



Landmark Bancorp, Inc. (LARK)

Updated May 5th, 2025, by Patrick Neuwirth

Key Metrics

Current Price:	\$30.54	5 Year CAGR Estimate:	6.8%	Market Cap:	\$177 M
Fair Value Price:	\$28.00	5 Year Growth Estimate:	6.0%	Ex-Dividend Date:	05/21/25
% Fair Value:	109%	5 Year Valuation Multiple Estimate:	-1.7%	Dividend Payment Date:	06/04/25
Dividend Yield:	2.8%	5 Year Price Target	\$37	Years Of Dividend Growth:	21
Dividend Risk Score:	B	Sector:	Financials	Rating:	Hold

Overview & Current Events

Landmark Bancorp, Inc. (LARK) is a financial holding company. The company's business consists of the ownership of Landmark National Bank and Landmark Risk Management, Inc. The bank is predominantly engaged in the business of attracting deposits from the community and using such deposits, together with borrowings and other funds, to originate one-to-four family residential real estate, construction and land, commercial real estate, commercial, agriculture, municipal, and consumer loans. In addition, the company invests in certain investment and mortgage-related securities. As of the first quarter of 2025, the company's total assets were \$1.58 billion, total gross loans were \$1.07 billion, and total deposits were \$1.34 billion. Landmark Bancorp has 29 branch offices in 23 communities across the state of Kansas. The company was founded in 1885 and has 275 employees.

On April 30th, 2025, Landmark Bancorp announced its financial results for the first quarter 2025 for the period ending March 31st, 2025. For the quarter, the company reported earnings of \$4.7 million, an increase from the \$3.3 million earned in the fourth quarter of 2024, and up from the \$2.8 million reported for the same quarter last year. Reported earnings per diluted share for the quarter were \$0.81, compared to \$0.57 in the fourth quarter of 2024 and \$0.48 in the same quarter last year.

The change in earnings for the first quarter was primarily driven by continued loan and deposit growth, an expanded net interest margin, reduced non-interest expenses, and excellent credit quality. Compared to the fourth quarter of 2024, total gross loans increased by \$22.6 million, or 8.7% annualized, reflecting solid demand primarily in commercial real estate, residential mortgage, and construction and land loans. Deposits increased by \$7.1 million during the quarter, overcoming typical seasonal declines in certain deposit categories. Net interest income amounted to \$13.1 million, representing a 5.8% increase from the previous quarter, driven by higher loan yields and lower interest expenses on borrowings and deposits.

The company's net interest margin increased to 3.76%, up from 3.51% in the fourth quarter, reflecting effective balance sheet and funding cost management. For the reporting period, the return on average assets was 1.21%, the return on average equity was 13.71%, and the efficiency ratio improved to 64.1%, reflecting better cost control. Credit quality remained strong, with net loan charge-offs totaling only \$23,000, while non-accrual loans were stable at 1.24% of gross loans, compared to 1.25% in the prior quarter.

For 2025, Landmark Bancorp expects continued loan growth, a stable deposit base, and a strong net interest margin, while focusing on cost management and credit risk mitigation to support sustainable earnings growth.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	\$1.88	\$1.57	\$0.75	\$1.79	\$1.18	\$3.37	\$3.11	\$1.71	\$2.13	\$2.26	\$2.80	\$3.75
DPS	\$0.47	\$0.52	\$0.54	\$0.57	\$0.60	\$0.63	\$0.66	\$0.73	\$0.76	\$0.79	\$0.84	\$1.12
Shares¹	5	5	5	5	5	5	5	5	5	5	6	6

¹ In millions.

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The company has grown earnings by 2.1% per year since 2015 and -3.6% over the past five years. We expect earnings to increase by 6% per year for the next five years. The company has been able to increase its dividend for an impressive 21 consecutive years. Over the last five years, the average annual dividend growth rate is 5.9%. In February 2024, the company increased its quarterly dividend by 5.0% from \$0.20 to \$0.21 per share. The company also declared a 5% stock dividend that was payable in December 2024. This is the 24th consecutive year that the company has declared a 5% stock dividend.

Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	9.5	11.7	29.8	9.7	11.7	6.4	7.0	9.6	10.0	11.2	10.9	10.0
Avg. Yld.	1.9%	2.7%	2.6%	3.3%	3.0%	3.3%	2.7%	3.7%	4.0%	4.0%	2.8%	3.0%

During the past decade shares of Landmark Bancorp have traded with an average price-to-earnings ratio of about 11.7 and today, it stands at 10.9. We are using 10 times earnings as a fair value baseline, implying the potential for a valuation headwind. The stock’s dividend yield is currently 2.8% which is slightly below the average yield of 3.2% for the past decade.

Safety, Quality, Competitive Advantage, & Recession Resiliency

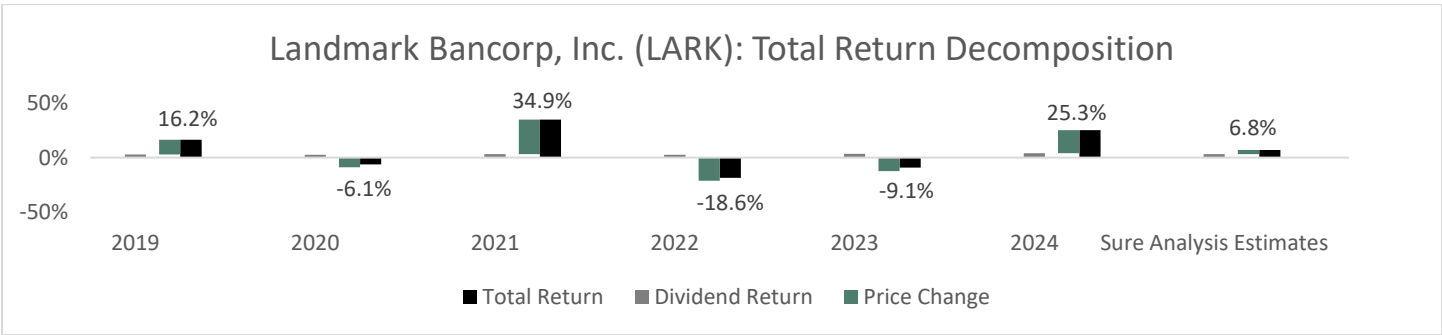
Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	25%	33%	72%	32%	51%	19%	21%	43%	36%	35%	30%	30%

During the past five years, the company’s dividend payout ratio has averaged around 32%. Landmark Bancorp’s dividend is at the moment comfortably covered by earnings. Given the expected earnings growth, there is room for the dividend to continue to grow at least at the same pace and keep the payout ratio around the same levels which is safe. Landmark Bancorp has demonstrated a solid financial performance combined with a sound asset quality track record and has a business model focused on community banking. As a result, the company has an impressive track record of 21 consecutive years of dividend increases. Landmark Bancorp has increased its dividends by ≥5% each year since 2001. Landmark Bancorp’s business model is primarily built upon lending money to local businesses and residents within the local communities the bank serves. The funding of those loans is done by gathering local deposits through their 29 branch offices. The bank has a diversified loan portfolio and a low-cost core deposit base. The non-interest income is also stable and diversified based on fees and services charges, gains on sales of loans and bank owned life insurance. The company has shown a decent track record of organic and acquisitive growth since 2000 including the recent acquisition of Freedom Bancshares, Inc.

Final Thoughts & Recommendation

Landmark Bancorp is an old and well-established regional bank active in 23 communities across the state of Kansas. The company has a solid dividend track record and offers an above average yield. We estimate total return potential of 6.8% per year for the next five years based on a 6% earnings-per-share growth, the dividend, and a valuation headwind. Shares earn a hold rating.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	43	41	33	43	46	64	61	53	57	60
SG&A Exp.	18	18	17	18	19	22	22	20	23	23
Net Profit	11	9	4	10	11	19	18	10	12	13
Net Margin	24.5%	21.9%	13.1%	24.0%	23.1%	30.5%	29.7%	18.9%	21.6%	21.7%
Free Cash Flow	6	18	2	20	8	14	30	24	12	12
Income Tax	4	2	(1)	1	1	5	5	1.4	2.0	1

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	878	911	929	986	998	1,188	1,329	1,503	1,562	1,574
Cash & Equivalents	14	20	17	19	14	90	197	32	32	24
Acc. Receivable	11	13	13	13	11	14	13	26	29	
Goodwill & Int.	22	22	21	21	20	21	22	40	39	38
Total Liabilities	798	826	842	894	890	1,061	1,193	1,391	1,435	1,438
Accounts Payable	12	12	10	13	13	17	16	23	---	
Long-Term Debt	71	73	53	42	25	22	22	68	86	75
Total Equity	81	85	88	92	109	127	136	111	127	136
LTD/E Ratio	0.88	0.86	0.61	0.45	0.23	0.17	0.16	0.61	0.68	0.55

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	1.2%	1.0%	0.5%	1.1%	1.1%	1.8%	1.4%	0.7%	0.8%	0.8%
Return on Equity	13.8%	10.8%	5.1%	11.6%	10.6%	16.6%	13.7%	8.0%	10.3%	9.9%
ROIC	7.0%	5.8%	2.9%	7.6%	8.0%	13.8%	11.8%	5.7%	6.2%	6.1%
Shares Out.	5.34	5.45	5.54	5.57	5.60	5.50	5.52	5.51	5.48	5.76
Revenue/Share	8.45	7.88	6.31	8.17	8.66	12.18	11.52	10.02	10.31	10.49
FCF/Share	1.14	3.55	0.30	3.76	1.51	2.76	5.68	4.56	2.12	2.07

Notes: All figures in millions of U.S. Dollars unless per share or indicated otherwise. Accounts Payable data was not yet available from our data provider.

Disclaimer

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