



**701 Poyntz Avenue, Manhattan, Kansas 66502**

(Address of principal executive offices) (Zip code)

**(785) 565-2000**

(Registrant's telephone number, including area code)

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

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

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

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

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

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

Edgar Filing: LANDMARK BANCORP INC - Form 10-Q

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of the latest practicable date: as of May 7, 2018, the issuer had outstanding 4,147,946 shares of its common stock, \$0.01 par value per share.

**LANDMARK BANCORP, INC.**

**Form 10-Q Quarterly Report**

**Table of Contents**

PART I

	<u>Page Number</u>
Item 1. <u>Financial Statements</u>	2 - 26
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	27 – 33
Item 3. <u>Quantitative and Qualitative Disclosures about Market Risk</u>	33 – 34
Item 4. <u>Controls and Procedures</u>	35

PART II

Item 1. <u>Legal Proceedings</u>	36
Item 1A. <u>Risk Factors</u>	36
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	36
Item 3. <u>Defaults Upon Senior Securities</u>	36
Item 4. <u>Mine Safety Disclosures</u>	36
Item 5. <u>Other Information</u>	36
Item 6. <u>Exhibits</u>	36
<u>Signature Page</u>	37

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

(Dollars in thousands, except per share amounts)	March 31, 2018 (Unaudited)	December 31, 2017
Assets		
Cash and cash equivalents	\$ 13,042	\$ 16,584
Investment securities available-for-sale, at fair value	398,102	387,983
Common stocks, at fair value	7	-
Bank stocks, at cost	5,457	5,423
Loans, net of allowance for loans losses of \$5,644 at March 31, 2018 and \$5,459 at December 31, 2017	436,179	433,743
Loans held for sale, at fair value	6,287	6,535
Premises and equipment, net	21,051	20,824
Bank owned life insurance	23,857	23,698
Goodwill	17,532	17,532
Other intangible assets, net	3,504	3,659
Real estate owned, net	416	436
Accrued interest and other assets	13,560	13,037
Total assets	\$ 938,994	\$ 929,454
Liabilities and Stockholders' Equity		
Liabilities:		
Deposits:		
Non-interest-bearing demand	\$ 170,108	\$ 160,496
Money market and checking	374,633	388,311
Savings	97,108	93,474
Time	127,712	123,277
Total deposits	769,561	765,558
Federal Home Loan Bank borrowings	39,747	31,600
Subordinated debentures	21,534	21,484
Other borrowings	12,743	13,509
Accrued interest, taxes, and other liabilities	10,961	9,681
Total liabilities	854,546	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; 4,118,083 and 4,081,659 shares issued at March 31, 2018 and December 31, 2017, respectively	41	41
Additional paid-in capital	58,160	57,772
Retained earnings	31,499	30,214
Accumulated other comprehensive loss	(5,252 )	(405 )
Total stockholders' equity	84,448	87,622
Total liabilities and stockholders' equity	\$ 938,994	\$ 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	
	March 31, 2018	2017
Interest income:		
Loans:		
Taxable	\$5,350	\$5,019
Tax-exempt	29	35
Investment securities:		
Taxable	1,197	1,192
Tax-exempt	1,025	942
Total interest income	7,601	7,188
Interest expense:		
Deposits	541	338
Borrowings	466	482
Total interest expense	1,007	820
Net interest income	6,594	6,368
Provision for loan losses	200	50
Net interest income after provision for loan losses	6,394	6,318
Non-interest income:		
Fees and service charges	1,756	1,715
Gains on sales of loans, net	1,161	1,389
Bank owned life insurance	159	117
Gains on sales of investment securities, net	35	147
Other	290	273
Total non-interest income	3,401	3,641
Non-interest expense:		
Compensation and benefits	3,789	3,757
Occupancy and equipment	1,078	1,024
Data processing	365	330
Amortization of intangibles	277	298
Professional fees	388	290
Advertising	167	166
Federal deposit insurance premiums	72	72
Foreclosure and real estate owned expense	13	52
Other	1,291	1,072
Total non-interest expense	7,440	7,061
Earnings before income taxes	2,355	2,898
Income tax expense	256	693
Net earnings	\$2,099	\$2,205

Earnings per share:

Basic (1)	\$0.51	\$0.54
Diluted (1)	\$0.51	\$0.54
Dividends per share (1)	\$0.20	\$0.19

(1) Per share amounts for the period ended March 31, 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 March 31,	
	2018	2017
Net earnings	\$2,099	\$2,205
Net unrealized holding (losses) gains on available-for-sale securities	(6,376)	522
Less reclassification adjustment for net gains included in earnings	(35 )	(147 )
Net unrealized (losses) gains	(6,411)	375
Income tax effect on net gains included in earnings	9	54
Income tax effect on net unrealized holding gains (losses)	1,562	(200 )
Other comprehensive (loss) income	(4,840)	229
Total comprehensive (loss) income	\$(2,741)	\$2,434

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	-	-	2,205	-	2,205
Other comprehensive income	-	-	-	229	229
Dividends paid (\$0.19 per share)	-	-	(774 )	-	(774 )
Stock-based compensation	-	35	-	-	35
Exercise of stock options, 1,845 shares	1	22	-	-	23
Balance at March 31, 2017	\$ 39	\$ 52,025	\$ 35,724	\$ (1,119)	) \$86,669
Balance at January 1, 2018	\$ 41	\$ 57,772	\$ 30,214	\$ (405)	) \$87,622
Net earnings	-	-	2,099	-	2,099
Other comprehensive loss	-	-	-	(4,840)	(4,840 )
Dividends paid (\$0.20 per share)	-	-	(821 )	-	(821 )
Stock-based compensation	-	54	-	-	54
Adjustment of common stock	-	-	7	(7)	-
Exercise of stock options, 36,424 shares	-	334	-	-	334
Balance at March 31, 2018	\$ 41	\$ 58,160	\$ 31,499	\$ (5,252)	) \$84,448

See accompanying notes to consolidated financial statements.

## LANDMARK BANCORP, INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

(Dollars in thousands)	Three months ended March 31,	
	2018	2017
Cash flows from operating activities:		
Net earnings	\$2,099	\$2,205
Adjustments to reconcile net earnings to net cash provided by (used by) operating activities:		
Provision for loan losses	200	50
Valuation allowance on real estate owned	-	33
Amortization of investment security premiums, net	485	468
Amortization of purchase accounting adjustment on loans	(58)	(19)
Amortization of purchase accounting adjustment on subordinated debentures	50	50
Amortization of intangibles	277	298
Depreciation	250	263
Increase in cash surrender value of bank owned life insurance	(159)	(117)
Stock-based compensation	54	35
Deferred income taxes	105	60
Net gains on sales of investment securities	(35)	(147)
Net losses on sales of foreclosed assets	1	15
Net gains on sales of loans	(1,161)	(1,389)
Proceeds from sales of loans	31,886	31,153
Origination of loans held for sale	(30,477)	(32,835)
Changes in assets and liabilities:		
Accrued interest and other assets	838	(520)
Accrued expenses, taxes, and other liabilities	(1,232)	(99)
Net cash provided by (used in) operating activities	3,123	(496)
Cash flows from investing activities:		
Net (increase) decrease in loans	(2,596)	2,452
Maturities and prepayments of investment securities	12,682	11,069
Purchases of investment securities	(29,692)	(30,726)
Proceeds from sales of investment securities	2,535	11,797
Redemption of bank stocks	3,666	1,802
Purchase of bank stocks	(3,700)	(1,826)
Proceeds from sales of foreclosed assets	20	233
Purchases of premises and equipment, net	(477)	(12)
Net cash used in investing activities	(17,562)	(5,211)
Cash flows from financing activities:		
Net increase in deposits	4,003	11,166
Federal Home Loan Bank advance borrowings	233,570	148,857
Federal Home Loan Bank advance repayments	(225,423)	(154,507)
Proceeds from other borrowings	-	1,008

Edgar Filing: LANDMARK BANCORP INC - Form 10-Q

Repayments on other borrowings	(766	)	-
Proceeds from exercise of stock options	334		23
Payment of dividends	(821	)	(774 )
Net cash provided by financing activities	10,897		5,773
Net (decrease) increase in cash and cash equivalents	(3,542	)	66
Cash and cash equivalents at beginning of period	16,584		19,996
Cash and cash equivalents at end of period	\$13,042		\$20,062

(Continued)

**LANDMARK BANCORP, INC. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CASH FLOWS, CONTINUED**

(Unaudited)

(Dollars in thousands)	Three months ended March 31,	
	2018	2017
Supplemental disclosure of cash flow information:		
Cash payments for income taxes	\$-	\$-
Cash paid for interest	973	786
Supplemental schedule of noncash investing and financing activities:		
Transfer of loans to real estate owned	-	5
Investment securities purchases not yet settled	(2,512)	(3,443)

See accompanying notes to consolidated financial statements.

## LANDMARK BANCORP, INC. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

#### 1. Interim Financial Statements

The unaudited consolidated financial statements of Landmark Bancorp, Inc. (the “Company”) and its wholly owned subsidiaries, Landmark National Bank (the “Bank”) and Landmark Risk Management Inc., have been prepared in accordance with the instructions to Form 10-Q. Accordingly, they do not include all the information and footnotes required by U.S. generally accepted accounting principles (“GAAP”) for complete financial statements and should be read in conjunction with the Company’s most recent Annual Report on Form 10-K, containing the latest audited consolidated financial statements and notes thereto. The consolidated financial statements in this report have not been audited by an independent registered public accounting firm, but in the opinion of management, all adjustments, consisting of normal recurring accruals, considered necessary for a fair presentation of financial statements have been reflected herein. The results of the three month interim period ended March 31, 2018 are not necessarily indicative of the results expected for the year ending December 31, 2018 or any other future time period. The Company has evaluated subsequent events for recognition and disclosure up to the date the financial statements were issued.

On January 1, 2018, the Company adopted ASU 2014-09 Revenue from Contracts with Customers and all subsequent amendments to the ASU (collectively, “ASC 606”), which (i) creates a single framework for recognizing revenue from contracts with customers that fall within its scope and (ii) revises when it is appropriate to recognize a gain (loss) from the transfer of non-financial assets, such as real estate owned. The majority of the Company’s revenues come from interest income and other sources, including loans, leases, securities and derivatives that are outside the scope of ASC 606. Services within the scope of ASC 606 include deposit service charges on deposits, interchange income, and the sale of real estate owned. Refer to footnote 7 to the financial statements, Revenue from Contracts with Customers, for further discussion on the Company’s accounting policies for revenue sources within the scope of ASC 606.

The Company adopted ASC 606 using the modified retrospective method applied to all contracts not completed as of January 1, 2018. Results for reporting periods beginning after January 1, 2018 are presented under ASC 606 while prior period amounts continue to be reported in accordance with legacy GAAP. The adoption of ASC 606 did not result in a change to the accounting for any of the in-scope revenue streams. As such, no cumulative effect adjustment was recorded.

In January 2016, the Financial Accounting Standards Board (the “FASB”) issued ASU 2016-01, Financial Instruments (Topic 825): Recognition and Measurement of Financial Assets and Liabilities. The main provisions of the update are to eliminate the available for sale classification of accounting for equity securities and to adjust the fair value disclosures for financial instruments carried at amortized costs such that the disclosed fair values represent an exit

price as opposed to an entry price. The provisions of this update will require that equity securities be carried at fair market value on the balance sheet and any periodic changes in value will be adjustments to the income statement. A practical expedient is provided for equity securities without a readily determinable fair value, such that these securities can be carried at cost less any impairment. The provisions of this update became effective for interim and annual periods beginning after December 15, 2017. The Company adopted ASU 2016-01 effective January 1, 2018. Effective January 1, 2018, changes in the value of the Company's common stock investments are adjustments to the income statement. Additionally, the disclosure of fair value of the loan portfolio is presented using an exit price method instead of the discounted cash method previously utilized. Management has concluded that the requirements of this update do not have a material impact to the Company's financial position, results of operations or cash flows.

In August 2016, the FASB issued ASU No. 2016-15, Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Payments (a consensus of Emerging Issues Task Force). This ASU attempts to clarify how certain cash receipts and cash payments are presented and classified in the statement of cash flows. The purpose of this update is to reduce existing diversity in practice in eight areas addressed by the update. The amendments in this update are effective for fiscal years, and interim periods within those years, beginning after December 15, 2017. Early adoption is permitted. The Company adopted ASU 2016-15 effective January 1, 2018. The adoption of ASU 2016-15 did not result in any material changes to the Company's consolidated financial statements and related disclosures.

## 2. Investments

A summary of investment securities available-for-sale is as follows:

(Dollars in thousands)	As of March 31, 2018			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
U. S. treasury securities	\$1,999	\$ -	\$ (38 )	\$1,961
U. S. federal agency obligations	14,554	4	(113 )	14,445
Municipal obligations, tax exempt	183,449	459	(3,442 )	180,466
Municipal obligations, taxable	55,065	91	(615 )	54,541
Agency mortgage-backed securities	141,006	8	(3,310 )	137,704
Certificates of deposit	8,985	-	-	8,985
Total available-for-sale	\$405,058	\$ 562	\$ (7,518 )	\$398,102

(Dollars in thousands)	As of December 31, 2017			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
U. S. treasury securities	\$1,999	\$ -	\$ (9 )	\$1,990
U. S. federal agency obligations	16,572	5	(85 )	16,492
Municipal obligations, tax exempt	183,846	1,972	(1,080 )	184,738
Municipal obligations, taxable	57,783	409	(216 )	57,976
Agency mortgage-backed securities	119,096	92	(1,633 )	117,555
Certificates of deposit	9,224	-	-	9,224
Common stocks	-	8	-	8
Total available-for-sale	\$388,520	\$ 2,486	\$ (3,023 )	\$387,983

The tables above show that some of the securities in the available-for-sale investment portfolio had unrealized losses, or were temporarily impaired, as of March 31, 2018 and December 31, 2017. This temporary impairment represents the estimated amount of loss that would be realized if the securities were sold on the valuation date. Securities which were temporarily impaired are shown below, along with the length of time in a continuous unrealized loss position.

(Dollars in thousands)	No. of securities	As of March 31, 2018				Total Fair value	Unrealized losses
		Fair value	Unrealized losses	12 months or longer Fair value	Unrealized losses		



Edgar Filing: LANDMARK BANCORP INC - Form 10-Q

U. S. treasury securities	1	\$1,961	\$(38)	) \$-	\$ -	\$1,961	\$(38)	)
U.S. federal agency obligations	12	5,969	(46)	) 8,248	(67)	14,217	(113)	)
Municipal obligations, tax exempt	317	95,894	(1,829)	) 30,798	(1,613)	126,692	(3,442)	)
Municipal obligations, taxable	105	35,148	(445)	) 9,850	(170)	44,998	(615)	)
Agency mortgage-backed securities	101	99,117	(1,730)	) 37,917	(1,580)	137,034	(3,310)	)
Total	536	\$238,089	\$(4,088)	) \$86,813	\$(3,430)	\$324,902	\$(7,518)	)

As of December 31, 2017

(Dollars in thousands)

	No. of securities	Less than 12 months		12 months or longer		Total		
		Fair value	Unrealized losses	Fair value	Unrealized losses	Fair value	Unrealized losses	
U. S. treasury securities	1	\$ 1,990	\$ (9)	) \$ -	\$ -	\$ 1,990	\$(9)	)
U. S. federal agency obligations	14	7,989	(24)	) 8,272	(61)	16,261	\$(85)	)
Municipal obligations, tax exempt	178	37,299	(273)	) 31,930	(807)	69,229	\$(1,080)	)
Municipal obligations, taxable	73	18,792	(96)	) 9,744	(120)	28,536	\$(216)	)
Agency mortgage-backed securities	79	68,630	(620)	) 39,844	(1,013)	108,474	\$(1,633)	)
Total	345	\$ 134,700	\$(1,022)	) \$ 89,790	\$(2,001)	\$ 224,490	\$(3,023)	)

The Company's U.S. treasury portfolio consists of securities issued by the United States Department of the Treasury. The receipt of principal and interest on U.S. treasury securities is guaranteed by the full faith and credit of the U.S. government. Based on these factors, along with the Company's intent to not sell the security and its belief that it was more likely than not that the Company will not be required to sell the security before recovery of its cost basis, the Company believed that the U.S. treasury security identified in the table above was temporarily impaired as of March 31, 2018 and December 31, 2017.

The Company's U.S. federal agency portfolio consists of securities issued by the government-sponsored agencies of Federal Home Loan Mortgage Corporation ("FHLMC"), Federal National Mortgage Association ("FNMA") and Federal Home Loan Bank ("FHLB"). The receipt of principal and interest on U.S. federal agency obligations is guaranteed by the respective government-sponsored agency guarantor, such that the Company believes that its U.S. federal agency obligations do not expose the Company to credit-related losses. Based on these factors, along with the Company's intent to not sell the securities and its belief that it was more likely than not that the Company will not be required to sell the securities before recovery of their cost basis, the Company believed that the U.S. federal agency obligations identified in the tables above were temporarily impaired as of March 31, 2018 and December 31, 2017.

The Company's portfolio of municipal obligations consists of both tax-exempt and taxable general obligations securities issued by various municipalities. As of March 31, 2018, the Company did not intend to sell and it is more likely than not that the Company will not be required to sell its municipal obligations in an unrealized loss position until the recovery of its cost. Due to the issuers' continued satisfaction of the securities' obligations in accordance with their contractual terms and the expectation that they will continue to do so, the evaluation of the fundamentals of the issuers' financial condition and other objective evidence, the Company believed that the municipal obligations identified in the tables above were temporarily impaired as of March 31, 2018 and December 31, 2017.

The Company's agency mortgage-backed securities portfolio consists of securities underwritten to the standards of and guaranteed by the government-sponsored agencies of FHLMC, FNMA and the Government National Mortgage Association. The receipt of principal, at par, and interest on agency mortgage-backed securities is guaranteed by the respective government-sponsored agency guarantor, such that the Company believed that its agency mortgage-backed securities did not expose the Company to credit-related losses. Based on these factors, along with the Company's intent to not sell the securities and the Company's belief that it was more likely than not that the Company will not be required to sell the securities before recovery of their cost basis, the Company believed that the agency mortgage-backed securities identified in the tables above were temporarily impaired as of March 31, 2018 and December 31, 2017.

The table below sets forth amortized cost and fair value of investment securities at March 31, 2018. The table includes scheduled principal payments and estimated prepayments, based on observable market inputs, for agency mortgage-backed securities. Actual maturities will differ from contractual maturities because borrowers have the right to prepay obligations with or without prepayment penalties.

Edgar Filing: LANDMARK BANCORP INC - Form 10-Q

(Dollars in thousands)	Amortized cost	Estimated fair value
Due in less than one year	\$ 28,290	\$28,180
Due after one year but within five years	187,173	183,944
Due after five years but within ten years	102,653	100,613
Due after ten years	86,942	85,365
Total	\$ 405,058	\$ 398,102

Sales proceeds and gross realized gains and losses on sales of available-for-sale securities were as follows for the periods indicated:

(Dollars in thousands)	Three months ended March 31,	
	2018	2017
Sales proceeds	\$2,535	\$11,797
Realized gains	\$35	\$171
Realized losses	-	(24 )
Net realized gains	\$35	\$147

Securities with carrying values of \$227.3 million and \$232.5 million were pledged to secure public funds on deposit, repurchase agreements and as collateral for borrowings at March 31, 2018 and December 31, 2017, respectively. Except for U.S. federal agency obligations, no investment in a single issuer exceeded 10% of consolidated stockholders' equity.

Effective January 1, 2018, the Company changed the classification of its common stock investments from available-for-sale with changes in fair value excluded from earnings and reported as a separate component of stockholders' equity, net of taxes to be carried at fair value with changes in fair value included in net earnings. At March 31, 2018, the Company owned two common stock investments with a fair value of \$7,000. During the first quarter of 2018, the fair value declined by \$1,000, which was included in other non-interest income.

### 3. Loans and Allowance for Loan Losses

Loans consisted of the following as of the dates indicated below:

(Dollars in thousands)	March	December
	31, 2018	31, 2017
One-to-four family residential real estate	\$134,565	\$136,215
Construction and land	24,372	19,356
Commercial real estate	123,194	120,624
Commercial	52,575	54,591
Agriculture	81,691	83,008

Edgar Filing: LANDMARK BANCORP INC - Form 10-Q

Municipal	3,305	3,396
Consumer	22,516	22,046
Total gross loans	442,218	439,236
Net deferred loan costs and loans in process	(395 )	(34 )
Allowance for loan losses	(5,644 )	(5,459 )
Loans, net	\$436,179	\$433,743

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

(Dollars in thousands)	Three months ended March 31, 2018							Total
	One-to-four family residential real estate	Construction and land	Commercial real estate	Commercial	Agriculture	Municipal	Consumer	
Allowance for loan losses:								
Balance at January 1, 2018	\$ 542	\$ 181	\$ 1,540	\$ 1,226	\$ 1,812	\$ 8	\$ 150	\$ 5,459
Charge-offs	-	-	-	-	-	-	(33 )	(33 )
Recoveries	1	-	1	1	-	2	13	18
Provision for loan losses	(66 )	(60 )	21	257	55	(3 )	(4 )	200
Balance at March 31, 2018	\$ 477	\$ 121	\$ 1,562	\$ 1,484	\$ 1,867	\$ 7	\$ 126	\$ 5,644

(Dollars in thousands)	Three months ended March 31, 2017							Total
	One-to-four family residential real estate	Construction and land	Commercial real estate	Commercial	Agriculture	Municipal	Consumer	
Allowance for loan losses:								
Balance at January 1, 2017	\$ 504	\$ 53	\$ 1,777	\$ 1,119	\$ 1,684	\$ 12	\$ 195	\$ 5,344
Charge-offs	(19 )	-	-	-	-	-	(107 )	(126 )
Recoveries	1	-	-	8	1	-	49	59
Provision for loan losses	7	18	(37 )	(26 )	46	(1 )	43	50
Balance at March 31, 2017	\$ 493	\$ 71	\$ 1,740	\$ 1,101	\$ 1,731	\$ 11	\$ 180	\$ 5,327

(Dollars in thousands)	As of March 31, 2018							Total
	One-to-four family residential real estate	Construction and land	Commercial real estate	Commercial	Agriculture	Municipal	Consumer	

Edgar Filing: LANDMARK BANCORP INC - Form 10-Q

Allowance for loan losses:

Individually evaluated for loss	\$84	\$ 23	\$ 15	\$ 685	\$ 71	\$ -	\$ 1	\$ 879
Collectively evaluated for loss	393	98	1,547	799	1,796	7	125	4,765
Total	\$477	\$ 121	\$ 1,562	\$ 1,484	\$ 1,867	\$ 7	\$ 126	\$ 5,644

Loan balances:

Individually evaluated for loss	\$740	\$ 1,780	\$ 3,922	\$ 2,024	\$ 776	\$ 126	\$ 40	\$ 9,408
Collectively evaluated for loss	133,825	22,592	119,272	50,551	80,915	3,179	22,476	432,810
Total	\$134,565	\$ 24,372	\$ 123,194	\$ 52,575	\$ 81,691	\$ 3,305	\$ 22,516	\$ 442,218

As of December 31, 2017

One-to-four

(Dollars in thousands)	family residential real estate	Construction and land	Commercial real estate	Commercial	Agriculture	Municipal	Consumer	Total
------------------------	--------------------------------	-----------------------	------------------------	------------	-------------	-----------	----------	-------

Allowance for loan losses:

Individually evaluated for loss	\$73	\$ 102	\$ 52	\$ 391	\$ 24	\$ -	\$ -	\$ 642
Collectively evaluated for loss	469	79	1,488	835	1,788	8	150	4,817
Total	\$542	\$ 181	\$ 1,540	\$ 1,226	\$ 1,812	\$ 8	\$ 150	\$ 5,459

Loan balances:

Individually evaluated for loss	\$747	\$ 2,031	\$ 3,973	\$ 2,002	\$ 833	\$ 140	\$ 34	\$ 9,760
Collectively evaluated for loss	135,468	17,325	116,651	52,589	82,175	3,256	22,012	429,476
Total	\$136,215	\$ 19,356	\$ 120,624	\$ 54,591	\$ 83,008	\$ 3,396	\$ 22,046	\$ 439,236

The Company recorded net loan charge-offs of \$15,000 during the first quarter of 2018 compared to net loan charge-offs of \$67,000 during the first quarter of 2017.

The Company's impaired loans decreased from \$9.8 million at December 31, 2017 to \$9.4 million at March 31, 2018. 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 March 31, 2018 and December 31, 2017, was related to troubled debt restructurings ("TDR") that are current and accruing interest, but still classified as impaired. Interest income recognized on a cash basis was immaterial during the three months ended March 31, 2018 and 2017. The following tables present information on impaired loans:

(Dollars in thousands)	As of March 31, 2018						
	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	\$ 740	\$ 740	\$ 467	\$ 273	\$ 84	\$ 746	\$ 2
Construction and land	3,515	1,780	417	1,363	23	1,797	15.00
Commercial real estate	3,922	3,922	3,884	38	15	3,925	122.00
Commercial	2,024	2,024	7	2,017	685	2,041	-
Agriculture	991	776	517	259	71	791	-
Municipal	126	126	126	-	-	138	-
Consumer	40	40	33	7	1	40	-
Total impaired loans	\$ 11,358	\$ 9,408	\$ 5,451	\$ 3,957	\$ 879	\$ 9,478	\$ 139

(Dollars in thousands)	As of December 31, 2017						
	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	\$ 747	\$ 747	\$ 503	\$ 244	\$ 73	\$ 774	\$ 8
Construction and land	3,766	2,031	430	1,601	102	2,033	65
Commercial real estate	3,973	3,973	3,888	85	52	3,989	490
Commercial	2,002	2,002	11	1,991	391	2,082	-
Agriculture	1,048	833	545	288	24	912	1
Municipal	140	140	140	-	-	192	5
Consumer	34	34	34	-	-	35	-
Total impaired loans	\$ 11,710	\$ 9,760	\$ 5,551	\$ 4,209	\$ 642	\$ 10,017	\$ 569

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 90 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 90 days or more delinquent and accruing interest at March 31, 2018 or December 31, 2017.

The following tables present information on the Company's past due and non-accrual loans by loan class:

(Dollars in thousands)	As of March 31, 2018						
	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	\$314	\$ -	\$ -	\$ 314	\$ 549	\$ 863	\$133,702
Construction and land	-	-	-	-	581	581	23,791
Commercial real estate	-	-	-	-	1,794	1,794	121,400
Commercial	166	356	-	522	2,024	2,546	50,029
Agriculture	177	75	-	252	776	1,028	80,663
Municipal	-	-	-	-	-	-	3,305
Consumer	35	2	-	37	40	77	22,439
Total	\$692	\$ 433	\$ -	\$ 1,125	\$ 5,764	\$ 6,889	\$435,329
Percent of gross loans	0.16%	0.10%	0.00%	0.26%	1.30%	1.56%	98.44%

(Dollars in thousands)	As of December 31, 2017						
	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