENUE, 15TH FLOOR

(Street)

BETHESDA, MD 20814

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
SAUL CENTERS INC [BFS]

3. Date of Earliest Transaction (Month/Day/Year)
08/18/2016

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

_____ Director _____ 10% Owner
__X__ Officer (give title below) _____ Other (specify below)
Sr. Vice President-CFO

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Shares								558.72 (1)	I	Daughter
Common Shares								545.66 (2)	I	Daughter-2
Series C Preferred Stock								3,000	D	
Common Shares								8,607.64	I (3)	401K
Common Shares	08/18/2016		M		4,200	A	$ 41.82	12,598.3	D	

Common Shares	08/18/2016		S		4,200	D	$ 65.5	8,398.3	D
Common Shares	08/22/2016		M		1,800	A	$ 41.82	10,198.3	D
Common Shares	08/22/2016		S		1,800	D	$ 65.59	8,398.3	D
Common Shares	08/22/2016		M		1,000	A	$ 41.82	9,398.3	D

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount o Underlying Securities (Instr. 3 and 4)	
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amoun or Numbe of Shar
Employee Stock Option	$ 41.82	08/18/2016		M			4,200	05/13/2011 (4)	05/13/2021	Common Stock	4,200
Employee Stock Option	$ 41.82	08/22/2016		M			1,800	05/13/2011 (4)	05/13/2021	Common Stock	1,800
Employee Stock Option	$ 41.82	08/22/2016		M			1,000	05/13/2011 (4)	05/13/2021	Common Stock	1,000
Employee Stock Option	$ 39.29							05/04/2012 (4)	05/04/2022	Common Stock	15,00
Employee Stock Option	$ 44.42							05/10/2013 (4)	05/10/2023	Common Stock	20,00
Employee	$ 47.03							05/09/2014 (4)	05/09/2024	Common	20,00

Stock Option				Stock	
Employee Stock Option	$ 51.07	05/08/2015(4)	05/08/2025	Common Stock	20,00
Employee Stock Option	$ 57.74	05/06/2016(4)	05/06/2026	Common Stock	20,00

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
SCHNEIDER SCOTT V 7501 WISCONSIN AVENUE 15TH FLOOR BETHESDA, MD 20814			Sr. Vice President-CFO	

Signatures

Scott V. Schneider	08/22/2016
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) Balance increased by July 29, 2016 Dividend Reinvestment Plan award of 3.972 shares.

(2) Balance increased by July 29, 2016 Dividend Reinvestment Plan award of 3.879 shares.

(3) Effective April 1, 2009, shares formerly held by the B.F. Saul Company Employees' Profit Sharing Reinvestment Trust were distributed to the individual 401(k) plan accounts of participants. The number of shares reported represents the reporting person's beneficial ownership interest in the Saul Centers stock fund of the 401(k) plan.

(4) The options vest 25% per year over four years from the date of grant.

Remarks:

The reporting person no longer has a reportable beneficial interest in 1,004.442 shares of common stock held by 2 sons and inc

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. " NOWRAP STYLE="text-align: center; border-bottom: Black 1pt solid">2013 2012 Sales proceeds $8,265 $6,348 $27,385 Realized gains $125 $- $795 Realized losses (26) - (309)Net realized gains $99 $- $486

Securities with carrying values of $212.9 million and $171.2 million were pledged to secure public funds on deposit, repurchase agreements and as collateral for borrowings at December 31, 2014 and 2013, respectively. Except for U.S. federal agency obligations, no investment in a single issuer exceeded 10% of consolidated stockholders’ equity.

(5) Bank Stocks

Other investment securities primarily consist of restricted investments in FHLB and Federal Reserve Bank (“FRB”) stock. The carrying value of the FHLB stock at December 31, 2014 was $2.0 million compared to $3.2 million at December 31, 2013. The carrying value of the FRB stock was $1.9 million at both December 31, 2014 and 2013. These securities are not readily marketable and are required for regulatory purposes and borrowing availability. Since there are no available market values, these securities are carried at cost. Redemption of these investments at par value is at the option of the FHLB or FRB. Also included in other investment securities are other miscellaneous investments in the common stock of various correspondent banks which are held for borrowing purposes and totaled $111,000 at December 31, 2014 and 2013.

(6) Loans and Allowance for Loan Losses

Loans consist of the following:

(Dollars in thousands)	As of December 31, 2014	2013
One-to-four family residential real estate loans	$127,555	$125,087
Construction and land loans	21,950	23,776
Commercial real estate loans	118,411	119,390
Commercial loans	59,971	61,383
Agriculture loans	64,316	62,287
Municipal loans	8,982	8,846
Consumer loans	20,044	18,600
Total gross loans	421,229	419,369
Net deferred loan costs and loans in process	281	187
Allowance for loan losses	(5,320)	(5,540)
Loans, net	$416,190	$414,016

The following tables provide information on the Company's allowance for loan losses by loan class and allowance methodology:

(Dollars in thousands)	Year ended December 31, 2014 One-to-four family residential real estate loans	Construction and land loans	Commercial real estate loans	Commercial loans	Agriculture loans	Municipal loans	Consumer loans	Total
Allowance for loan losses:								
Balance at January 1, 2014	$732	$1,343	$1,970	$769	$545	$47	$134	$5,540
Charge-offs	(29)	-	-	(783)	-	-	(237)	(1,049)
Recoveries	12	166	4	2	-	-	45	229
Provision for loan losses	40	(747)	(142)	848	370	4	227	600
Balance at December 31, 2014	755	762	1,832	836	915	51	169	5,320

Allowance for loan losses:								
Individually evaluated for loss	287	-	17	28	5	-	12	349
Collectively evaluated for loss	468	762	1,815	808	910	51	157	4,971
Total	755	762	1,832	836	915	51	169	5,320
Loan balances:								
Individually evaluated for loss	1,589	4,805	2,880	371	285	706	67	10,703
Collectively evaluated for loss	125,966	17,145	115,531	59,600	64,031	8,276	19,977	410,526
Total	$ 127,555	$ 21,950	$ 118,411	$ 59,971	$ 64,316	$ 8,982	$ 20,044	$ 421,229

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	Year ended December 31, 2013 One-to-four family residential real estate loans	Construction and land loans	Commercial real estate loans	Commercial loans	Agriculture loans	Municipal loans	Consumer loans	Total
Allowance for loan losses:								
Balance at January 1, 2013	$714	$ 1,214	$ 1,313	$ 707	$ 367	$ 107	$ 159	$4,581
Charge-offs	(93)	(53)	(11)	(200)	-	(65)	(194)	(616)
Recoveries	202	523	-	20	-	-	30	775
Provision for loan losses	(91)	(341)	668	242	178	5	139	800
Balance at December 31, 2013	732	1,343	1,970	769	545	47	134	5,540
Allowance for loan losses:								
Individually evaluated for loss	82	234	140	488	-	-	7	951
Collectively evaluated for loss	650	1,109	1,830	281	545	47	127	4,589
Total	732	1,343	1,970	769	545	47	134	5,540
Loan balances:								
Individually evaluated for loss	782	8,160	2,936	4,148	-	706	24	16,756
Collectively evaluated for loss	124,305	15,616	116,454	57,235	62,287	8,140	18,576	402,613
Total	$125,087	$ 23,776	$ 119,390	$ 61,383	$ 62,287	$ 8,846	$ 18,600	$419,369

	Year ended December 31, 2012 One-to-four family residential real estate loans	Construction and land loans	Commercial real estate loans	Commercial loans	Agriculture loans	Municipal loans	Consumer loans	Total
Allowance for loan losses:								
Balance at January 1, 2012	$560	$ 928	$ 1,791	$ 745	$ 433	$ 130	$ 120	$4,707
Charge-offs	(70)	(1,749)	-	(70)	-	-	(238)	(2,127)
Recoveries	20	4	-	12	39	-	26	101
	204	2,031	(478)	20	(105)	(23)	251	1,900

Provision for loan losses								
Balance at December 31, 2012	714	1,214	1,313	707	367	107	159	4,581
Allowance for loan losses:								
Individually evaluated for loss	165	388	-	268	-	65	15	901
Collectively evaluated for loss	549	826	1,313	439	367	42	144	3,680
Total	714	1,214	1,313	707	367	107	159	4,581
Loan balances:								
Individually evaluated for loss	739	8,752	2,833	1,475	5	772	18	14,594
Collectively evaluated for loss	87,715	14,683	85,957	63,095	31,930	9,085	13,399	305,864
Total	$ 88,454	$ 23,435	$ 88,790	$ 64,570	$ 31,935	$ 9,857	$ 13,417	$ 320,458

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The Company's impaired loans decreased from $16.8 million at December 31, 2013 to $10.7 million at December 31, 2014. The difference between the unpaid contractual principal and the impaired loan balance is a result of charge-offs recorded against impaired loans. The difference in the Company's non-accrual loan balances and impaired loan balances at December 31, 2014 and December 31, 2013, was related to TDRs that are current and accruing interest, but still classified as impaired. Interest income recognized on a cash basis was immaterial during the years 2014, 2013, and 2012. The following tables present information on impaired loans:

	As of December 31, 2014						
(Dollars in thousands)	Unpaid contractual principal	Impaired loan balance	Impaired loans without an allowance	Impaired loans with an allowance	Related allowance recorded	Year-to-date average loan balance	Year-to-date interest income recognized
One-to-four family residential real estate loans	$1,589	$ 1,589	$ 167	$ 1,422	$ 287	$ 1,611	$ -
Construction and land loans	6,540	4,805	4,805	-	-	6,366	235
Commercial real estate loans	2,880	2,880	2,833	47	17	3,009	24
Commercial loans	371	371	137	234	28	393	10
Agriculture loans	285	285	146	139	5	294	-
Municipal loans	772	706	706	-	-	772	19
Consumer loans	67	67	25	42	12	75	-
Total impaired loans	$12,504	$ 10,703	$ 8,819	$ 1,884	$ 349	$ 12,520	$ 288

	As of December 31, 2013						
	Unpaid contractual principal	Impaired loan balance	Impaired loans without an allowance	Impaired loans with an allowance	Related allowance recorded	Year-to-date average loan balance	Year-to-date interest income recognized
One-to-four family residential real estate loans	$782	$ 782	$ 326	$ 456	$ 82	$ 800	$ -
Construction and land loans	9,895	8,160	6,098	2,062	234	8,383	279
Commercial real estate loans	2,936	2,936	278	2,658	140	3,046	18
Commercial loans	4,148	4,148	154	3,994	488	192	-
Municipal loans	772	706	706	-	-	772	20
Consumer loans	24	24	6	18	7	26	-
Total impaired loans	$18,557	$ 16,756	$ 7,568	$ 9,188	$ 951	$ 13,219	$ 317

The Company’s key credit quality indicator is a loan’s performance status, defined as accruing or non-accruing. Performing loans are considered to have a lower risk of loss. Non-accrual loans are those which the Company believes have a higher risk of loss. The accrual of interest on non-performing loans is discontinued at the time the loan is ninety days delinquent, unless the credit is well secured and in process of collection. Loans are placed on non-accrual or are charged off at an earlier date if collection of principal or interest is considered doubtful. There were no loans ninety days delinquent and accruing interest at December 31, 2014 or December 31, 2013. The following tables present information on the Company’s past due and non-accrual loans by loan class:

	As of December 31, 2014						
(Dollars in thousands)	30-59 days delinquent and accruing	60-89 days delinquent and accruing	90 days or more delinquent and accruing	Total past due loans accruing	Non-accrual loans	Total past due and non-accrual loans	Total loans not past due
One-to-four family residential real estate loans	$127	$ 50	$ -	$ 177	$ 1,585	$ 1,762	$125,793
Construction and land loans	163	-	-	163	1,322	1,485	20,465
Commercial real estate loans	-	-	-	-	2,488	2,488	115,923
Commercial loans	34	-	-	34	234	268	59,703
Agriculture loans	510	1	-	511	285	796	63,520
Municipal loans	-	-	-	-	65	65	8,917
Consumer loans	128	65	-	193	67	260	19,784
Total	$962	$ 116	$ -	$ 1,078	$ 6,046	$ 7,124	$414,105
Percent of gross loans	0.23%	0.03 %	0.00 %	0.26 %	1.44 %	1.69 %	98.31 %

	As of December 31, 2013						
	30-59 days delinquent and accruing	60-89 days delinquent and accruing	90 days or more delinquent and accruing	Total past due loans accruing	Non-accrual loans	Total past due and non-accrual loans	Total loans not past due
One-to-four family residential real estate loans	$311	$ 793	$ -	$ 1,104	$ 776	$ 1,880	$123,207
Construction and land loans	18	-	-	18	2,165	2,183	21,593
Commercial real estate loans	-	9	-	9	2,658	2,667	116,723
Commercial loans	187	-	-	187	4,148	4,335	57,048
Agriculture loans	23	-	-	23	-	23	62,264
Municipal loans	-	-	-	-	65	65	8,781
Consumer loans	85	11	-	96	24	120	18,480
Total	$624	$ 813	$ -	$ 1,437	$ 9,836	$ 11,273	$408,096
Percent of gross loans	0.15%	0.19 %	0.00 %	0.34 %	2.35 %	2.69 %	97.31 %

Under the original terms of the Company’s non-accrual loans, interest earned on such loans for the years 2014, 2013 and 2012, would have increased interest income by $525,000, $511,000 and $164,000, respectively. No interest income related to non-accrual loans was included in interest income for the years ended December 31, 2014, 2013 and 2012.

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The Company also categorizes loans into risk categories based on relevant information about the ability of the borrowers to service their debt such as current financial information, historical payment experience, credit documentation, public information and current economic trends, among other factors. The Company analyzes loans individually by classifying the loans as to credit risk. This analysis is performed on a quarterly basis. Nonclassified loans generally include those loans that are expected to be repaid in accordance with contractual loan terms. Classified loans are those that are assigned a special mention, substandard or doubtful risk rating using the following definitions:

Special Mention: Loans are currently protected by the current net worth and paying capacity of the obligor or of the collateral pledged but potentially weak. These loans constitute an undue and unwarranted credit risk, but not to the point of justifying a classification of substandard. The credit risk may be relatively minor, yet constitutes an unwarranted risk in light of the circumstances surrounding a specific asset.

Substandard: Loans are inadequately protected by the current net worth and paying capacity of the obligor or of the collateral pledged. Loans have a well-defined weakness or weaknesses that jeopardize the liquidation of the debt. Loans are characterized by the distinct possibility that the Company will sustain some loss if the deficiencies are not corrected.

Doubtful: Loans classified doubtful have all the weaknesses inherent in those classified as substandard, with the added characteristic that weaknesses make collection or liquidation in full, on the basis of currently existing facts, conditions and values, highly questionable and improbable.

The following table provides information on the Company’s risk categories by loan class:

	As of December 31, 2014		As of December 31, 2013	
(Dollars in thousands)	Nonclassified	Classified	Nonclassified	Classified
One-to-four family residential real estate loans	$ 123,823	$ 3,732	$ 121,949	$ 3,138
Construction and land loans	18,815	3,135	17,545	6,231
Commercial real estate loans	111,428	6,983	114,610	4,780
Commercial loans	57,122	2,849	51,436	9,947
Agriculture loans	63,101	1,215	60,624	1,663
Municipal loans	8,894	88	8,758	88
Consumer loans	19,977	67	18,107	493
Total	$ 403,160	$ 18,069	$ 393,029	$ 26,340

At December 31, 2014, the Company had ten loan relationships consisting of fifteen outstanding loans that were classified as TDRs compared to seven relationships consisting of eleven outstanding loans at December 31, 2013.

During 2014, the Company classified a $128,000 commercial real estate loan, a $146,000 agriculture loan, and two commercial loans totaling $59,000 and $78,000, as TDRs after modifying the amortization schedule of the loans to align with the borrowers' cash flows. Since the loans were adequately secured, no impairment was recorded against the principal as of December 31, 2014.

During 2013, the Company classified a $278,000 commercial real estate loan as a TDR after modifying the loan payments to interest only in order to allow the borrower additional time to liquidate the properties securing the loan. Since the loan was adequately secured, no impairment was recorded against the principal as of December 31, 2013.

The Company evaluates each TDR individually and returns the loan to accrual status when a payment history is established after the restructuring and future payments are reasonably assured. There were no loans as of December 31, 2014 that had been modified as TDRs and then subsequently defaulted during the years ended December 31, 2014 and 2013. At December 31, 2014, there were no commitments to lend additional funds to any loans classified as a TDR. As of December 31, 2014, the Company had no allowance recorded against loans classified as TDRs compared to $234,000 recorded at December 31, 2013.

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The following table presents information on loans that were classified as TDRs:

(Dollars in thousands)	As of December 31, 2014			As of December 31, 2013		
	Number of loans	Non-accrual balance	Accruing balance	Number of loans	Non-accrual balance	Accruing balance
One-to-four family residential real estate loans	1	$ -	$ 4	1	$ -	$ 6
Construction and land loans	7	613	3,483	7	627	5,995
Commercial real estate loans	2	-	392	1	-	278
Commerical loans	2	-	137	-	-	-
Agriculture	1	146	-	-	-	-
Municipal loans	2	-	641	2	-	641
Total troubled debt restructurings	15	$ 759	$ 4,657	11	$ 627	$ 6,920

The Company had loans to directors and officers, and to affiliated parties, at December 31, 2014 and 2013. A summary of such loans is as follows:

(Dollars in thousands)	
Balance at December 31, 2013	$13,409
New loans	4,160
Repayments	(7,259)
Balance at December 31, 2014	$10,310

(7) Loan Commitments

The Company is a party to financial instruments with off-balance sheet risk in the normal course of business to meet customers' financing needs. These financial instruments consist principally of commitments to extend credit. The Company uses the same credit policies in making commitments and conditional obligations as it does for on-balance sheet instruments. The Company's exposure to credit loss in the event of nonperformance by the other party is represented by the contractual amount of those instruments. In the normal course of business, there are various commitments and contingent liabilities, such as commitments to extend credit, letters of credit, and lines of credit, the balance of which are not recorded in the accompanying consolidated financial statements. The Company generally requires collateral or other security on unfunded loan commitments and irrevocable letters of credit. Unfunded commitments to extend credit, excluding standby letters of credit, aggregated to $60.6 million and $69.1 million at December 31, 2014 and 2013, respectively, and are generally at variable interest rates. Standby letters of credit totaled $965,000 and $1.6 million at December 31, 2014 and 2013, respectively.

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(8) Goodwill and Intangible Assets

The Company performed its annual step one impairment test as of December 31, 2014. The fair value of the Company's single reporting unit was compared to the carrying value of the single reporting unit at the measurement date to determine if any impairment existed. Based on the results of the December 31, 2014 step one impairment test, the Company concluded its goodwill was not impaired.

Core deposit intangibles with a gross carrying amount of $4.4 million as of December 31, 2014 were the result of acquisitions prior to 2013. On November 1, 2013, the Company's subsidiary, Landmark National Bank, assumed approximately $181.9 million in deposits in connection with the acquisition of Citizens Bank. The Company recorded a $1.7 million core deposit intangible asset in connection with the acquisition. The Company also recorded a lease intangible asset of $350,000 relating to the leased portion of an acquired branch. Lease intangible assets are amortized over the life of the lease. Core deposit intangible assets are amortized over the estimated useful life of ten years on an accelerated basis. A summary of the other intangible assets that continue to be subject to amortization is as follows:

(Dollars in thousands)	As of December 31, 2014 Gross carrying amount	Accumulated amortization	Net carrying amount
Core deposit intangible assets	$6,078	$ (4,483)	$ 1,595
Lease intangible asset	350	(52)	298
Mortgage servicing rights	4,458	(1,981)	2,477
Total other intangible assets	$10,886	$ (6,516)	$ 4,370

	As of December 31, 2013 Gross carrying amount	Accumulated amortization	Net carrying amount
Core deposit intangible assets	$6,684	$ (4,592)	$ 2,092
Lease intangible asset	350	(8)	342
Mortgage servicing rights	3,866	(1,489)	2,377
Total other intangible assets	$10,900	$ (6,089)	$ 4,811

The following sets forth estimated amortization expense for core deposit and lease intangible assets for the years ending December 31:

(Dollars in thousands)	Amortization expense
2015	$ 429
2016	327

2017	289
2018	252
2019	214
Thereafter	382
Total	$ 1,893

Mortgage loans serviced for others are not reported as assets. The following table provides information on the principal balances of mortgage loans serviced for others:

	As of December 31,	
(Dollars in thousands)	2014	2013
FHLMC	$361,353	$316,356
FHLB	18,572	21,904

Custodial escrow balances maintained in connection with serviced loans were $3.2 million and $2.7 million at December 31, 2014 and 2013, respectively. Gross service fee income related to such loans was $939,000, $682,000 and $550,000 for the years ended December 31, 2014, 2013 and 2012, respectively, and is included in fees and service charges in the consolidated statements of earnings.

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Activity for mortgage servicing rights and the related valuation allowance follows:

	As of December 31,	
(Dollars in thousands)	2014	2013
Mortgage servicing rights:		
Balance at beginning of year	$ 2,377	$ 1,679
Additions	846	1,113
Amortization	(746)	(627)
Change in valuation allowance	-	212
Balance at end of year	$ 2,477	$ 2,377
Valuation allowance:		
Balance at beginning of year	$ -	$ (212)
Reductions credited to amortization	-	212
Balance at end of year	$ -	$ -

The fair value of mortgage servicing rights was $3.6 million and $3.5 million at December 31, 2014 and 2013, respectively. Fair value at December 31, 2014 was determined using discount rates ranging from 9.50% to 9.52%, prepayment speeds ranging from 5.05% to 12.04%, depending on the stratification of the specific mortgage servicing right, and a weighted average default rate of 2.25%. Fair value at December 31, 2013 was determined using discount rates ranging from 10.00% to 10.03%; prepayment speeds ranging from 3.86% to 10.83%, depending on the stratification of the specific mortgage servicing right; and a weighted average default rate of 2.11%.

The Company had a mortgage repurchase reserve of $427,000 and $468,000 at December 31, 2014 and December 31, 2013, respectively, which represents the Company's best estimate of probable losses that the Company will incur related to the repurchase of one-to-four family residential real estate loans previously sold or to reimburse investors for credit losses incurred on loans previously sold where a breach of the contractual representations and warranties occurred. The Company charged $46,000 of losses against the mortgage repurchase reserve and recorded a $5,000 provision to the reserve during 2014. The Company did not incur any losses charged against the reserve or make any provisions to the reserve during 2013. As of December 31, 2014, the Company did not have any outstanding mortgage repurchase requests.

(9) Premises and Equipment

Premises and equipment consisted of the following:

	Estimated	As of December 31,

(Dollars in thousands)	useful lives	2014	2013
Land	Indefinite	$6,259	$6,056
Office buildings and improvements	10 - 50 years	17,686	17,734
Furniture and equipment	3 - 15 years	9,047	8,124
Automobiles	2 - 5 years	472	492
Total premises and equipment		33,464	32,406
Accumulated depreciation		(12,510)	(11,772)
Total premises and equipment, net		$20,954	$20,634

Depreciation expense for the years ended December 31, 2014, 2013 and 2012 was $1.1 million, $960,000, and $953,000, respectively and was included in occupancy and equipment on the consolidated statements of earnings.

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(10) Deposits

The following table presents the maturities of certificates of deposit at December 31, 2014:

(Dollars in thousands)	
Year	Amount
2015	$ 112,270
2016	31,586
2017	16,775
2018	5,274
2019	3,151
Thereafter	3
Total	$ 169,059

The aggregate amount of time deposits in denominations of $250,000 or more at December 31, 2014 and 2013 was $21.7 million and $20.0 million, respectively.

The components of interest expense associated with deposits are as follows:

	Years ended December 31,		
(Dollars in thousands)	2014	2013	2012
Time deposits	$ 930	$ 1,172	$ 1,807
Money market and checking	282	188	313
Savings	23	17	29
Total	$ 1,235	$ 1,377	$ 2,149

(11) Federal Home Loan Bank Borrowings

Term advances from the FHLB totaled $35.7 million at both December 31, 2014 and 2013. Maturities of such borrowings at December 31, 2014 and 2013 are summarized as follows:

(Dollars in thousands)	As of December 31,	
	2014	2013

Year	Amount	Weighted average rates		Amount	Weighted average rates	
2017	$10,000	3.64	%	$10,000	3.64	%
2018	25,653	3.39	%	25,689	3.39	%
Total	$35,653			$35,689		

All of the Bank’s term advances with the FHLB have fixed rates and prepayment penalties. Additionally, the Bank also has a line of credit, renewable annually each September, with the FHLB under which there were $7.6 million of borrowings at December 31, 2014 compared to no borrowings as of December 31, 2013. Interest on any outstanding balance on the line of credit accrues at the federal funds rate plus 0.15% (0.25% at December 31, 2014).

Although no loans are specifically pledged, the FHLB requires the Bank to maintain eligible collateral (qualifying loans and investment securities) that has a lending value at least equal to its required collateral. At December 31, 2014 and 2013, there was a blanket pledge of loans and securities totaling $73.0 million and $50.2 million, respectively. At December 31, 2014 and 2013, the Bank’s total borrowing capacity with the FHLB was approximately $73.0 million and $50.2 million, respectively. At December 31, 2014 and 2013, the Bank’s available borrowing capacity was $27.7 million and $12.5 million, respectively. The available borrowing capacity with the FHLB is collateral based, and the Bank’s ability to borrow is subject to maintaining collateral that meets the eligibility requirements. The borrowing capacity is not committed and is subject to FHLB credit requirements and policies. In addition, the Bank must maintain a restricted investment in FHLB stock to maintain access to borrowings.

(12) Subordinated Debentures

In 2003, the Company issued $8.2 million of subordinated debentures. These debentures, which are due in 2034 and are currently redeemable, were issued to a wholly owned grantor trust (the "Trust") formed to issue preferred securities representing undivided beneficial interests in the assets of the Trust. The Trust then invested the gross proceeds of such preferred securities in the debentures. The Trust's preferred securities and the subordinated debentures require quarterly interest payments and have variable rates, adjustable quarterly. Interest accrues at LIBOR plus 2.85%. The interest rate at December 31, 2014 and 2013 was 3.08% and 3.09%, respectively.

In 2005, the Company issued an additional $8.2 million of subordinated debentures. These debentures, which are due in 2036 and are currently redeemable, were issued to a wholly owned grantor trust ("Trust II") formed to issue preferred securities representing undivided beneficial interests in the assets of Trust II. Trust II then invested the gross proceeds of such preferred securities in the debentures. Trust II's preferred securities and the subordinated debentures require quarterly interest payments and have variable rates, adjustable quarterly. Interest accrues at LIBOR plus 1.34%. The interest rate at December 31, 2014 and 2013 was 1.58%.

In 2013, the Company assumed an additional $5.2 million of subordinated debentures from First Capital as part of the Bank's acquisition of Citizens Bank. These debentures, which are due in 2036 and are currently redeemable, were issued by First Capital to a wholly owned grantor trust, First Capital (KS) Statutory Trust ("Trust III") formed to issue preferred securities representing undivided beneficial interests in the assets of Trust III. Trust III's preferred securities and the subordinated debentures require quarterly interest payments and have variable rates, adjustable quarterly. Interest accrues at LIBOR plus 1.62%. The interest rate at December 31, 2014 and 2013 was 1.87%. Including the purchase accounting accretion, the effective interest rate was 5.75% at both December 31, 2014 and 2013.

While these trusts are accounted for as unconsolidated equity investments, a portion of the trust preferred securities issued by the trusts qualifies as Tier 1 Capital for regulatory purposes.

(13) Other Borrowings

The Company has a $7.5 million line of credit from an unrelated financial institution maturing on November 1, 2015, with an interest rate that adjusts daily based on the prime rate plus 0.25%, and a floor of 3.75%. This line of credit has covenants specific to capital and other financial ratios, which the Company was in compliance with at December 31, 2014. As of December 31, 2014, the Company had an outstanding balance of $1.1 million on the line of credit. The Company did not have an outstanding balance on the line of credit at December 31, 2013.

At December 31, 2014 and 2013, the Bank had no borrowings through the Federal Reserve discount window, while the borrowing capacity was $21.0 million and $14.8 million, respectively. The Bank also has various other federal funds agreements, both secured and unsecured, with correspondent banks totaling approximately $50.0 million. As of December 31, 2014 and 2013, there were no borrowings through these correspondent bank federal funds agreements.

Repurchase agreements are comprised of non-insured customer funds, totaling $11.3 million at December 31, 2014 and $12.4 million at December 31, 2013 which are secured by $17.8 million and $20.5 million of the Bank’s investment portfolio at the same dates, respectively.

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Securities sold under agreements to repurchase are financing arrangements that mature daily. At maturity, the securities underlying the agreements are returned to the Company. Information concerning securities sold under agreements to repurchase is summarized as follows:

	Years ended December 31,	
(Dollars in thousands)	2014	2013
Average daily balance during the year	$13,497	$8,134
Average interest rate during the year	0.13 %	0.21 %
Maximum month-end balance during the year	$15,128	$13,541
Weighted average interest rate at year-end	0.14 %	0.13 %

(14) Income Taxes

Income tax expense attributable to income from operations consisted of:

	Years ended December 31,		
(Dollars in thousands)	2014	2013	2012
Current:			
Federal	$2,465	$1,178	$1,413
State	664	(14)	174
Total current	3,129	1,164	1,587
Deferred:			
Federal	(19)	(375)	209
State	(122)	(76)	(18)
Total deferred	(141)	(451)	191
Deferred tax valuation allowance	38	33	36
Income tax expense	$3,026	$746	$1,814

The reasons for the difference between actual income tax expense (benefit) and expected income tax expense attributable to income from operations at the 34% statutory federal income tax rate were as follows:

	Years ended December 31,		
(Dollars in thousands)	2014	2013	2012
Computed "expected" tax expense	$3,766	$1,836	$2,782
(Reduction) increase in income taxes resulting from:			
Tax-exempt interest income, net	(970)	(861)	(906)
Bank owned life insurance	(182)	(201)	(195)

Reversal of unrecognized tax benefits, net	63	(207)	(132)
State income taxes, net of federal benefit	320	169	259
Investment tax credits	(12)	(26)	(35)
Other, net	41	36	41
	$ 3,026	$ 746	$ 1,814

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The tax effects of temporary differences that give rise to the significant portions of the deferred tax assets and liabilities at the following dates were as follows:

	As of December 31,	
(Dollars in thousands)	2014	2013
Deferred tax assets:		
Federal alternative minimum tax credit and low income housing credit carry forwards	$ 1,083	$ 1,461
Loans, including allowance for loan losses	2,392	2,292
Unrealized loss on investment securities available-for-sale	-	567
Net operating loss carry forwards	571	533
State taxes	683	450
Acquisition costs	461	494
Intangible assets	294	324
Deferred compensation arrangements	189	208
Valuation allowance on other real estate	8	42
Investment impairments	48	48
Other, net	49	61
Total deferred tax assets	5,778	6,480
Deferred tax liabilities:		
Unrealized gain on investment securities available-for-sale	1,035	-
Premises and equipment, net of depreciation	908	755
FHLB stock dividends	138	504
Other borrowings	261	329
Investments	9	4
Total deferred tax liabilities	2,351	1,592
Less valuation allowance	(571)	(533)
Net deferred tax asset	$ 2,856	$ 4,355

The federal alternative minimum tax credit carry forward does not expire and totaled $1.1 million and $1.5 million as of December 31, 2014 and 2013, respectively. The Company has Kansas corporate net operating loss carry forwards totaling $11.8 million and $11.0 million as of December 31, 2014 and 2013, respectively, which expire between 2013 and 2025. The Company has recorded a valuation allowance against the Kansas corporate net operating loss carry forwards. A valuation allowance related to the remaining deferred tax assets has not been provided because management believes it is more likely than not that the results of future operations will generate sufficient taxable income to realize the deferred tax assets at December 31, 2014.

Retained earnings at December 31, 2014 and 2013 includes approximately $6.3 million for which no provision for federal income tax had been made. This amount represents allocations of income to bad debt deductions in years prior to 1988 for tax purposes only. Reduction of amounts allocated for purposes other than tax bad debt losses will create income for tax purposes only, which will be subject to the then current corporate income tax rate.

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The Company has unrecognized tax benefits representing tax positions for which a liability has been established. A reconciliation of the beginning and ending amount of the liability relating to unrecognized tax benefits is as follows:

	Years ended December 31,	
(Dollars in thousands)	2014	2013
Unrecognized tax benefits at beginning of year	$ 926	$ 986
Gross increases to current year tax positions	497	272
Gross increases (decreases) to prior year's tax positions	72	(18)
Lapse of statute of limitations	(46)	(314)
Unrecognized tax benefits at end of year	$ 1,449	$ 926

Tax years that remain open and subject to audit include the years 2011 through 2014 for both federal and state tax purposes. The Company recognized $46,000 and $314,000 of previously unrecognized tax benefits during 2014 and 2013, respectively. The gross unrecognized tax benefits of $1.4 million and $926,000 at December 31, 2014 and 2013, respectively, would favorably impact the effective tax rate by $956,000 and $611,000, respectively, if recognized. During 2014 and 2012, the Company recorded $89,000 and $23,000, respectively, of income tax expense associated with interest and penalties compared to an income tax benefit of $9,000 during 2013. As of December 31, 2014 and 2013, the Company has accrued interest and penalties related to the unrecognized tax benefits of $281,000 and $192,000, respectively which are not included in the table above. The Company believes that it is reasonably possible that a reduction in gross unrecognized tax benefits of up to $292,000 is possible during the next 12 months as a result of the lapse of the statute of limitations.

(15) Employee Benefit Plans

Employee Retirement Plan. Substantially all employees are covered under a 401(k) defined contribution savings plan. Eligible employees receive 100% matching contributions from the Company of up to 6% of their compensation. Matching contributions by the Company were $502,000, $369,000 and $355,000 for the years ended December 31, 2014, 2013 and 2012, respectively.

Spilt Dollar Life Insurance Agreement. The Company has recognized a liability for future benefits payable under an agreement that splits the benefits of a bank owned life insurance policy between the Company and a former employee. At December 31, 2014 and 2013, the liability was $275,000 and $284,000, respectively.

Deferred Compensation Agreements. The Company has entered into deferred compensation and other retirement agreements with certain key employees that provide for cash payments to be made after their retirement. The obligations under these arrangements have been recorded at the present value of the accrued benefits. The Company has also entered into agreements with certain directors to defer portions of their compensation. The balance of accrued benefits under these arrangements was $680,000 and $711,000 at December 31, 2014 and 2013, respectively, and was included as a component of other liabilities in the accompanying consolidated balance sheets. The Company recorded expense associated with the deferred compensation agreements of $33,000, $94,000 and $6,000 for the years ended December 31, 2014, 2013 and 2012.

(16) Stock Compensation Plan

The Company had a stock-based employee compensation plan which allowed for the issuance of stock options and restricted common stock, the purpose of which was to provide additional incentive to certain officers, directors, and key employees by facilitating their purchase of a stock interest in the Company. Compensation expense related to prior awards is recognized on a straight line basis over the vesting period, which is typically four or five years. During 2011, all awards remaining available under the Company’s 2001 Stock Incentive Plan were awarded. The stock-based compensation cost related to these awards was $55,000, $58,000 and $82,000 for the years ended December 31, 2014, 2013 and 2012, respectively. The Company recognized tax benefits of $15,000, $30,000 and $6,000 for the years ended December 31, 2014, 2013 and 2012, respectively.

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A summary of option activity during 2014 is presented below:

(Dollars in thousands, except per share amounts)	Shares	Weighted average exercise price per share	Weighted average remaining contractual term	Aggregate intrinsic value
Outstanding at January 1, 2014	426,748	$ 17.23	3.4 years	$ 1,011
Effect of 5% stock dividend	16,402			
Forfeited/expired	(1,184)	$ 14.04		
Exercised	(97,492)	$ 17.92		
Outstanding at December 31, 2014	344,474	$ 16.27	3.1 years	$ 1,690
Exercisable at December 31, 2014	329,726	$ 16.40	2.9 years	$ 1,575
Vested and expected to vest at December 31, 2014	344,474	$ 16.27	3.1 years	$ 1,690

A summary of nonvested option activity during 2014 is presented below:

	Shares	Weighted average exercise price per share
Nonvested options at January 1, 2014	30,459	$ 14.04
Forfeited/expired	(1,184)	$ 14.04
Vested	(15,230)	$ 14.04
Effect of 5% stock dividend	703	
Nonvested options at December 31, 2014	14,748	$ 13.37

Additional information about stock options exercised is presented below:

	Years ended December 31,		
(Dollars in thousands)	2014	2013	2012
Intrinsic value of options exercised (on exercise date)	$ 186	$ 126	$ 2
Cash received from options exercised	493	1,244	5
Excess tax benefit realized from options exercised	$ 14	$ 29	$ 1

As of December 31, 2014, there was $5,000 of total unrecognized compensation cost related to outstanding unvested options that will be recognized during 2015.

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(17) Fair Value of Financial Instruments and Fair Value Measurements

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair values:

Level 1 – Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2 – Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 – Significant unobservable inputs that reflect a company's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

Fair value estimates of the Company's financial instruments as of December 31, 2014 and 2013, including methods and assumptions utilized, are set forth below:

	As of December 31, 2014				
(Dollars in thousands)	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets:					
Cash and cash equivalents	$12,760	$12,760	$-	$-	$12,760
Investment securities available-for-sale	348,931	7,813	341,118	-	348,931
Bank stocks, at cost	4,007	n/a	n/a	n/a	n/a
Loans, net	416,190	-	-	423,318	423,318
Loans held for sale	10,671	-	10,726	-	10,726
Mortgage servicing rights	2,477	-	3,637	-	3,637
Derivative financial instruments	260	-	260	-	260
Accrued interest receivable	3,670	22	1,750	1,898	3,670
Financial liabilities:					
Non-maturity deposits	$(535,496)	$(535,496)	$-	$-	(535,496)
Time deposits	(169,059)	-	(168,642)	-	(168,642)
FHLB borrowings	(43,253)	-	(45,287)	-	(45,287)

Subordinated debentures	(20,884	) -	(18,506	) -	(18,506)
Other borrowings	(12,410	) -	(12,410	) -	(12,410)
Accrued interest payable	(298	) -	(298	) -	(298)

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	As of December 31, 2013				
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets:					
Cash and cash equivalents	$29,735	$29,735	$-	$-	$29,735
Investment securities available for sale	300,246	1,603	298,643	-	300,246
Bank stocks, at cost	5,271	n/a	n/a	n/a	n/a
Loans, net	414,016	-	-	420,475	420,475
Loans held for sale	7,864	-	7,864	-	7,864
Mortgage servicing rights	2,377	-	3,491	-	3,491
Derivative financial instruments	265	-	265	-	265
Accrued interest receivable	2,581	-	1,491	1,090	2,581
Financial liabilities:					
Non-maturity deposits	$(501,291)	$(501,291)	$-	$-	(501,291)
Time deposits	(186,195)	-	(186,222)	-	(186,222)
FHLB borrowings	(35,689)	-	(38,087)	-	(38,087)
Subordinated debentures	(20,684)	-	(17,427)	-	(17,427)
Other borrowings	(12,371)	-	(12,371)	-	(12,371)
Derivative financial instruments	(78)	-	(78)	-	(78)
Accrued interest payable	(335)	-	(335)	-	(335)

Methods and Assumptions Utilized

The carrying amount of cash and cash equivalents is considered to approximate fair value.

The Company’s investment securities classified as available-for-sale include U.S. treasury securities, U.S. federal agency securities, municipal obligations, agency mortgage-backed securities, certificates of deposits and common stocks. Quoted exchange prices are available for the Company’s U.S treasury securities and common stock investments, which are classified as Level 1. U.S. federal agency securities and agency mortgage-backed obligations are priced utilizing industry-standard models that consider various assumptions, including time value, yield curves, volatility factors, prepayment speeds, default rates, loss severity, current market and contractual prices for the underlying financial instruments, as well as other relevant economic measures. Substantially all of these assumptions are observable in the marketplace, can be derived from observable data, or are supported by observable levels at which transactions are executed in the marketplace. These measurements are classified as Level 2. Municipal securities are valued using a type of matrix, or grid, pricing in which securities are benchmarked against U.S. treasury rates based on credit rating. These model and matrix measurements are classified as Level 2 in the fair value hierarchy.

It is not practical to determine the fair value of bank stocks due to restrictions placed on the transferability of FHLB and FRB stock.

The estimated fair value of the Company's loan portfolio is based on the segregation of loans by collateral type, interest terms, and maturities. The fair value is estimated based on discounting scheduled and estimated cash flows through maturity using an appropriate risk-adjusted yield curve to approximate current interest rates for each category. No adjustment was made to the interest rates for changes in credit risk of performing loans where there are no known credit concerns. Management segregates loans in appropriate risk categories. Management believes that the risk factor embedded in the interest rates along with the allowance for loan losses applicable to the performing loan portfolio results in a fair valuation of such loans. The fair values of impaired loans are generally based on market prices for similar assets determined through independent appraisals or discounted values of independent appraisals and brokers' opinions of value. This method of estimating fair value does not incorporate the exit-price concept of fair value prescribed by ASC Topic 820 and is classified as Level 3.

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Mortgage loans originated and intended for sale in the secondary market are carried at the lower of cost or estimated fair value, determined on an aggregate basis. The mortgage loan valuations are based on quoted secondary market prices for similar loans and are classified as Level 2.

The Company measures its mortgage servicing rights at the lower of amortized cost or fair value. Periodic impairment assessments are performed based on fair value estimates at the reporting date. The fair value of mortgage servicing rights are estimated based on a valuation model which calculates the present value of estimated future cash flows associated with servicing the underlying loans. The model incorporates assumptions that market participants use in estimating future net servicing income, including estimated prepayment speeds, market discount rates, cost to service, and other servicing income, including late fees. The fair value measurements are classified as Level 2.

The carrying amount of accrued interest receivable and payable are considered to approximate fair value.

The estimated fair value of deposits with no stated maturity, such as non-interest-bearing demand deposits, savings, money market accounts, and checking accounts, is equal to the amount payable on demand. The fair value of interest-bearing time deposits is based on the discounted value of contractual cash flows of such deposits. The discount rate is tied to the FHLB yield curve plus an appropriate servicing spread. Fair value measurements based on discounted cash flows are classified as Level 2. These fair values do not incorporate the value of core deposit intangibles which may be associated with the deposit base.

The fair value of advances from the FHLB, subordinated debentures, and other borrowings is estimated using current yield curves for similar borrowings adjusted for the Company’s current credit spread and classified as Level 2.

The Company’s derivative financial instruments consist of interest rate lock commitments and corresponding forward sales contracts on mortgage loans held for sale. The fair values of these derivatives are based on quoted prices for similar loans in the secondary market. The market prices are adjusted by a factor, based on the Company’s historical data and its judgment about future economic trends, which considers the likelihood that a commitment will ultimately result in a closed loan. These instruments are classified as Level 2. The amounts are included in other assets or other liabilities on the consolidated balance sheets and gains on sale of loans, net in the consolidated statements of earnings.

The Company also includes interest rate swaps in derivative financial instruments. The fair values of these derivatives are based on valuation models that utilize readily observable market inputs. These instruments are classified as Level 2. The amounts are included in other assets or other liabilities on the consolidated balance sheets. The Company terminated its interest rate swaps during the third quarter of 2014.

Off-Balance-Sheet Financial Instruments

The fair value of letters of credit and commitments to extend credit is based on the fees currently charged to enter into similar agreements. The aggregate of these fees is not material.

Transfers

The Company did not transfer any assets or liabilities among levels during the year ended December 31, 2014 or 2013.

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Valuation Methods for Instruments Measured at Fair Value on a Recurring Basis

The following table represents the Company's financial instruments that are measured at fair value on a recurring basis at December 31, 2014 and 2013, allocated to the appropriate fair value hierarchy:

		As of December 31, 2014		
		Fair value hierarchy		
(Dollars in thousands)	Total	Level 1	Level 2	Level 3
Assets:				
Available-for-sale securities				
U. S. treasury securities	$6,530	$6,530	$-	$ -
U. S. federal agency obligations	25,743	-	25,743	-
Municipal obligations, tax exempt	110,509	-	110,509	-
Municipal obligations, taxable	63,922	-	63,922	-
Agency mortgage-backed securities	135,519	-	135,519	-
Common stocks	1,283	1,283	-	-
Certificates of deposit	5,425	-	5,425	-
Derivative financial instruments	260	-	260	-

		As of December 31, 2013		
		Fair value hierarchy		
(Dollars in thousands)	Total	Level 1	Level 2	Level 3
Assets:				
Available-for-sale securities				
U. S. treasury securities	$500	$500	$-	$ -
U. S. federal agency obligations	19,643	-	19,643	-
Municipal obligations, tax exempt	91,793	-	91,793	-
Municipal obligations, taxable	52,472	-	52,472	-
Agency mortgage-backed securities	125,593	-	125,593	-
Common stocks	1,103	1,103	-	-
Certificates of deposit	9,142	-	9,142	-
Derivative financial instruments	265	-	265	-
Liabilities:				
Derivative financial instruments	(78)	-	(78)	-

Changes in the fair value of available-for-sale securities are included in other comprehensive income to the extent the changes are not considered other-than-temporary impairments. Other-than-temporary impairment tests are performed on a quarterly basis and any decline in the fair value of an individual security below its cost that is deemed to be other-than-temporary results in a write-down of that security's cost basis.

Valuation Methods for Instruments Measured at Fair Value on a Nonrecurring Basis

The Company does not value its loan portfolio at fair value. Collateral-dependent impaired loans are generally carried at the lower of cost or fair value of the collateral, less estimated selling costs. Collateral values are determined based on appraisals performed by qualified licensed appraisers hired by the Company and then further adjusted if warranted based on relevant facts and circumstances. The appraisals may utilize a single valuation approach or a combination of approaches including the comparable sales and income approach. Adjustments are routinely made in the appraisal process by the appraisers to adjust for differences between the comparable sales and income data available. Such adjustments are typically significant and result in a Level 3 classification of the inputs for determining fair value. Impaired loans are reviewed and evaluated at least quarterly for additional impairment and adjusted accordingly, based on the same factors identified above. The loan balance of the Company's impaired loans was $10.7 million and $16.8 million, with an allocated allowance of $349,000 and $951,000, at December 31, 2014 and 2013, respectively.

Mortgage loans originated and intended for sale in the secondary market are carried at the lower of cost or estimated fair value, determined on an aggregate basis. The mortgage loan valuations are based on quoted secondary market prices for similar loans and are classified as Level 2.

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Real estate owned includes assets acquired through, or in lieu of, foreclosure and land previously acquired for expansion. Real estate owned is initially recorded at the fair value of the collateral less estimated selling costs. Subsequent valuations are updated periodically and are based upon independent appraisals, third party price opinions or internal pricing models. The appraisals may utilize a single valuation approach or a combination of approaches including the comparable sales and income approach. Adjustments are routinely made in the appraisal process by the appraisers to adjust for differences between the comparable sales and income data available. Such adjustments are typically significant and result in a Level 3 classification of the inputs for determining fair value. Real estate owned is reviewed and evaluated at least annually for additional impairment and adjusted accordingly, based on the same factors identified above.

The following table represents the Company’s financial instruments that are measured at fair value on a non-recurring basis as of December 31, 2014 and 2013 allocated to the appropriate fair value hierarchy:

		As of December 31, 2014 Fair value hierarchy			Total (losses)/
(Dollars in thousands)	Total	Level 1	Level 2	Level 3	gains
Assets:					
Impaired loans:					
One-to-four family residential real estate	$1,135	$ -	$ -	$ 1,135	$ (214)
Commercial real estate	30	-	-	30	(17)
Commercial loans	206	-	-	206	(28)
Agriculture loans	134	-	-	134	(5)
Consumer loans	30	-	-	30	(5)
Real estate owned:					
One-to-four family residential real estate	37	-	-	37	(25)
Commercial real estate	45	-	-	45	(9)

		As of December 31, 2013 Fair value hierarchy			Total (losses)/
	Total	Level 1	Level 2	Level 3	gains
Assets:					
Impaired loans:					
One-to-four family residential real estate	$374	$ -	$ -	$ 374	$ (82)
Construction and land	1,828	-	-	1,828	154
Commercial real estate	2,518	-	-	2,518	(140)
Commercial loans	3,506	-	-	3,506	(488)
Consumer loans	11	-	-	11	(8)
Loans held for sale	7,864	-	7,864	-	(41)
Real estate owned:					
One-to-four family residential real estate	210	-	-	210	(109)

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The following table presents quantitative information about Level 3 fair value measurements for impaired loans measured at fair value on a non-recurring basis as of December 31, 2014 and 2013.

(Dollars in thousands)	Fair value	Valuation technique	Unboservable inputs	Range
As of December 31, 2014				
Impaired loans:				
One-to-four family residential real estate	$ 1,135	Sales comparison	Adjustment to appraised value	10%-47%
Commercial real estate	30	Sales comparison	Adjustment to appraised value	28%
Commercial loans	206	Sales comparison	Adjustment to comparable sales	15%-60%
Agriculture loans	134	Sales comparison	Adjustment to appraised value	60%
Consumer loans	30	Sales comparison	Adjustment to comparable sales	20%
As of December 31, 2013				
Impaired loans:				
One-to-four family residential real estate	$ 374	Sales comparison	Adjustment to appraised value	0%-10%
Construction and land	1,828	Sales comparison	Adjustment to appraised value	25%
Commercial real estate	2,518	Sales comparison	Adjustment to appraised value	10%-25%
Commercial loans	3,506	Sales comparison	Adjustment to comparable sales	5%-40%
Consumer loans	11	Sales comparison	Adjustment to comparable sales	0%

(18) Regulatory Capital Requirements

Banks and bank holding companies are subject to regulatory capital requirements administered by federal banking agencies. Capital adequacy guidelines and, additionally for banks, prompt corrective action regulations, involve quantitative measures of assets, liabilities, and certain off-balance-sheet items calculated under regulatory accounting practices. Capital amounts and classifications are also subject to qualitative judgments by regulators. Failure to meet capital requirements can initiate regulatory action. Management believes as of December 31, 2014, the Company and Bank meet all capital adequacy requirements to which they were subject at that time.

Prompt corrective action regulations provide five classifications: well capitalized, adequately capitalized, undercapitalized, significantly undercapitalized, and critically undercapitalized, although these terms are not used to represent overall financial condition. If adequately capitalized, regulatory approval is required to accept brokered deposits. If undercapitalized, capital distributions are limited, as is asset growth and expansion, and capital restoration plans are required. With the implementation of the Basel III Rules, which became effective January 1, 2015, these capital requirements, and the related prompt corrective action provisions, have increased. As of December 31, 2014 and 2013, the most recent regulatory notifications categorized the Bank as well capitalized under the regulatory framework for prompt corrective action then in effect. There are no conditions or events, including the implementation of the Basel III Rules, since that notification that management believes have changed the institution's category.

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The following is a comparison of the Company's regulatory capital to minimum capital requirements in effect at December 31, 2014 and 2013:

(Dollars in thousands)	Actual Amount	Ratio	For capital adequacy purposes Amount	Ratio
As of December 31, 2014				
Leverage	$67,228	8.06 %	$ 33,377	4.0 %
Tier 1 Capital	67,228	13.26%	20,282	4.0 %
Total Risk Based Capital	76,864	15.16%	40,563	8.0 %
As of December 31, 2013				
Leverage	$58,605	7.89 %	$ 29,710	4.0 %
Tier 1 Capital	58,605	11.61%	20,189	4.0 %
Total Risk Based Capital	69,888	13.85%	40,378	8.0 %

The following is a comparison of the Bank's regulatory capital to minimum capital requirements in effect at December 31, 2014 and 2013:

(Dollars in thousands)	Actual Amount	Ratio	For capital adequacy purposes Amount	Ratio	To be well-capitalized under prompt corrective action provisions Amount	Ratio
As of December 31, 2014						
Leverage	$71,004	8.53 %	$ 33,298	4.0 %	$ 41,622	5.0 %
Tier 1 Capital	71,004	14.04%	20,224	4.0 %	30,336	6.0 %
Total Risk Based Capital	76,901	15.21%	40,448	8.0 %	50,559	10.0 %
As of December 31, 2013						
Leverage	$62,553	8.46 %	$ 29,565	4.0 %	$ 36,956	5.0 %
Tier 1 Capital	62,553	12.43%	20,133	4.0 %	30,200	6.0 %
Total Risk Based Capital	68,243	13.56%	40,267	8.0 %	50,333	10.0 %

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(19) Parent Company Condensed Financial Statements

The following is condensed financial information of the parent company as of December 31, 2014 and 2013, and for the years ended December 31, 2014, 2013 and 2012:

Condensed Balance Sheets

	As of December 31,	
(Dollars in thousands)	2014	2013
Assets:		
Cash and cash equivalents	$ 19	$ 649
Investment securities	1,540	1,366
Investment in Bank	91,769	80,975
Other	495	504
Total assets	$ 93,823	$ 83,494
Liabilities and stockholders' equity:		
Subordinated debentures	$ 20,884	$ 20,684
Other borrowings	1,140	-
Other	154	118
Stockholders' equity	71,645	62,692
Total liabilities and stockholders' equity	$ 93,823	$ 83,494

Condensed Statements of Earnings

	Years ended December 31,		
(Dollars in thousands)	2014	2013	2012
Dividends from Bank	$ 588	$ 1,180	$ 4,978
Interest income	31	27	27
Other non-interest income	7	7	7
Gain on sale of investment securities	-	-	9
Interest expense	(698)	(446)	(495)
Other expense, net	(307)	(309)	(262)
Earnings before equity in undistributed earnings of Bank	(379)	459	4,264
Increase in undistributed equity of Bank	8,096	3,948	1,858
Earnings before income taxes	7,717	4,407	6,122
Income tax benefit	(332)	(248)	(245)
Net earnings	8,049	4,655	6,367
Other comprehensive income (loss)	2,744	(4,384)	(121)

Total comprehensive income	$10,793	$271	$6,246

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Condensed Statements of Cash Flows

	Years ended December 31,		
(Dollars in thousands)	2014	2013	2012
Cash flows from operating activities:			
Net earnings	$8,049	$4,655	$6,367
Increase in undistributed equity of Bank	(8,096)	(3,948)	(1,858)
Amortization of purchase accounting adjustment on subordinated debentures	200	33	-
Gain on sale of investment securities	-	-	(9)
Other	(22)	36	68
Net cash provided by operating activities	131	776	4,568
Cash flows from investing activities:			
Proceeds from sales and maturities of investment securities	20	17	28
Net cash provided by investing activities	20	17	28
Cash flows from financing activities:			
Proceeds from exercise of stock options	494	1,244	5
Proceeds from other borrowings	4,515	-	2,600
Repayments on other borrowings	(3,375)	-	(4,240)
Payment of dividends	(2,415)	(2,243)	(2,121)
Net cash used in financing activities	(781)	(999)	(3,756)
Net (decrease) increase in cash	(630)	(206)	840
Cash at beginning of year	649	855	15
Cash at end of year	$19	$649	$855

Dividends paid by the Company are provided through dividends from the Bank. At December 31, 2014, the Bank could distribute dividends of up to $13.9 million without regulatory approvals. The primary source of funds for the Company is dividends from the Bank. Under the National Bank Act, a national bank may pay dividends out of its undivided profits in such amounts and at such times as the bank's board of directors deems prudent. Without prior OCC approval, however, a national bank may not pay dividends in any calendar year that, in the aggregate, exceed the bank's year-to-date net income plus the bank's retained net income for the two preceding years. The payment of dividends by any financial institution is affected by the requirement to maintain adequate capital pursuant to applicable capital adequacy guidelines and regulations, and a financial institution generally is prohibited from paying any dividends if, following payment thereof, the institution would be undercapitalized.

(20) Commitments, Contingencies and Guarantees

Commitments to extend credit are legally binding agreements to lend to a borrower providing there are no violations of any conditions established in the contract. The Company, as a provider of financial services, routinely issues financial guarantees in the form of financial and performance commercial and standby letters of credit. As many of the commitments are expected to expire without being drawn upon, the total commitment does not necessarily represent future cash requirements (see Note 7).

There are no pending legal proceedings to which the Company or the Bank is a party other than ordinary routine litigation incidental to the Bank's business. While the ultimate outcome of current legal proceedings cannot be predicted with certainty, it is the opinion of management that the resolution of these legal actions should not have a material effect on the Company's consolidated financial position or results of operations.

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(21) Subsequent Events

During the first quarter of 2015, the Company received a recovery of $1.7 million on a previously charged-off $4.3 million construction loan. The construction loan was charged-off in 2011 and 2010. The Company has recovered approximately $2.4 million including the 2015 payment.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None

ITEM 9A. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

An evaluation was performed under the supervision and with the participation of the Company’s management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company’s disclosure controls and procedures (as defined in Rule 13a-15(e) promulgated under the Exchange Act) as of December 31, 2014. Based on that evaluation, the Company’s management, including the Chief Executive Officer and Chief Financial Officer, concluded that the Company’s disclosure controls and procedures were effective.

Management’s Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined by Rule 13a-15(f) promulgated under the Exchange Act). The Company’s internal control over financial reporting is a process designed under the supervision of the Company’s Chief Executive Officer and Chief Financial Officer to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company’s financial statements for external purposes in accordance with U.S. GAAP.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management has made a comprehensive review, evaluation, and assessment of the Company’s internal control over financial reporting as of December 31, 2014. In making its assessment of the effectiveness of the Company’s internal control over financial reporting, management used the framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (1992) in Internal Control-Integrated Framework. Based on that assessment, management concluded that, as of December 31, 2014, the Company’s internal control over financial reporting was effective.

This annual report does not include an attestation report of the Company’s independent registered public accounting firm regarding internal control over financial reporting. Management’s report was not subject to attestation by the Company’s independent registered public accounting firm pursuant to the rules of the SEC permitting the Company to provide only management’s report in the annual report.

There were no changes in the Company’s internal control over financial reporting during the quarter ended December 31, 2014 that materially affected or were reasonably likely to materially affect the Company’s internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None

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PART III.

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Directors

The Company incorporates by reference the information called for by Item 10 of this Form 10-K regarding directors of the Company from the sections entitled "Proposal 1 - Election of Directors," "Section 16(a) Beneficial Ownership Reporting Compliance" and "Corporate Governance and the Board of Directors" of the Company's Proxy Statement for the annual meeting of stockholders to be held May 20, 2015 (the "2015 Proxy Statement").

The executive officers of the Company, each of whom is also currently an executive officer of the Bank and all of whom serve at the discretion of the Board of Directors, are identified below:

Name	Age	Positions with the Company
Patrick L. Alexander	62	Executive Chairman
Michael E. Scheopner	53	President and Chief Executive Officer
Mark A. Herpich	47	Vice President, Secretary, Chief Financial Officer and Treasurer

The executive officers of the Bank are identified below:

Name	Age	Positions with the Bank	Held position since
Patrick L. Alexander	62	Executive Chairman	January 2014
Michael E. Scheopner	53	President and Chief Executive Officer	January 2014
Mark A. Herpich	47	Executive Vice President and Chief Financial Officer	October 2001
Bradly L. Chindamo	46	Market President, Eastern Kansas Region Credit Risk Manager	May 2013
Dean R. Thibault	63	Executive Vice President, Commercial Banking	January 2006

Mark J. Oliphant	62	Executive Vice President, Retail Banking	February 2013
Gary L. Johnson	61	Market President, Southwest Kansas Region	February 2013

ITEM 11. EXECUTIVE COMPENSATION

The Company incorporates by reference the information called for by Item 11 of this Form 10-K from the sections entitled “Corporate Governance and the Board of Directors,” and “Executive Compensation” of the 2015 Proxy Statement.

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ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The Company incorporates by reference the information called for by Item 12 of this Form 10-K from the section entitled "Security Ownership of Certain Beneficial Owners" of the 2015 Proxy Statement.

Equity Compensation Plan Information

The table below sets forth the following information as of December 31, 2014 for all compensation plans previously approved by the Company's stockholders:

(a) the number of securities to be issued upon the exercise of outstanding options, warrants and rights;

(b) the weighted-average exercise price of such outstanding options, warrants and rights;

(c) other than securities to be issued upon the exercise of such outstanding options, warrants and rights, the number of securities remaining available for future issuance under the plans.

EQUITY COMPENSATION PLAN INFORMATION

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance
Equity compensation plans approved by security holders	344,474	$ 16.27	-
Equity compensation plans not approved by security holders	-	-	-
Total	344,474	$ 16.27	-

At the annual meeting of stockholders to be held on May 20, 2015, the Company intends to seek shareholder approval of the 2015 Long Term Incentive Plan which, if approved, will authorize the issuance of equity awards covering 250,000 shares of common stock.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The Company incorporates by reference the information called for by Item 13 of this Form 10-K from the sections entitled “Proposal 1 – Election of Directors,” “Corporate Governance and Board of Directors” and “Certain Relationships and Related Transactions” of the 2014 Proxy Statement.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The Company incorporates by reference the information called for by Item 14 of this Form 10-K from the section entitled “Proposal 2 - Ratification of Crowe Chizek LLP as our Independent Registered Public Accounting Firm” of the 2015 Proxy Statement.

PART IV.

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

ITEM 15(a)1 and 2. Financial Statements and Schedules

LANDMARK BANCORP, INC. AND SUBSIDIARY

LIST OF FINANCIAL STATEMENTS

The following audited Consolidated Financial Statements of the Company and its subsidiaries and related notes and auditors' report are included in Part II, Item 8 of this Report:

Report of Independent Registered Public Accounting Firm

Consolidated Balance Sheets – December 31, 2014 and 2013

Consolidated Statements of Earnings – Years ended December 31, 2014, 2013 and 2012

Consolidated Statements of Comprehensive Income – Years ended December 31, 2014, 2013 and 2012

Consolidated Statements of Stockholders' Equity – Years ended December 31, 2014, 2013 and 2012

Consolidated Statements of Cash Flows – Years ended December 31, 2014, 2013 and 2012

Notes to Consolidated Financial Statements

All schedules are omitted because they are not required or are not applicable or the required information is shown in the financial statements incorporated by reference or notes thereto.

Item 15(a)3. Exhibits

The exhibits required by Item 601 of Regulation S-K are included with this Form 10-K and are listed on the “Index to Exhibits” immediately following the signature page.

Upon written request to the President of the Company, P.O. Box 308, Manhattan, Kansas 66505-0308, copies of the exhibits listed above are available to stockholders of the Company by specifically identifying each exhibit desired in the request. The Company’s filings with the SEC are also available free of charge via the Internet at www.sec.gov, the Company’s Web site available at www.landmarkbancorpinc.com or through the investor relations link at the Bank’s Web site at www.banklandmark.com.

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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 on its behalf by the undersigned, thereunto duly authorized.

LANDMARK BANCORP, INC.
(Registrant)

By: /s/ Michael E. Scheopner	By: /s/ Mark A. Herpich
Michael E. Scheopner	Mark A. Herpich
President and Chief Executive Officer	Vice President, Secretary, Treasurer and Chief Financial Officer
(Principal Executive Officer)	(Principal Financial and Accounting Officer)

Pursuant to the requirements 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 and on the dates indicated.

SIGNATURE		**TITLE**
/s/ Michael E. Scheopner Michael E. Scheopner	March 19, 2015 Date	President, Chief Executive Officer and Director (Principal Executive Officer)
/s/ Patrick L. Alexander Patrick L. Alexander	March 19, 2015 Date	Executive Chairman of the Board, Director
/s/ Mark A. Herpich Mark A. Herpich	March 19, 2015 Date	Vice President, Secretary, Treasurer and Chief Financial Officer (Principal Financial and Accounting Officer)
/s/ Richard A. Ball Richard A. Ball	March 19, 2015 Date	Director
/s/ Brent A. Bowman Brent A. Bowman	March 19, 2015 Date	Director
/s/ Sarah Hill-Nelson		Director

	March 19, 2015	
Sarah Hill-Nelson	Date	
/s/ Jim W. Lewis	March 19, 2015	Director
Jim W. Lewis	Date	
/s/ Susan E. Roepke	March 19, 2015	Director
Susan E. Roepke	Date	
/s/ Wayne R. Sloan	March 19, 2015	Director
Wayne R. Sloan	Date	
/s/ David H. Snapp	March 19, 2015	Director
David H. Snapp	Date	

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INDEX TO EXHIBITS

Exhibit Number	Description	Incorporated by reference to	Attached hereto
2.1	Agreement and Plan of Merger, dated August 1, 2013 among the Bank, the Company, Citizens Bank and First Capital	the registrant's Form 8-K filed with the Commission on August 2, 2013 (SEC file no. 000-33203)	
2.2	First Amendment to Agreement and Plan of Merger, dated October 31, 2013 among the Bank, Company, Citizens Bank and First Capital	the registrant's Form 8-K filed with the Commission on November 4, 2013 (SEC file no. 000-33203)	
2.3	Agreement and Plan of Merger, dated January 13, 2012 among Landmark National Bank, The Wellsville Bank and Wellsville Bancshares, Inc.	the registrant's Form 8-K filed with the Commission on January 17, 2012 (SEC file no. 000-33203)	
3.1	Amended and Restated Certificate of Incorporation	the registrant's transition report on Form 10-K for the transition period ending December 31, 2001, filed with the Commission on March 29, 2002 (SEC file no. 000-33203)	
3.2	Certificate of Amendment of the Amended and Restated Certificate of Incorporation	the registrant's report on Form 10-K for the period ending December 31, 2012, filed with the Commission on March 29, 2013 (SEC file no. 000-33203)	
3.3	Bylaws	the registrant's Form S-4 filed with the Commission on June 7, 2001 (SEC file no. 333-62466)	
4.0	Certain instruments defining the rights of holders of long-term debt of the Company, none of which authorize a total amount of indebtedness in excess of 10% of the total assets of the Company and its subsidiaries on a consolidated basis, have not been filed as exhibits. The Company hereby agrees to furnish a copy of any of these agreements to the Commission upon request.		
10.1	Form of employment agreement between Patrick L. Alexander and the Company and the Bank	the registrant's Form 8-K filed with the Commission on December 20, 2013 (SEC file no. 000-33203)	
10.2	Form of employment agreement between Michael E. Scheopner and the Company and the Bank	the registrant's Form 8-K filed with the Commission on December 20, 2013 (SEC file no. 000-33203)	
10.3	Form of employment agreement between Mark A. Herpich and the Company and the Bank	the registrant's Form 8-K filed with the Commission on	

		December 20, 2013 (SEC file no. 000-33203)
10.4	Form of employment agreement between Dean R. Thibault and the Company and the Bank	the registrant's Form 8-K filed with the Commission on December 20, 2013 (SEC file no. 000-33203)
10.5	Form of employment agreement between Mark J. Oliphant and the Company and the Bank	the registrant's Form 8-K filed with the Commission on December 20, 2013 (SEC file no. 000-33203)
10.6	Form of employment agreement between Bradly L. Chindamo and the Company and the Bank	the registrant's Form 8-K filed with the Commission on December 20, 2013 (SEC file no. 000-33203)
10.7	Form of 2001 Landmark Bancorp, Inc. Stock Incentive Plan Option Grant Agreement	the registrant's report on Form 10-K for the period ending December 31, 2004, filed with the Commission on March 30, 2005 (SEC file no. 000-33203)

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10.8	Form of Landmark Bancorp, Inc. Deferred Compensation Agreements	the registrant’s report on Form 10-K for the period ending December 31, 2004, filed with the Commission on March 30, 2005 (SEC file no. 000-33203)	
10.9	2001 Stock Incentive Plan	the registrant’s Form S-8 filed with the Commission on February 11, 2003 (SEC file no. 000-33203)	
10.10	Revolving Credit Agreement, dated November 19, 2008 between the Company and First National Bank of Omaha	the registrant’s report on Form 10-K for the period ending December 31, 2008, filed with the Commission on March 27, 2009 (SEC file no. 000-33203)	
10.11	First Amendment to Revolving Credit Agreement, dated November 18, 2009 between the Company and First National Bank of Omaha	the registrant’s report on Form 10-K for the period ended December 31, 2009 filed with the Commission on March 26, 2010 (SEC file no. 000-33203)	
10.12	Second Amendment to Revolving Credit Agreement, dated November 5, 2010 between the Company and First National Bank of Omaha	the registrant’s Form 8-K filed with the Commission on November 9, 2010 (SEC file no. 000-33203)	
10.13	Third Amendment to Revolving Credit Agreement, dated November 4, 2011 between the Company and First National Bank of Omaha	the registrant’s Form 10-Q filed with the Commission on November 10, 2011 (SEC file no. 000-33203)	
10.14	Form of Landmark Bancorp, Inc. 2001 Stock Incentive Plan Restricted Stock Award	the registrant’s Form 8-K filed with the Commission on April 19, 2011 (SEC file no. 000-33203)	
10.15	Fourth Amendment to Revolving Credit Agreement, dated November 5, 2012 between the Company and First National Bank of Omaha	the registrant’s Form 10-Q filed with the Commission on November 9, 2012 (SEC file no. 000-33203)	
10.16	Fifth Amendment to Revolving Credit Agreement, dated November 5, 2013 between the Company and First National Bank of Omaha	the registrant’s Form 10-Q filed with the Commission on November 14, 2013 (SEC file no. 000-33203)	
10.17	Sixth Amendment to Revolving Credit Agreement, dated November 6, 2014 between the Company and First National Bank of Omaha	The registrant’s Form 10-Q filed with the Commission on November 10, 2014 (SEC file no. 000-33203)	
13.1	Letters to Stockholders and Corporate Information included in 2014 Annual Report to Stockholders		X
21.1	Subsidiaries of the Company		X
23.1	Consent of Crowe Chizek LLP		X
23.2	Consent of KPMG LLP		X
31.1	Certification of Chief Executive Officer Pursuant to Rule 13a-14(a)/15d-14(a)		X
31.2	Certification of Chief Financial Officer Pursuant to Rule 13a-14(a)/15d-14(a)		X
32.1	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002		X
32.2	Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002		X

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Explanation of Responses:

Exhibit 101	Interactive data files pursuant to Rule 405 of Regulation S-T: (i) Consolidated Balance Sheets as of December 31, 2014 and 2013; (ii) Consolidated Statements of Earnings for the twelve months ended December 31, 2014, 2013 and 2012; (iii) Consolidated Statements of Comprehensive Income for the twelve months ended December 31, 2014, 2013 and 2012; (iv) Consolidated Statements of Stockholders' Equity for the twelve months ended December 31, 2014, 2013 and 2012; (v) Consolidated Statements of Cash Flows for the twelve months ended December 31, 2014, 2013 and 2012; and (vi) Notes to Consolidated Financial Statements

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