

LANDMARK BANCORP INC
Form 10-Q
May 12, 2011

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 March 31, 2011

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934
For 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 of incorporation or organization) (I.R.S. Employer Identification Number)

701 Poyntz Avenue, Manhattan, Kansas 66502
(Address of principal executive offices) (Zip Code)

(785) 565-2000
(Registrant's telephone number, including area code)

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

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

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

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

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 May 11, 2011, the Issuer had outstanding 2,648,050 shares of its common stock, \$.01 par value per share.

LANDMARK BANCORP, INC.
Form 10-Q Quarterly Report

Table of Contents

	Page Number
PART I	
Item 1.	2 - 19
Item 2.	20 - 28
Item 3.	28 - 29
Item 4.	30
PART II	
Item 1.	31
Item 1A.	31
Item 2.	31
Item 3.	31
Item 4.	31
Item 5.	31
Item 6.	31
Form 10-Q Signature Page	32

ITEM 1. FINANCIAL STATEMENTS

LANDMARK BANCORP, INC. AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(Dollars in thousands)	March 31, 2011	December 31, 2010
Assets		
Cash and cash equivalents	\$10,540	\$ 9,735
Investment securities:		
Available-for-sale, at fair value	181,334	167,689
Other securities	8,197	8,183
Loans, net	309,514	306,668
Loans held for sale	3,351	12,576
Premises and equipment, net	15,038	15,225
Real estate owned	2,912	3,194
Bank owned life insurance	15,718	13,080
Goodwill	12,894	12,894
Other intangible assets, net	2,123	2,233
Accrued interest and other assets	10,114	10,029
Total assets	\$571,735	\$ 561,506
Liabilities and Stockholders' Equity		
Liabilities:		
Deposits:		
Non-interest-bearing demand	\$59,324	\$ 52,683
Money market and NOW	179,088	167,815
Savings	35,905	32,369
Time, \$100,000 and greater	49,438	49,390
Time, other	125,338	129,057
Total deposits	449,093	431,314
Federal Home Loan Bank borrowings	35,790	44,300
Other borrowings	25,328	26,001
Accrued interest, taxes, and other liabilities	6,946	6,074
Total liabilities	517,157	507,689
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$0.01 par, 200,000 shares authorized; none issued	-	-
Common stock, \$0.01 par, 7,500,000 shares authorized; 2,639,450 and 2,636,891 shares issued at March 31, 2011 and December 31, 2010, respectively	26	26
Additional paid-in capital	27,154	27,102
Retained earnings	26,243	25,767
Accumulated other comprehensive income	1,155	922
Total stockholders' equity	54,578	53,817

Total liabilities and stockholders' equity	\$571,735	\$ 561,506
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See accompanying notes to consolidated financial statements.

2

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

(Dollars in thousands, except per share amounts)	Three months ended March 31,	
	2011	2010
Interest income:		
Loans:		
Taxable	\$4,271	\$4,792
Tax-exempt	86	78
Investment securities:		
Taxable	604	794
Tax-exempt	598	627
Other	2	1
Total interest income	5,561	6,292
Interest expense:		
Deposits	760	1,039
Borrowings	487	685
Total interest expense	1,247	1,724
Net interest income	4,314	4,568
Provision for loan losses	400	700
Net interest income after provision for loan losses	3,914	3,868
Non-interest income:		
Fees and service charges	1,137	1,005
Gains on sales of loans, net	619	511
Bank owned life insurance	144	124
Other	137	125
Total non-interest income	2,037	1,765
Investment securities gains:		
Gains on sales of investment securities	-	563
Investment securities gains	-	563
Non-interest expense:		
Compensation and benefits	2,374	2,324
Occupancy and equipment	708	719
Professional fees	285	134
Data processing	198	208
Amortization of intangibles	179	179
Federal deposit insurance premiums	175	179
Advertising	159	118
Foreclosure and real estate owned expense	25	182
Other	728	765
Total non-interest expense	4,831	4,808
Earnings before income taxes	1,120	1,388
Income tax expense	142	245
Net earnings	\$978	\$1,143
Earnings per share:		
Basic	\$0.37	\$0.44
Diluted	\$0.37	\$0.44

Dividends per share	\$0.19	\$0.18
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See accompanying notes to consolidated financial statements.

3

LANDMARK BANCORP, INC. AND SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(Dollars in thousands)	Three months ended March 31,	
	2011	2010
Net cash provided by (used in) operating activities	\$9,128	\$(2,013)
Investing activities:		
Net increase in loans	(4,387)	(4,154)
Maturities and prepayments of investment securities	15,257	8,789
Purchases of investment securities	(28,754)	(18,058)
Proceeds from sale of investment securities	-	10,097
Proceeds from sales of foreclosed assets	1,475	142
Purchases of premises and equipment, net	(41)	(26)
Net cash used in investing activities	(16,450)	(3,210)
Financing activities:		
Net increase in deposits	17,779	7,987
Federal Home Loan Bank advance repayments	(10)	(5,009)
Change in Federal Home Loan Bank line of credit, net	(8,500)	-
Other borrowings, net	(673)	505
Proceeds from issuance of common stock under stock option plans	28	143
Excess tax benefit related to stock option plans	5	31
Payment of dividends	(502)	(475)
Net cash provided by financing activities	8,127	3,182
Net increase (decrease) in cash and cash equivalents	805	(2,041)
Cash and cash equivalents at beginning of period	9,735	12,379
Cash and cash equivalents at end of period	\$10,540	\$10,338
Supplemental disclosure of cash flow information:		
Cash (refunds) paid during the period for income taxes	\$(575)	\$450
Cash paid during the period for interest	1,314	1,838
Supplemental schedule of noncash investing and financing activities:		
Transfer of loans to real estate owned	\$1,198	\$2,095

See accompanying notes to consolidated financial statements.

LANDMARK BANCORP, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF EQUITY AND COMPREHENSIVE INCOME
(Unaudited)

(Dollars in thousands, except per share amounts)	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Accumulated other comprehensive income	Total
Balance at December 31, 2009	\$ 25	\$ 24,844	\$ 27,523	\$ -	\$ 1,503	\$ 53,895
Comprehensive income:						
Net earnings	-	-	1,143	-	-	1,143
Change in fair value of investment securities available-for-sale, net of tax	-	-	-	-	(312)	(312)
Total comprehensive income						831
Dividends paid (\$0.18 per share)	-	-	(475)	-	-	(475)
Stock based compensation	-	39	-	-	-	39
Exercise of stock options, 14,486 shares, including excess tax benefit of \$31	-	174	-	-	-	174
Balance at March 31, 2010	\$ 25	\$ 25,057	\$ 28,191	\$ -	\$ 1,191	\$ 54,464
Balance at December 31, 2010	\$ 26	\$ 27,102	\$ 25,767	\$ -	\$ 922	\$ 53,817
Comprehensive income:						
Net earnings	-	-	978	-	-	978
Change in fair value of investment securities available-for-sale, net of tax	-	-	-	-	233	233
Total comprehensive income						1,211
Dividends paid (\$0.19 per share)	-	-	(502)	-	-	(502)
Stock based compensation	-	19	-	-	-	19
Exercise of stock options, 2,559 shares, including excess tax benefit of \$5	-	33	-	-	-	33
Balance at March 31, 2011	\$ 26	\$ 27,154	\$ 26,243	\$ -	\$ 1,155	\$ 54,578

See accompanying notes to consolidated financial statements.

LANDMARK BANCORP, INC. AND SUBSIDIARY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Interim Financial Statements

The condensed consolidated financial statements of Landmark Bancorp, Inc. (the “Company”) and subsidiary have been prepared in accordance with the instructions to Form 10-Q. To the extent that information and footnotes required by U.S. generally accepted accounting principles (“GAAP”) for complete financial statements are contained in or consistent with the consolidated audited financial statements incorporated by reference in the Company’s Form 10-K for the year ended December 31, 2010, such information and footnotes have not been duplicated herein. 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 December 31, 2010 consolidated balance sheet has been derived from the audited consolidated balance sheet as of that date. The results of the interim period ended March 31, 2011 are not necessarily indicative of the results expected for the year ending December 31, 2011. The Company evaluates subsequent events and transactions that occur after the balance sheet date up to the date that financial statements are filed for potential recognition or disclosure.

2. Goodwill and Other Intangible Assets

The Company tests goodwill for impairment annually or more frequently if circumstances warrant. The Company’s annual impairment test as of December 31, 2010 concluded that its goodwill was not impaired, however the Company can make no assurances that future impairment tests will not result in goodwill impairments. The Company concluded there were no triggering events during the first quarter of 2011 that required an interim goodwill impairment test.

On May 8, 2009, the Company’s subsidiary, Landmark National Bank, assumed approximately \$6.4 million in deposits in connection with a branch acquisition. As part of the transaction, Landmark National Bank agreed to pay a deposit premium of 1.75 percent on the core deposit balance as of 270 days after the close of the transaction. The core deposit premium, based on the acquired core deposit balances, was \$86,000. The final core deposit premium, measured on February 2, 2010, was \$49,000. The following is an analysis of changes in the Company’s core deposit intangible assets:

(Dollars in thousands)	Three months ended March 31,			
	2011		2010	
	Fair value at acquisition	Accumulated amortization	Fair value at acquisition	Accumulated amortization
Balance at beginning of period	\$ 5,445	\$ (4,272)	\$ 5,482	\$ (3,767)
Additions	-	-	-	-
Adjustments to prior estimates	-	-	(37)	-
Amortization	-	(108)	-	(129)
Balance at end of period	\$ 5,445	\$ (4,380)	\$ 5,445	\$ (3,896)

Mortgage servicing rights are related to loans serviced by the Company for unrelated third parties. The following is an analysis of changes in the mortgage servicing rights:

(Dollars in thousands)	Three months ended March 31,			
	2011		2010	
	Cost	Accumulated amortization	Cost	Accumulated amortization

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Balance at beginning of period	\$ 1,880	\$ (820)	\$ 1,447	\$ (681)
Additions	69	-	63	-
Prepayments	(19)	19	(14)	14
Amortization	-	(71)	-	(50)
Balance at end of period	\$ 1,930	\$ (872)	\$ 1,496	\$ (717)

6

Aggregate core deposit and mortgage servicing rights amortization expense was \$179,000 for both the first quarter of 2011 and 2010. The following sets forth estimated amortization expense for all intangible assets for the remainder of 2011 and in successive years ending December 31:

(Dollars in thousands)	Amortization expense
Remainder of 2011	\$ 515
2012	599
2013	515
2014	419
2015	68
Thereafter	7

3. Investments

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

(Dollars in thousands)	Amortized cost	As of March 31, 2011		Estimated fair value
		Gross unrealized gains	Gross unrealized losses	
U. S. federal agency obligations	\$ 21,454	\$ 113	\$ (25)	\$ 21,542
Municipal obligations, tax exempt	63,441	2,168	(182)	65,427
Municipal obligations, taxable	4,232	17	(58)	4,191
Mortgage-backed securities	80,125	829	(398)	80,556
Common stocks	693	212	(12)	893
Pooled trust preferred securities	1,125	-	(840)	285
Certificates of deposit	8,440	-	-	8,440
Total	\$ 179,510	\$ 3,339	\$ (1,515)	\$ 181,334

(Dollars in thousands)	Amortized cost	As of December 31, 2010		Estimated fair value
		Gross unrealized gains	Gross unrealized losses	
U. S. federal agency obligations	\$ 22,060	\$ 147	\$ (20)	\$ 22,187
Municipal obligations, tax exempt	63,725	1,907	(345)	65,287
Municipal obligations, taxable	4,232	12	(56)	4,188
Mortgage-backed securities	60,238	847	(281)	60,804
Common stocks	693	190	(55)	828
Pooled trust preferred securities	1,125	-	(889)	236
Certificates of deposit	14,159	-	-	14,159
Total	\$ 166,232	\$ 3,103	\$ (1,646)	\$ 167,689

Certain of the Company's investment securities had unrealized losses, or were temporarily impaired, as of March 31, 2011 and December 31, 2010. 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 the impairment period.

(Dollars in thousands)	No. of securities	As of March 31, 2011					
		Less than 12 months Fair value	Unrealized losses	12 months or longer Fair value	Unrealized losses	Total Fair value	Unrealized losses
U. S. federal agency obligations	5	\$ 4,089	\$ (25)	\$ -	\$ -	\$ 4,089	\$ (25)
Municipal obligations, tax exempt	20	7,015	(182)	-	-	7,015	(182)
Municipal obligations, taxable	11	3,955	(58)	-	-	3,955	(58)
Mortgage-backed securities	20	35,540	(398)	-	-	35,540	(398)
Common stocks	3	63	(12)	-	-	63	(12)
Pooled trust preferred securities	2	-	-	285	(840)	285	(840)
Total	61	\$ 50,662	\$ (675)	\$ 285	\$ (840)	\$ 50,947	\$ (1,515)

(Dollars in thousands)	No. of securities	As of December 31, 2010					
		Less than 12 months Fair value	Unrealized losses	12 months or longer Fair value	Unrealized losses	Total Fair value	Unrealized losses
U. S. federal agency obligations	4	\$ 3,104	\$ (20)	\$ -	\$ -	\$ 3,104	\$ (20)
Municipal obligations, tax exempt	28	8,645	(278)	439	(67)	9,084	(345)
Municipal obligations, taxable	10	2,922	(56)	-	-	2,922	(56)
Mortgage-backed securities	11	15,331	(281)	-	-	15,331	(281)
Common stocks	4	445	(55)	-	-	445	(55)
Pooled trust preferred securities	2	-	-	236	(889)	236	(889)
Total	59	\$ 30,447	\$ (690)	\$ 675	\$ (956)	\$ 31,122	\$ (1,646)

The Company performs quarterly reviews of the investment portfolio to determine if investment securities have any declines in fair value which might be considered other-than-temporary. The initial review begins with all securities in an unrealized loss position. The Company's assessment of other-than-temporary impairment is based on the specific facts and circumstances impacting each individual security. The Company reviews and considers all available information, including expected cash flows, the structure of the security, the credit quality of the underlying assets and the current and anticipated market conditions. Any credit-related impairments on debt securities are realized through a charge to earnings. If an equity security is determined to be other-than-temporarily impaired, the entire impairment is realized through a charge to earnings.

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 that it is more likely than not that the Company will not be required to sell the securities before recovery of their cost basis, the Company believes that the U.S. federal agency obligations identified in the tables above were temporarily impaired as of March 31, 2011 and December 31, 2010. 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").

As of March 31, 2011, the Company does 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 believes that the municipal obligations identified in the tables above were temporarily impaired as of March 31, 2011 and December 31, 2010.

The receipt of principal, at par, and interest on mortgage-backed securities is guaranteed by the respective government-sponsored agency guarantor, such that the Company believes that its mortgage-backed securities 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 the Company's belief that it is more likely than not that the Company will not be required to sell the securities before recovery of their cost basis, the Company believes that the mortgage-backed securities identified in the tables above were temporarily impaired as of March 31, 2011 and December 31, 2010. The Company's mortgage-backed securities portfolio consists of securities underwritten to the standards of and guaranteed by the government-sponsored agencies of FHLMC, FNMA and Government National Mortgage Association ("GNMA").

Based on the analysis of its common stock investments in unrealized loss positions identified in the tables above, the Company determined that the securities were temporarily impaired as of March 31, 2011 and December 31, 2010.

As of March 31, 2011, the Company owned three pooled trust preferred securities with an original cost basis of \$2.5 million, which represent investments in pools of collateralized debt obligations issued by financial institutions and insurance companies. The market for these securities is considered to be inactive. Two of the Company's three investments in pooled trust preferred securities, Preferred Term Security ("PreTSL") VIII and PreTSL IX, have a remaining aggregate cost basis of \$1.1 million and non-credit related, unrealized losses of \$840,000. The Company used discounted cash flow models on these two securities to assess if the present value of the cash flows expected to be collected was less than the amortized cost, which would result in an other-than-temporary impairment associated with the credit of the underlying collateral. The assumptions used in preparing the discounted cash flow models include the following: estimated discount rates, estimated deferral and default rates on collateral, assumed recoveries, and estimated cash flows including all information available through the date of issuance of these financial statements. The discounted cash flow analysis included a review of all issuers within the collateral pool and incorporated higher deferral and default rates, as compared to historical rates, in the cash flow projections through maturity. The Company also reviewed a stress test of these securities to determine the additional estimated deferrals or defaults in the collateral pool in excess of what the Company believes is likely, before the payments on the individual securities are negatively impacted.

As of March 31, 2011, the analysis of the Company's PreTSL VIII and PreTSL IX investments indicated that the unrealized losses were not credit-related. The Company performed a discounted cash flow analysis, using the factors noted above to determine the amount of the other-than-temporary impairment that was applicable to either credit losses or other factors. During 2010, the Company's analysis indicated that its investment in a third pooled trust preferred security, PreTSL XVII, had no value and a credit-related, other-than-temporary impairment charge was recorded for the remaining cost basis of the security. As of March 31, 2011, the Company had recorded credit losses on all three PreTSL securities totaling \$1.3 million through charges to earnings during 2010 and 2009.

The following tables provide additional information related to the Company's portfolio of investments in pooled trust preferred securities as of March 31, 2011:

(Dollars in thousands)					Cumulative			
Investment	Class	Moody's rating	Original par	Principal payments	realized losses	Cost basis	Unrealized loss	Fair value
PreTSL VIII	B	C	\$ 1,000	\$ -	\$ (619)	\$ 381	\$ (296)	\$ 85
PreTSL IX	B	C	1,000	(21)	(235)	744	(544)	200
PreTSL XVII	C	C	500	(11)	(489)	-	-	-
Total			\$ 2,500	\$ (32)	\$ (1,343)	\$ 1,125	\$ (840)	\$ 285

It is reasonably possible that the fair values of the Company's investment securities could decline in the future if the overall economy and/or the financial condition of some of the issuers of these securities deteriorate and/or if the

liquidity in markets for these securities declines. As a result, there is a risk that additional other-than-temporary impairments may occur in the future and any such amounts could be material to the Company's consolidated financial statements. The fair value of the Company's investment securities may also decline from an increase in market interest rates, as the market prices of these investments move inversely to their market yields.

Maturities of investment securities at March 31, 2011 are as follows:

(Dollars in thousands)	Amortized cost	Estimated fair value
Due in less than one year	\$ 30,742	\$ 30,908
Due after one year but within five years	100,847	101,914
Due after five years but within ten years	32,583	33,686
Due after ten years	14,645	13,933
Common stocks	693	893
Total	\$ 179,510	\$ 181,334

The table above includes scheduled principal payments and estimated prepayments for mortgage-backed securities, where actual maturities will differ from contractual maturities because borrowers have the right to prepay obligations with or without prepayment penalties.

Gross realized gains and losses on sales of available-for-sale securities are as follows:

(Dollars in thousands)	Three months ended	
	March 31, 2011	March 31, 2010
Realized gains	\$ -	\$ 563
Realized losses	-	-
Total	\$ -	\$ 563

Other investment securities primarily consist of restricted investments in FHLB and Federal Reserve Bank (“FRB”) stock. The carrying value of the FHLB stock was \$6.4 million at March 31, 2011 and December 31, 2010. The carrying value of the FRB stock was \$1.8 million at March 31, 2011 and December 31, 2010. These securities are not readily marketable and are required for regulatory purposes and borrowing availability. Since there is 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 \$60,000 of other miscellaneous investments in the common stock of various correspondent banks which are held for borrowing purposes. The Company assessed the ultimate recoverability of these investments and believes that no impairment has occurred.

4. Loans and Allowance for Loan Losses

Loans consisted of the following as of:

	March 31, 2011	December 31, 2010
	(Dollars in thousands)	
One-to-four family residential real estate	\$ 77,654	\$ 79,631
Construction and land	23,703	23,652
Commercial real estate	93,817	92,124
Commercial loans	59,863	57,286
Agriculture loans	36,404	38,836
Municipal loans	8,437	5,393
Consumer loans	13,913	14,385
Total gross loans	313,791	311,307

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Net deferred loan costs and loans in process	105	328
Allowance for loan losses	(4,382)	(4,967)
Loans, net	\$ 309,514	\$ 306,668

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, 2011

	One-to-four family residential real estate	Construction and land	Commercial real estate	Commercial loans	Agriculture loans	Municipal loans	Consumer loans	Total
Allowance for loan losses:								
Balance at December 31, 2010	\$395	\$ 1,186	\$ 1,576	\$ 1,173	\$ 399	\$ 99	\$ 139	\$4,967
Charge-offs	(103)	-	(434)	(458)	(1)	-	(28)	(1,024)
Recoveries	22	-	-	4	1	-	12	39
Net charge-offs	(81)	-	(434)	(454)	-	-	(16)	(985)
Provision for loan losses	47	256	169	(9)	(40)	16	(39)	400
Balance at March 31, 2011	361	1,442	1,311	710	359	115	84	4,382

Allowance for loan losses:								
Individually evaluated for loss	24	654	-	103	-	69	-	850
Collectively evaluated for loss	337	788	1,311	607	359	46	84	3,532
Total	361	1,442	1,311	710	359	115	84	4,382

Loan balances:								
Individually evaluated for loss	716	1,217	-	333	65	775	63	3,169
Collectively evaluated for loss	76,938	22,486	93,817	59,530	36,339	7,662	13,850	310,622
Total	\$77,654	\$ 23,703	\$ 93,817	\$ 59,863	\$ 36,404	\$ 8,437	\$ 13,913	\$313,791

Three months ended March 31, 2010

	One-to-four family residential real estate	Construction and land	Commercial real estate	Commercial loans	Agriculture loans	Municipal loans	Consumer loans	Total
Allowance for loan losses:								

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Balance at								
December 31, 2009	\$625	\$ 1,326	\$ 705	\$ 623	\$ 2,103	\$ -	\$ 86	\$5,468
Charge-offs	(73)	(19)	-	(9)	-	-	(46)	(147)
Recoveries	1	-	-	3	-	-	12	16
Net charge-offs	(72)	(19)	-	(6)	-	-	(34)	(131)
Provision for loan losses	5	307	(16)	2	342	26	34	700
Balance at March 31, 2010	558	1,614	689	619	2,445	26	86	6,037
Allowance for loan losses:								
Individually evaluated for loss	28	1,101						