

GUARANTY FEDERAL BANCSHARES INC
Form 10-Q
August 10, 2012

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, 2012

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

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

Delaware
(State or other jurisdiction of incorporation or
organization)

43-1792717
(IRS Employer Identification No.)

1341 West Battlefield
Springfield, Missouri
(Address of principal executive offices)

65807
(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 or a smaller reporting company. See definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer 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

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Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding as of August 1, 2012
Common Stock, Par Value \$0.10 per share	2,717,748 Shares

GUARANTY FEDERAL BANCSHARES, INC.

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PART I FINANCIAL INFORMATION

Item 1. Financial Statements

GUARANTY FEDERAL BANCSHARES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION
JUNE 30, 2012 (UNAUDITED) AND DECEMBER 31, 2011

	6/30/12	12/31/11
ASSETS		
Cash	\$2,560,633	\$7,200,969
Interest-bearing deposits in other financial institutions	23,511,158	19,373,113
Cash and cash equivalents	26,071,791	26,574,082
Interest-bearing deposits	-	5,587,654
Available-for-sale securities	102,855,567	81,064,878
Held-to-maturity securities	198,212	218,571
Stock in Federal Home Loan Bank, at cost	3,805,500	3,846,900
Mortgage loans held for sale	2,715,211	3,702,849
Loans receivable, net of allowance for loan losses of June 30, 2012 - \$13,126,138 - December 31, 2011 - \$10,613,145	472,430,277	478,960,736
Accrued interest receivable:		
Loans	1,770,110	1,752,786
Investments and interest-bearing deposits	406,974	386,534
Prepaid expenses and other assets	6,765,179	7,116,067
Prepaid FDIC deposit insurance premiums	1,681,214	2,089,076
Foreclosed assets held for sale	8,116,383	10,012,035
Premises and equipment	11,405,864	11,423,822
Bank owned life insurance	13,452,663	10,770,887
Income taxes receivable	42,837	512,666
Deferred income taxes	4,890,371	4,486,315
	\$656,608,153	\$648,505,858
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES		
Deposits	\$496,355,640	\$484,583,665
Federal Home Loan Bank advances	68,050,000	68,050,000
Securities sold under agreements to repurchase	25,000,000	25,000,000
Subordinated debentures	15,465,000	15,465,000
Advances from borrowers for taxes and insurance	372,658	156,509
Accrued expenses and other liabilities	528,064	496,956
Accrued interest payable	433,053	518,881
	606,204,415	594,271,011
COMMITMENTS AND CONTINGENCIES	-	-
STOCKHOLDERS' EQUITY		
Capital Stock:		
Series A preferred stock, \$0.01 par value; authorized 2,000,000 shares; issued and outstanding at June 30, 2012 and December 31, 2011 - 12,000 and 17,000 shares,	11,692,019	16,425,912

respectively

Common stock, \$0.10 par value; authorized 10,000,000 shares; issued June 30, 2012 and December 31, 2011 - 6,781,803 and 6,779,800 shares, respectively	678,180	677,980
Common stock warrants; June 30, 2012 and December 31, 2011 - 459,459 shares	1,377,811	1,377,811
Additional paid-in capital	58,218,483	58,333,614
Unearned ESOP shares	(90,930)	(204,930)
Retained earnings, substantially restricted	38,956,533	38,456,991
Accumulated other comprehensive income		
Unrealized appreciation on available-for-sale securities, net of income taxes	940,986	791,285
	111,773,082	115,858,663
Treasury stock, at cost; June 30, 2012 and December 31, 2011 - 4,056,862 and 4,072,156 shares, respectively	(61,369,344)	(61,623,816)
	50,403,738	54,234,847
	\$656,608,153	\$648,505,858

See Notes to Condensed Consolidated Financial Statements

GUARANTY FEDERAL BANCSHARES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
THREE MONTHS AND SIX MONTHS ENDED JUNE 30, 2012 AND 2011 (UNAUDITED)

	Three months ended		Six months ended	
	6/30/2012	6/30/2011	6/30/2012	6/30/2011
Interest Income				
Loans	\$6,330,157	\$6,822,937	\$12,733,995	\$13,540,009
Investment securities	471,007	737,290	883,351	1,462,501
Other	45,195	81,267	94,935	169,102
	6,846,359	7,641,494	13,712,281	15,171,612
Interest Expense				
Deposits	1,045,994	1,510,473	2,188,790	3,110,414
Federal Home Loan Bank advances	383,985	607,060	767,719	1,207,439
Subordinated debentures	139,521	133,990	279,366	340,802
Other	162,750	288,697	346,525	567,876
	1,732,250	2,540,220	3,582,400	5,226,531
Net Interest Income	5,114,109	5,101,274	10,129,881	9,945,081
Provision for Loan Losses	2,100,000	1,000,000	3,000,000	1,900,000
Net Interest Income After Provision for Loan Losses	3,014,109	4,101,274	7,129,881	8,045,081
Noninterest Income				
Service charges	269,253	358,732	524,343	697,963
Gain on sale of investment securities	69,576	112,094	107,105	115,798
Gain on sale of loans	475,055	252,135	837,409	530,335
Loss on foreclosed assets	(70,771)	(289,230)	(171,880)	(423,217)
Other income	297,435	281,468	590,583	552,219
	1,040,548	715,199	1,887,560	1,473,098
Noninterest Expense				
Salaries and employee benefits	2,281,876	2,190,507	4,616,972	4,455,658
Occupancy	405,014	421,661	796,488	848,526
FDIC deposit insurance premiums	210,883	234,776	427,089	520,520
Data processing	142,215	135,909	274,402	275,569
Advertising	75,000	75,000	150,000	150,000
Other expense	787,864	860,954	1,685,409	1,820,758
	3,902,852	3,918,807	7,950,360	8,071,031
Income Before Income Taxes	151,805	897,666	1,067,081	1,447,148
Provision (Credit) for Income Taxes	(192,316)	108,124	(111,762)	134,644
Net Income	344,121	789,542	1,178,843	1,312,504
Preferred Stock Dividends and Discount Accretion	397,910	281,390	679,301	562,781
Net Income (Loss) Available to Common Shareholders	\$(53,789)	\$508,152	\$499,542	\$749,723
Basic Income (Loss) Per Common Share				
	\$(0.02)	\$0.19	\$0.18	\$0.28
Diluted Income (Loss) Per Common Share				
	\$(0.02)	\$0.19	\$0.17	\$0.28

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, 2012 AND 2011 (UNAUDITED)

	Three months ended		Six months ended	
	6/30/2012	6/30/2011	6/30/2012	6/30/2011
NET INCOME	\$344,121	\$789,542	\$1,178,843	\$1,312,504
OTHER ITEMS OF COMPREHENSIVE INCOME:				
Change in unrealized gain on investment securities available-for-sale, before income taxes	292,740	1,140,325	344,726	931,294
Less: Reclassification adjustment for realized gains on investment securities included in net income, before income taxes	(69,576)	(112,094)	(107,105)	(115,798)
Total other items in comprehensive income	223,164	1,028,231	237,621	815,496
Income tax expense related to other items of comprehensive income	82,571	380,445	87,920	301,733
Other comprehensive income	140,593	647,786	149,701	513,763
TOTAL COMPREHENSIVE INCOME	\$484,714	\$1,437,328	\$1,328,544	\$1,826,267

See Notes to Condensed Consolidated Financial Statements

GUARANTY FEDERAL BANCSHARES, INC.

CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
SIX MONTHS ENDED JUNE 30, 2012 (UNAUDITED)

	Preferred Stock	Common Stock	Common Stock Warrants	Additional Paid-In Capital	Unearned ESOP Shares	Treasury Stock	Retained Earnings	Accumulate Other Comprehensi Income
Balance, January 1, 2012	\$16,425,912	\$677,980	\$1,377,811	\$58,333,614	\$(204,930)	\$(61,623,816)	\$38,456,991	\$791,285
Net income	-	-	-	-	-	-	1,178,843	-
Change in unrealized appreciation on available-for-sale securities, net of income taxes	-	-	-	-	-	-	-	149,701
Preferred stock redeemed	(5,000,000)	-	-	-	-	-	-	-
Preferred stock discount accretion	266,107	-	-	-	-	-	(266,107)	-
Preferred stock dividends (5%)	-	-	-	-	-	-	(413,194)	-
Stock award plans	-	-	-	(100,532)	-	280,208	-	-
Stock options exercised	-	200	-	12,188	-	-	-	-
Treasury stock purchased	-	-	-	-	-	(25,736)	-	-
Release of ESOP shares	-	-	-	(26,787)	114,000	-	-	-
Balance, June 30, 2012	\$11,692,019	\$678,180	\$1,377,811	\$58,218,483	\$(90,930)	\$(61,369,344)	\$38,956,533	\$940,986

See Notes to Condensed Consolidated Financial Statements

GUARANTY FEDERAL BANCSHARES, INC.
CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
SIX MONTHS ENDED JUNE 30, 2011 (UNAUDITED)

	Preferred Stock	Common Stock	Common Stock Warrants	Additional Paid-In Capital	Unearned ESOP Shares	Treasury Stock	Retained Earnings	Accumulat Other Comprehens Income
Balance, January 1, 2011	\$16,150,350	\$677,980	\$1,377,811	\$58,505,046	\$(432,930)	\$(61,827,409)	\$35,746,914	\$1,843,000
Net income	-	-	-	-	-	-	1,312,504	-
Change in unrealized appreciation on available-for-sale securities and effect of interest rate swaps, net of income taxes	-	-	-	-	-	-	-	513,763
Preferred stock discount accretion	137,781	-	-	-	-	-	(137,781)	-
Preferred stock dividends (5%)	-	-	-	-	-	-	(425,000)	-
Stock award plans	-	-	-	(105,395)	-	256,823	-	-
Treasury stock purchased	-	-	-	-	-	(53,229)	-	-
Release of ESOP shares	-	-	-	(47,254)	114,000	-	-	-
Balance, June 30, 2011	\$16,288,131	\$677,980	\$1,377,811	\$58,352,397	\$(318,930)	\$(61,623,815)	\$36,496,637	\$2,356,763

See Notes to Condensed Consolidated Financial Statements

GUARANTY FEDERAL BANCSHARES, INC
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
SIX MONTHS ENDED JUNE 30, 2012 AND 2011 (UNAUDITED)

	6/30/2012	6/30/2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$1,178,843	\$1,312,504
Items not requiring (providing) cash:		
Deferred income taxes	(491,976)	(418,644)
Depreciation	331,454	338,285
Provision for loan losses	3,000,000	1,900,000
Gain on loans and investment securities	(944,514)	(646,133)
Loss on foreclosed assets held for sale	191,522	230,803
Amortization of deferred income, premiums and discounts	319,991	298,965
Stock award plan expense	179,676	151,428
Origination of loans held for sale	(35,836,771)	(21,501,910)
Proceeds from sale of loans held for sale	37,661,818	22,542,767
Release of ESOP shares	87,213	66,746
Increase in cash surrender value of bank owned life insurance	(181,776)	(158,415)
Changes in:		
Prepaid FDIC deposit insurance premiums	407,862	487,371
Accrued interest receivable	(37,764)	498,250
Prepaid expenses and other assets	350,888	(565,296)
Accounts payable and accrued expenses	(23,470)	476,342
Income taxes receivable	469,829	-
Net cash provided by operating activities	6,662,825	5,013,063
CASH FLOWS FROM INVESTING ACTIVITIES		
Net change in loans	3,168,345	1,320,664
Principal payments on held-to-maturity securities	20,359	24,762
Principal payments on available-for-sale securities	6,369,983	6,299,171
Proceeds from maturities of available-for-sale securities	1,000,000	13,150,000
Purchase of premises and equipment	(313,496)	(300,697)
Purchase of available-for-sale securities	(46,523,089)	(27,576,346)
Proceeds from sale of available-for-sale securities	17,369,774	5,402,980
Proceeds from maturities of interest-bearing deposits	5,587,654	7,197,346
Redemption of Federal Home Loan Bank stock	41,400	65,800
Purchase of bank owned life insurance	(2,500,000)	-
Purchase of tax credit investments	-	(842,086)
Capitalized costs on foreclosed assets held for sale	-	(102,804)
Proceeds from sale of foreclosed assets held for sale	2,083,622	2,256,988
Net cash provided by (used in) investing activities	(13,695,448)	6,895,778
CASH FLOWS FROM FINANCING ACTIVITIES		
Net increase in demand deposits, NOW and savings accounts	14,689,686	13,404,970
Net decrease in certificates of deposit	(2,917,711)	(9,032,309)
Stock options exercised	12,388	-
Repayment of preferred stock	(5,000,000)	-
Advances from borrowers for taxes and insurance	216,149	223,151
Cash dividends paid on preferred stock	(444,444)	(425,000)
Treasury stock purchased	(25,736)	(53,229)

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Net cash provided by financing activities	6,530,332	4,117,583
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(502,291)	16,026,424
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	26,574,082	14,145,329
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$26,071,791	\$30,171,753

See Notes to Condensed Consolidated Financial Statements

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

Note 1: Basis of Presentation

The accompanying unaudited interim consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting only of normal recurring accruals) considered necessary for a fair presentation have been included.

These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in Guaranty Federal Bancshares, Inc.'s (the "Company") Form 10-K annual report for 2011 filed with the Securities and Exchange Commission (the "SEC"). The results of operations for the periods are not necessarily indicative of the results to be expected for the full year. The condensed consolidated statement of financial condition of the Company as of December 31, 2011, has been derived from the audited consolidated balance sheet of the Company as of that date. Certain information and note disclosures normally included in the Company's annual financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted.

Note 2: Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, Guaranty Bank (the "Bank"). All significant intercompany transactions and balances have been eliminated in consolidation.

Note 3: Securities

The amortized cost and approximate fair values of securities classified as available-for-sale are as follows:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized (Losses)	Approximate Fair Value
As of June 30, 2012				
Equity Securities	\$102,212	\$-	\$(34,250)	\$67,962
Debt Securities:				
U. S. government agencies	49,311,151	262,302	(5,131)	49,568,322
Corporate Bonds	1,825,857	2,098	(6,464)	1,821,491
Municipals	8,153,694	140,797	(79,355)	8,215,136
Government sponsored mortgage-backed securities	41,969,023	1,269,852	(56,219)	43,182,656
	\$101,361,937	\$1,675,049	\$(181,419)	\$102,855,567

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized (Losses)	Approximate Fair Value
As of December 31, 2011				
Equity Securities	\$102,212	\$-	\$(39,950)	\$62,262
Debt Securities:				
U. S. government agencies	34,668,833	122,093	(64,264)	34,726,662
U. S. treasuries	2,037,168	5,469	-	2,042,637
Municipals	4,049,701	138,736	(44,038)	4,144,399
Government sponsored mortgage-backed securities	38,950,955	1,148,789	(10,826)	40,088,918
	\$79,808,869	\$1,415,087	\$(159,078)	\$81,064,878

Maturities of available-for-sale debt securities as of June 30, 2012:

	Amortized Cost	Approximate Fair Value
1-5 years	\$24,012,127	\$24,144,608
6-10 years	30,081,937	30,208,235
Over 10 years	5,196,638	5,252,106
Government sponsored mortgage-backed securities not due on a single maturity date	41,969,023	43,182,656
	\$101,259,725	\$102,787,605

The amortized cost and approximate fair values of securities classified as held to maturity are as follows:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized (Losses)	Approximate Fair Value
As of June 30, 2012				
Debt Securities:				
Government sponsored mortgage-backed securities	\$198,212	\$13,646	\$-	\$211,858
	\$198,212	\$13,646	\$-	\$211,858

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized (Losses)	Approximate Fair Value
As of December 31, 2011				
Debt Securities:				
Government sponsored mortgage-backed securities	\$218,571	\$17,003	\$-	\$235,574
	\$218,571	\$17,003	\$-	\$235,574

Maturities of held-to-maturity securities as of June 30, 2012:

	Amortized Cost	Approximate Fair Value
Government sponsored mortgage-backed securities not due on a single maturity date	\$198,212	\$211,858
	\$198,212	\$211,858

The book value of securities pledged as collateral, to secure public deposits and for other purposes, amounted to \$59,284,907 and \$59,005,655 as of June 30, 2012 and December 31, 2011, respectively. The approximate fair value of pledged securities amounted to \$60,603,837 and \$60,222,048 as of June 30, 2012 and December 31, 2011, respectively.

Realized gains and losses are recorded as net securities gains. Gains on sales of securities are determined on the specific identification method. Gross gains of \$107,105 and \$115,798 as of June 30, 2012 and June 30, 2011, respectively, were realized from the sale of available-for-sale securities. The tax effect of these net gains was \$25,743 and \$41,475 as of June 30, 2012 and June 30, 2011, respectively.

The Company evaluates all securities quarterly to determine if any unrealized losses are deemed to be other than temporary. Certain investment securities are valued at less than their historical cost. These declines are primarily the result of the rate for these investments yielding less than current market rates, or declines in stock prices of equity securities. Based on evaluation of available evidence, management believes the declines in fair value for these securities are temporary. It is management's intent to hold the debt securities to maturity or until recovery of the unrealized loss. Should the impairment of any of these debt securities become other than temporary, the cost basis of the investment will be reduced and the resulting loss recognized in net income in the period the other-than-temporary impairment is identified, to the extent the loss is related to credit issues, and to other comprehensive income to the extent the decline on debt securities is related to other factors and the Company does not intend to sell the security prior to recovery of the unrealized loss.

Certain other investments in debt and equity securities are reported in the financial statements at an amount less than their historical cost. Total fair value of these investments at June 30, 2012 and December 31, 2011, was \$18,902,161 and \$29,766,876, respectively, which is approximately 18% and 37% of the Company's investment portfolio. These declines primarily resulted from changes in market interest rates and failure of certain investments to meet projected earnings targets.

The following tables show gross unrealized losses and fair value, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position at June 30, 2012 and December 31, 2011.

June 30, 2012						
Description of Securities	Less than 12 Months		12 Months or More		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Equity Securities	\$29,274	\$(1,402)	\$72,938	\$(32,848)	\$102,212	\$(34,250)
U. S. government agencies	3,921,938	(5,131)	-	-	3,921,938	(5,131)
Municipals	4,772,592	(79,355)	-	-	4,772,592	(79,355)
Corporate Bonds	1,397,712	(6,464)	-	-	1,397,712	(6,464)
Government sponsored mortgage-backed securities	8,707,707	(56,219)	-	-	8,707,707	(56,219)
	\$18,829,223	\$(148,571)	\$72,938	\$(32,848)	\$18,902,161	\$(181,419)
December 31, 2011						
Description of Securities	Less than 12 Months		12 Months or More		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Equity Securities	\$26,316	\$(4,361)	\$35,946	\$(35,589)	\$62,262	\$(39,950)
U. S. government agencies	21,351,961	(64,264)	-	-	21,351,961	(64,264)
Municipals	1,045,521	(44,038)	-	-	1,045,521	(44,038)
Government sponsored mortgage-backed securities	7,307,132	(10,826)	-	-	7,307,132	(10,826)
	\$29,730,930	\$(123,489)	\$35,946	\$(35,589)	\$29,766,876	\$(159,078)

Note 4: Loans and Allowance for Loan Losses

Categories of loans at June 30, 2012 and December 31, 2011 include:

	June 30, 2012	December 31, 2011
Real estate - residential mortgage:		
One to four family units	\$98,456,130	\$98,030,718
Multi-family	45,815,849	43,165,695
Real estate - construction	48,043,307	44,912,049
Real estate - commercial	176,017,859	194,856,374
Commercial loans	96,790,395	88,088,580
Consumer and other loans	20,653,059	20,758,027
Total loans	485,776,599	489,811,443
Less:		
Allowance for loan losses	(13,126,138)	(10,613,145)
Deferred loan fees/costs, net	(220,184)	(237,562)
Net loans	\$472,430,277	\$478,960,736

Classes of loans by aging at June 30, 2012 and December 31, 2011 were as follows:

As of June 30, 2012

	30-59 Days Past Due	60-89 Days Past Due	Greater Than 90 Days	Total Past Due	Current	Total Loans Receivable	Total Loans > 90 Days and Accruing
(In Thousands)							
Real estate - residential mortgage:							
One to four family units	\$439	\$-	\$-	\$439	\$98,017	\$ 98,456	\$-
Multi-family	-	-	-	-	45,816	45,816	-
Real estate - construction	200	706	-	906	47,137	48,043	-
Real estate - commercial	763	1,481	-	2,244	173,774	176,018	-
Commercial loans	6,815	492	1,416	8,723	88,068	96,791	-
Consumer and other loans	-	-	17	17	20,636	20,653	-
Total	\$8,217	\$2,679	\$1,433	\$12,329	\$473,448	\$ 485,777	\$-

As of December 31, 2011

	30-59 Days Past Due	60-89 Days Past Due	Greater Than 90 Days	Total Past Due	Current	Total Loans Receivable	Total Loans > 90 Days and Accruing
(In Thousands)							
Real estate - residential mortgage:							
One to four family units	\$5	\$206	\$33	\$244	\$97,787	\$ 98,031	\$-
Multi-family	-	-	-	-	43,166	43,166	-
Real estate - construction	728	-	157	885	44,027	44,912	-
Real estate - commercial	167	-	1,193	1,360	193,496	194,856	-

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Commercial loans	32	-	548	580	87,508	88,088	-
Consumer and other loans	14	18	20	52	20,706	20,758	-
Total	\$946	\$224	\$1,951	\$3,121	\$486,690	\$ 489,811	\$-

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Nonaccruing loans are summarized as follows:

	June 30, 2012	December 31, 2011
Real estate - residential mortgage:		
One to four family units	\$1,542,914	\$1,671,245
Multi-family	-	-
Real estate - construction	7,676,776	8,514,187
Real estate - commercial	14,735,720	4,082,416
Commercial loans	9,670,942	2,377,081
Consumer and other loans	355,782	357,060
Total	\$33,982,134	\$17,001,989

The following tables present the activity in the allowance for loan losses based on portfolio segment for the three months and six months ended June 30, 2012 and 2011:

Three months ended June 30, 2012

	Construction	Commercial Real Estate	One to four family	Multi-family	Commercial	Consumer and Other	Unallocated	Total
(In Thousands)								
Allowance for loan losses:								
Balance, beginning of period	\$3,239	\$ 2,620	\$1,606	\$ 389	\$ 1,816	\$ 387	\$ 917	\$10,974
Provision charged to expense	(877)	1,736	(34)	26	2,156	(25)	(882)	\$2,100
Losses charged off	-	-	-	-	(20)	(15)	-	\$(35)
Recoveries	6	24	2	-	45	10	-	\$87
Balance, end of period	\$2,368	\$ 4,380	\$1,574	\$ 415	\$ 3,997	\$ 357	\$ 35	\$13,126

Six months ended June 30, 2012

	Construction	Commercial Real Estate	One to four family	Multi-family	Commercial	Consumer and Other	Unallocated	Total
(In Thousands)								
Allowance for loan losses:								
Balance, beginning of period	\$2,508	\$ 2,725	\$1,735	\$ 390	\$ 1,948	\$ 372	\$ 935	\$10,613
Provision charged to expense	(156)	2,095	(58)	25	1,993	1	(900)	\$3,000
Losses charged off	-	(478)	(108)	-	(20)	(34)	-	\$(640)
Recoveries	16	38	5	-	76	18	-	\$153
Balance, end of period	\$2,368	\$ 4,380	\$1,574	\$ 415	\$ 3,997	\$ 357	\$ 35	\$13,126

Three months ended June 30, 2011

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	Commercial Construction	Commercial Real Estate	One to four family	Multi-family	Commercial	Consumer and Other	Unallocated	Total
(In Thousands)								
Allowance for loan losses:								
Balance, beginning of period	\$5,291	\$ 1,926	\$1,966	\$ 521	\$ 2,011	\$ 409	\$ 785	\$12,909
Provision charged to expense	(250)	1,113	188	1	224	68	(344)	\$1,000
Losses charged off	(6)	-	-	-	(8)	(24)	-	\$(38)
Recoveries	1	14	2	-	43	17	-	\$77
Balance, end of period	\$5,036	\$ 3,053	\$2,156	\$ 522	\$ 2,270	\$ 470	\$ 441	\$13,948

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Six months ended June 30, 2011

	Construction	Commercial Real Estate	One to four family	Multi-family	Commercial	Consumer and Other	Unallocated	Total
(In Thousands)								
Allowance for loan losses:								
Balance, beginning of period	\$4,547	\$ 3,125	\$1,713	\$ 528	\$ 2,483	\$ 687	\$ -	\$13,083
Provision charged to expense	554	1,386	706	(6)	236	(1,417)	441	\$1,900
Losses charged off	(76)	(1,475)	(265)	-	(526)	(64)	-	\$(2,406)
Recoveries	11	17	2	-	77	1,264	-	\$1,371
Balance, end of period	\$5,036	\$ 3,053	\$2,156	\$ 522	\$ 2,270	\$ 470	\$ 441	\$13,948

The following tables present the recorded investment in loans based on portfolio segment and impairment method as of June 30, 2012 and December 31, 2011:

As of June 30, 2012

	Construction	Commercial Real Estate	One to four family	Multi-family	Commercial	Consumer and Other	Unallocated	Total
(In Thousands)								
Allowance for loan losses:								
Ending balance: individually evaluated for impairment	\$454	\$ 2,247	\$73	\$ -	\$ 2,595	\$ 43	\$ -	\$5,412
Ending balance: collectively evaluated for impairment	\$1,913	\$ 2,134	\$1,501	\$ 415	\$ 1,402	\$ 314	\$ 35	\$7,714
Loans:								
Ending balance: individually evaluated for impairment	\$7,677	\$ 15,833	\$1,624	\$ -	\$ 10,587	\$ 410	\$ -	\$36,131
Ending balance: collectively evaluated for impairment	\$40,366	\$ 160,185	\$96,832	\$ 45,816	\$ 86,204	\$ 20,243	\$ -	\$449,646

December 31, 2011

	Construction	Commercial Real Estate	One to four family	Multi-family	Commercial	Consumer and Other	Unallocated	Total
(In Thousands)								

Allowance for loan losses:								
Ending balance: individually evaluated for impairment	\$1,355	\$ 659	\$127	\$ -	\$ 399	\$72	\$ -	\$2,612
Ending balance: collectively evaluated for impairment	\$1,153	\$ 2,066	\$1,608	\$ 390	\$ 1,549	\$ 300	\$ 935	\$8,001
Loans:								
Ending balance: individually evaluated for impairment	\$8,515	\$ 5,019	\$1,819	\$ -	\$ 3,048	\$ 653	\$ -	\$19,054
Ending balance: collectively evaluated for impairment	\$36,397	\$ 189,837	\$96,212	\$ 43,166	\$ 85,040	\$ 20,105	\$ -	\$470,757

The following table summarizes the recorded investment in impaired loans at June 30, 2012 and December 31, 2011:

	June 30, 2012			December 31, 2011		
	Recorded Balance	Unpaid Principal Balance	Specific Allowance	Recorded Balance	Unpaid Principal Balance	Specific Allowance
(In Thousands)						
Loans without a specific valuation allowance						
Real estate - residential mortgage:						
One to four family units	\$1,539	\$1,539	\$ -	\$1,424	\$1,424	\$ -
Multi-family	-	-	-	-	-	-
Real estate - construction	7,137	7,137	-	1,181	1,181	-
Real estate - commercial	4,940	5,265	-	4,646	5,985	-
Commercial loans	3,383	3,694	-	1,148	1,459	-
Consumer and other loans	159	159	-	376	376	-
Loans with a specific valuation allowance						
Real estate - residential mortgage:						
One to four family units	\$85	\$111	\$ 73	\$395	\$421	\$ 127
Multi-family	-	-	-	-	-	-
Real estate - construction	540	1,060	454	7,334	7,854	1,355
Real estate - commercial	10,893	10,893	2,247	373	373	659
Commercial loans	7,204	7,204	2,595	1,900	1,900	399
Consumer and other loans	251	251	43	277	277	72
Total						
Real estate - residential mortgage:						
One to four family units	\$1,624	\$1,650	\$			