

GLEN BURNIE BANCORP
Form 10-Q
November 13, 2018
Table of Contents

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 September 30, 2018

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

Commission file number 0-24047

GLEN BURNIE BANCORP

(Exact name of registrant as specified in its charter)

Maryland
(State or other jurisdiction of
incorporation or organization)

52-1782444
(I.R.S. Employer
Identification No.)

Edgar Filing: GLEN BURNIE BANCORP - Form 10-Q

101 Crain Highway, S.E.
Glen Burnie, Maryland 21061
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (410) 766-3300

Inapplicable

(Former name, former address and former fiscal year if changed from last report.)

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 every Interactive Data File required to be submitted 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 such files).

Yes No

Indicate by check mark if 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.

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 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

The number of shares of the registrant's common stock outstanding as of November 5, 2018 was 2,814,157.

Table of Contents

GLEN BURNIE BANCORP AND SUBSIDIARIES

TABLE OF CONTENTS

	Page
<u>Part I. FINANCIAL INFORMATION</u>	
<u>Item 1. Financial Statements</u>	
<u>Consolidated Balance Sheets: As of September 30, 2018 (unaudited) and December 31, 2017 (audited)</u>	3
<u>Consolidated Statements of Income: Three and Nine Months Ended September 30, 2018 and 2017 (unaudited)</u>	4
<u>Consolidated Statements of Comprehensive Income: Three and Nine Months Ended September 30, 2018 and 2017 (unaudited)</u>	5
<u>Consolidated Statements of Changes in Stockholders' Equity: Three and Nine Months Ended September 30, 2018 and 2017 (unaudited)</u>	6
<u>Consolidated Statements of Cash Flows: Three and Nine Months Ended September, 2018 and 2017 (unaudited)</u>	7
<u>Notes to Consolidated Financial Statements</u>	8
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	26
<u>Item 3. Quantitative and Qualitative Disclosures about Market Risk</u>	37
<u>Item 4. Controls and Procedures</u>	37
<u>Part II. OTHER INFORMATION</u>	
<u>Item 1. Legal Proceedings</u>	38
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	38
<u>Item 3. Defaults Upon Senior Securities</u>	38
<u>Item 4. Mine Safety Disclosures</u>	38
<u>Item 5. Other Information</u>	38
<u>Item 6. Exhibits</u>	39
<u>SIGNATURES</u>	40

Table of Contents

PART I – FINANCIAL INFORMATION

ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS

GLEN BURNIE BANCORP AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(dollars in thousands)

	September 30, 2018 (unaudited)	December 31, 2017 (audited)
ASSETS		
Cash and due from banks	\$ 5,282	\$ 2,610
Interest-bearing deposits in other financial institutions	10,208	9,995
Cash and Cash Equivalents	15,490	12,605
Investment securities available for sale, at fair value	84,029	89,349
Restricted equity securities, at cost	2,073	1,232
Loans, net of deferred fees and costs	294,981	271,612
Less: Allowance for loan losses	(2,455)	(2,589)
Loans, net	292,526	269,023
Real estate acquired through foreclosure	705	114
Premises and equipment, net	3,154	3,371
Bank owned life insurance	7,818	8,713
Deferred tax assets, net	2,863	2,429
Accrued interest receivable	1,233	1,133
Accrued taxes receivable	—	465
Prepaid expenses	516	433
Other assets	958	583
Total Assets	\$ 411,365	\$ 389,450
LIABILITIES		
Noninterest-bearing deposits	\$ 107,921	\$ 104,017
Interest-bearing deposits	228,926	230,221
Total Deposits	336,847	334,238
Short-term borrowings	40,000	20,000
Defined pension liability	323	335
Accrued Taxes Payable	102	—
Accrued expenses and other liabilities	749	835
Total Liabilities	378,021	355,408
STOCKHOLDERS' EQUITY		
	2,811	2,801

Edgar Filing: GLEN BURNIE BANCORP - Form 10-Q

Common stock, par value \$1, authorized 15,000,000 shares, issued and outstanding 2,810,961 and 2,801,149 shares as of September 30, 2018 and December 31, 2017 , respectively.

Additional paid-in capital	10,368	10,267
Retained earnings	21,936	21,605
Accumulated other comprehensive loss	(1,771)	(631)
Total Stockholders' Equity	33,344	34,042
Total Liabilities and Stockholders' Equity	\$ 411,365	\$ 389,450

See accompanying notes to unaudited consolidated financial statements.

- 3 -

Table of Contents

GLEN BURNIE BANCORP AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

(dollars in thousands, except per share amounts)

(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
INTEREST INCOME				
Interest and fees on loans	\$ 3,269	\$ 2,883	\$ 9,100	\$ 8,503
Interest and dividends on securities	526	498	1,585	1,523
Interest on deposits with banks and federal funds sold	67	53	165	115
Total Interest Income	3,862	3,434	10,850	10,141
INTEREST EXPENSE				
Interest on deposits	362	324	997	984
Interest on short-term borrowings	198	142	506	309
Interest on long-term borrowings	—	33	—	185
Total Interest Expense	560	499	1,503	1,478
Net Interest Income	3,302	2,935	9,347	8,663
Provision for loan losses	246	78	601	243
Net interest income after provision for loan losses	3,056	2,857	8,746	8,420
NONINTEREST INCOME				
Service charges on deposit accounts	59	72	187	208
Other fees and commissions	216	245	564	573
Gains on redemption of BOLI policies	—	—	308	1
Income on life insurance	41	51	130	151
Gains on sale of OREO	15	—	15	—
Other income	—	—	—	2
Total Noninterest Income	331	368	1,204	935
NONINTEREST EXPENSE				
Salary and benefits	1,710	1,579	5,080	4,615
Occupancy and equipment expenses	272	382	850	865
Legal, accounting and other professional fees	212	180	721	648
Data processing and item processing services	168	130	454	442
FDIC insurance costs	64	64	187	188
Advertising and marketing related expenses	16	38	65	110

Edgar Filing: GLEN BURNIE BANCORP - Form 10-Q

Loan collection costs	32	25	153	73
Telephone costs	56	98	181	212
Other expenses	226	217	911	944
Total Noninterest Expenses	2,756	2,713	8,602	8,097
Income before income taxes	631	512	1,348	1,258
Income tax (benefit) expense	89	101	73	194
NET INCOME	\$ 542	\$ 411	\$ 1,275	\$ 1,064
Basic and diluted net income per share of common stock	\$ 0.19	\$ 0.15	\$ 0.45	\$ 0.38

See accompanying notes to unaudited consolidated financial statements.

- 4 -

Table of Contents

GLEN BURNIE BANCORP AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(dollars in thousands)

(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Net income	\$ 542	\$ 411	\$ 1,275	\$ 1,064
Other comprehensive (loss) income :				
Net unrealized gain (loss) on securities available for sale:				
Net unrealized (loss) gain on securities during the period	(662)	(111)	(2,237)	795
Income tax benefit (expense) relating to item above	182	44	616	(313)
Reclassification adjustment for gain on sales of securities included in net income	—	—	—	(1)
Net effect on other comprehensive (loss) income	(480)	(67)	(1,621)	481
Net unrealized gain on interest rate swap:				
Net unrealized gain on interest rate swap during the period	118	—	664	—
Income tax expense relating to item above	(33)	—	(183)	—
Net effect on other comprehensive income	85	—	481	—
Other comprehensive (loss) income	(395)	(67)	(1,140)	481
Comprehensive income	\$ 147	\$ 344	\$ 135	\$ 1,545

See accompanying notes to unaudited consolidated financial statements.

- 5 -

Table of Contents

GLEN BURNIE BANCORP AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

(dollars in thousands)

(unaudited)

Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive (Loss) Income	Total
-----------------	----------------------------------	----------------------	---	-------