

LANDMARK BANCORP INC  
Form 10-Q  
November 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 September 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**

**43-1930755**

(State or other jurisdiction (I.R.S. Employer  
of incorporation or organization) 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, every Interactive Data File required to be submitted 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 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  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.

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of the latest practicable date: as of November 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 SUBSIDIARIES****CONSOLIDATED BALANCE SHEETS**

(Dollars in thousands, except per share amounts)	September 30, 2018 (Unaudited)	December 31, 2017
Assets		
Cash and cash equivalents	\$ 16,286	\$ 16,584
Investment securities available-for-sale, at fair value	376,039	387,983
Bank stocks, at cost	5,025	5,423
Loans, net of allowance for loans losses of \$5,889 at September 30, 2018 and \$5,459 at December 31, 2017	475,497	433,743
Loans held for sale, at fair value	7,728	6,535
Premises and equipment, net	21,225	20,824
Bank owned life insurance	24,179	23,698
Goodwill	17,532	17,532
Other intangible assets, net	3,230	3,659
Real estate owned, net	139	436
Accrued interest and other assets	15,450	13,037
Total assets	\$ 962,330	\$ 929,454
Liabilities and Stockholders' Equity		
Liabilities:		
Deposits:		
Non-interest-bearing demand	\$ 173,392	\$ 160,496
Money market and checking	352,073	388,311
Savings	95,404	93,474
Time	146,407	123,277
Total deposits	767,276	765,558
Federal Home Loan Bank borrowings	60,300	31,600
Subordinated debentures	21,634	21,484
Other borrowings	13,793	13,509
Accrued interest, taxes, and other liabilities	12,517	9,681
Total liabilities	875,520	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; 4,162,779 and 4,081,659 shares issued and outstanding at September 30, 2018 and December 31, 2017, respectively	42	41
Additional paid-in capital	58,460	57,772
Retained earnings	35,702	30,214
Accumulated other comprehensive loss	(7,394 )	(405 )
Total stockholders' equity	86,810	87,622
Total liabilities and stockholders' equity	\$ 962,330	\$ 929,454

See accompanying notes to consolidated financial statements.

## LANDMARK BANCORP, INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF EARNINGS

(Unaudited)

(Dollars in thousands, except per share amounts)	Three months ended		Nine months ended	
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
Interest income:				
Loans:				
Taxable	\$6,168	\$5,359	\$17,227	\$15,624
Tax-exempt	152	33	216	102
Investment securities:				
Taxable	1,341	1,133	3,843	3,527
Tax-exempt	985	996	3,044	2,912
Total interest income	8,646	7,521	24,330	22,165
Interest expense:				
Deposits	833	418	2,005	1,150
Borrowings	633	501	1,715	1,469
Total interest expense	1,466	919	3,720	2,619
Net interest income	7,180	6,602	20,610	19,546
Provision for loan losses	450	100	900	250
Net interest income after provision for loan losses	6,730	6,502	19,710	19,296
Non-interest income:				
Fees and service charges	1,812	1,896	5,376	5,528
Gains on sales of loans, net	1,476	1,220	4,105	4,301
Bank owned life insurance	160	514	481	750
(Losses) gains on sales of investment securities, net	(15 )	39	20	363
Other	1,134	267	2,239	852
Total non-interest income	4,567	3,936	12,221	11,794
Non-interest expense:				
Compensation and benefits	4,244	3,933	11,999	11,608
Occupancy and equipment	1,108	1,107	3,258	3,228
Professional fees	386	478	1,204	1,244
Data processing	394	360	1,135	1,027
Amortization of intangibles	278	320	838	946
Advertising	166	166	498	498
Federal deposit insurance premiums	73	74	217	219
Foreclosure and real estate owned expense	24	(18 )	49	83
Deposit-related loss	-	8,082	-	8,082
Other	1,039	1,120	3,520	3,316
Total non-interest expense	7,712	15,622	22,718	30,251

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Earnings (loss) before income taxes	3,585	(5,184 )	9,213	839
Income tax expense (benefit)	565	(2,523 )	1,249	(1,088 )
Net earnings (loss)	\$3,020	\$(2,661 )	\$7,964	\$1,927
Earnings (loss) per share:				
Basic (1)	\$0.73	\$(0.65 )	\$1.93	\$0.47
Diluted (1)	\$0.72	\$(0.65 )	\$1.92	\$0.47
Dividends per share (1)	\$0.20	\$0.19	\$0.60	\$0.57

(1) Per share amounts for the periods ended September 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 SUBSIDIARIES****CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)****(Unaudited)**

(Dollars in thousands)	Three months ended September 30,		Nine months ended September 30,	
	2018	2017	2018	2017
Net earnings (loss)	\$3,020	\$(2,661)	\$7,964	\$1,927
Net unrealized holding (losses) gains on available-for-sale securities	(2,530)	(973 )	(9,229)	4,046
Reclassification adjustment for net losses (gains) included in earnings	15	(39 )	(20 )	(363 )
Net unrealized (losses) gains	(2,515)	(1,012)	(9,249)	3,683
Income tax effect on net losses (gains) included in earnings	(4 )	15	5	134
Income tax effect on net unrealized holding losses (gains)	621	359	2,262	(1,511)
Other comprehensive (loss) income	(1,898)	(638 )	(6,982)	2,306
Total comprehensive income (loss)	\$1,122	\$(3,299)	\$982	\$4,233

See accompanying notes to consolidated financial statements.

## LANDMARK BANCORP, INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(Unaudited)

(Dollars in thousands, except per share amounts)	Common stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income (loss)	Total
Balance at January 1, 2017	\$38	\$51,968	\$ 34,293	\$(1,348)	) \$84,951
Net earnings	-	-	1,927	-	1,927
Other comprehensive income	-	-	-	2,306	2,306
Dividends paid (\$0.57 per share)	-	-	(2,323)	-	(2,323)
Stock-based compensation	-	119	-	-	119
Exercise of stock options, 2,968 shares	1	-	22	-	23
Balance at September 30, 2017	\$39	\$52,109	\$ 33,897	\$958	) \$87,003
Balance at January 1, 2018	\$41	\$57,772	\$ 30,214	\$(405)	) \$87,622
Net earnings	-	-	7,964	-	7,964
Other comprehensive loss	-	-	-	(6,982)	(6,982)
Dividends paid (\$0.60 per share)	-	-	(2,483)	-	(2,483)
Stock-based compensation	-	155	-	-	155
Adjustment of common stock investments	-	-	7	(7)	-
Exercise of stock options, 70,587 shares,	1	533	-	-	534
Balance at September 30, 2018	\$42	\$58,460	\$ 35,702	\$(7,394)	) \$86,810