

GUARANTY FEDERAL BANCSHARES INC  
Form 10-Q  
August 10, 2017  
UNITED STATES

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, DC 20549**

**FORM 10-Q**

(Mark One)  **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2017

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 0-23325

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**Guaranty Federal Bancshares, Inc.**  
(Exact name of registrant as specified in its charter)

**Delaware** **43-1792717**  
(State or other jurisdiction of incorporation or organization) (IRS Employer Identification No.)

**1341 West Battlefield**  
**Springfield, Missouri** **65807**  
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (417) 520-4333

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 definitions of "large accelerated filer", "accelerated filer", "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act. 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 of 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.

<u>Class</u>	<u>Outstanding as of August 8, 2017</u>
Common Stock, Par Value \$0.10 per share	4,421,775 Shares

**GUARANTY FEDERAL BANCSHARES, INC.**

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**PART I FINANCIAL INFORMATION****Item 1. Financial Statements****GUARANTY FEDERAL BANCSHARES, INC.****CONDENSED CONSOLIDATED BALANCE SHEETS****JUNE 30, 2017 (UNAUDITED) AND DECEMBER 31, 2016**

	<b>6/30/17</b>	<b>12/31/16</b>
<b>ASSETS</b>		
Cash and due from banks	\$3,531,188	\$3,769,478
Interest-bearing deposits in other financial institutions	7,216,159	5,318,963
Cash and cash equivalents	10,747,347	9,088,441
Available-for-sale securities	85,006,043	92,399,235
Held-to-maturity securities	20,954	27,528
Stock in Federal Home Loan Bank, at cost	4,577,500	4,611,000
Mortgage loans held for sale	1,903,062	2,183,633
Loans receivable, net of allowance for loan losses of June 30, 2017 - \$6,640,164 - December 31, 2016 - \$5,742,449	608,159,460	538,273,640
Accrued interest receivable	2,060,646	1,947,063
Prepaid expenses and other assets	3,487,669	2,961,336
Foreclosed assets held for sale	1,302,012	2,682,353
Premises and equipment, net	11,717,390	10,871,039
Bank owned life insurance	19,505,622	19,272,893
Deferred and income taxes receivable	3,231,501	3,661,658
	<b>\$751,719,206</b>	<b>\$687,979,819</b>

**LIABILITIES AND STOCKHOLDERS' EQUITY****LIABILITIES**

Deposits	\$567,013,636	\$505,362,750
Federal Home Loan Bank advances	93,800,000	95,700,000
Subordinated debentures	15,465,000	15,465,000
Advances from borrowers for taxes and insurance	374,878	192,460
Accrued expenses and other liabilities	1,528,647	1,077,396
Accrued interest payable	213,907	207,833
	<b>678,396,068</b>	<b>618,005,439</b>

**COMMITMENTS AND CONTINGENCIES**

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**STOCKHOLDERS' EQUITY**

Capital Stock:

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Common stock, \$0.10 par value; authorized 10,000,000 shares; issued June 30, 2017 and December 31, 2016 - 6,875,503 shares	687,550	687,550
Additional paid-in capital	50,569,054	50,552,077
Retained earnings, substantially restricted	59,484,791	57,347,282
Accumulated other comprehensive loss	(292,716 )	(1,309,241 )
	110,448,679	107,277,668
Treasury stock, at cost; June 30, 2017 and December 31, 2016 - 2,453,728 and 2,465,476 shares, respectively	(37,125,541 )	(37,303,288 )
	73,323,138	69,974,380
	\$751,719,206	\$687,979,819

See Notes to Condensed Consolidated Financial Statements.

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**GUARANTY FEDERAL BANCSHARES, INC.****CONDENSED CONSOLIDATED STATEMENTS OF INCOME****THREE MONTHS AND SIX MONTHS ENDED JUNE 30, 2017 AND 2016 (UNAUDITED)**

	Three months ended		Six months ended	
	6/30/2017	6/30/2016	6/30/2017	6/30/2016
<b>Interest Income</b>				
Loans	\$6,743,613	\$5,628,133	\$12,990,123	\$11,330,025
Investment securities	454,040	525,713	929,509	983,564
Other	43,855	50,468	93,278	95,770
	7,241,508	6,204,314	14,012,910	12,409,359
<b>Interest Expense</b>				
Deposits	746,701	570,194	1,368,555	1,155,011
FHLB and Federal Reserve advances	449,698	313,108	849,625	614,272
Subordinated debentures	155,910	143,480	307,590	282,910
	1,352,309	1,026,782	2,525,770	2,052,193
<b>Net Interest Income</b>	5,889,199	5,177,532	11,487,140	10,357,166
<b>Provision for Loan Losses</b>	575,000	375,000	1,050,000	750,000
<b>Net Interest Income After Provision for Loan Losses</b>	5,314,199	4,802,532	10,437,140	9,607,166
<b>Noninterest Income</b>				
Service charges	290,926	279,099	558,032	545,068
Gain on sale of investment securities	62,274	60,375	62,274	111,405
Gain on sale of mortgage loans held for sale	523,534	382,583	932,148	732,457
Gain on sale of Small Business Administration loans	124,857	82,686	255,345	152,238
Net gain (loss) on foreclosed assets	(29,809 )	(8,797 )	8,264	(19,505 )
Other income	395,278	383,467	780,362	766,572
	1,367,060	1,179,413	2,596,425	2,288,235
<b>Noninterest Expense</b>				
Salaries and employee benefits	2,934,648	2,705,866	5,792,419	5,256,798
Occupancy	485,154	433,124	971,383	877,825
FDIC deposit insurance premiums	59,377	127,864	112,489	244,714
Data processing	232,436	211,535	461,752	426,665
Advertising	131,250	131,250	262,500	262,500
Other expense	725,051	699,755	1,386,993	1,350,368
	4,567,916	4,309,394	8,987,536	8,418,870
<b>Income Before Income Taxes</b>	2,113,343	1,672,551	4,046,029	3,476,531
<b>Provision for Income Taxes</b>	520,770	416,399	1,024,215	943,774
<b>Net Income Available to Common Shareholders</b>	\$1,592,573	\$1,256,152	\$3,021,814	\$2,532,757
<b>Basic Income Per Common Share</b>	\$0.36	\$0.29	\$0.69	\$0.58
<b>Diluted Income Per Common Share</b>	\$0.36	\$0.28	\$0.68	\$0.57

See Notes to Condensed Consolidated Financial Statements.



**GUARANTY FEDERAL BANCSHARES, INC.****CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME****THREE MONTHS AND SIX MONTHS ENDED JUNE 30, 2017 AND 2016 (UNAUDITED)**

	Three months ended		Six months ended	
	6/30/2017	6/30/2016	6/30/2017	6/30/2016
<b>NET INCOME</b>	\$1,592,573	\$1,256,152	\$3,021,814	\$2,532,757
<b>OTHER ITEMS OF COMPREHENSIVE INCOME:</b>				
Change in unrealized gain on investment securities available-for-sale, before income taxes	812,311	1,588,158	1,448,165	2,447,064
Change in unrealized gain on interest rate swaps, before income taxes	227,642	-	227,642	-
Less: Reclassification adjustment for realized gains on investment securities included in net income, before income taxes	(62,274 )	(60,375 )	(62,274 )	(111,405 )
Total other items of comprehensive income	977,679	1,527,783	1,613,533	2,335,659
Income tax expense related to other items of comprehensive income	361,742	565,280	597,008	