

GUARANTY FEDERAL BANCSHARES INC  
Form 10-Q  
November 10, 2015  
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 September 30, 2015

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**

**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 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

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 November 1, 2015</u>
Common Stock, Par Value \$0.10 per share	4,345,064 Shares

**GUARANTY FEDERAL BANCSHARES, INC.**

**TABLE OF CONTENTS**

	<b>Page</b>
<b>PART I. FINANCIAL INFORMATION</b>	
Item 1. Financial Statements	
Condensed Consolidated Financial Statements (Unaudited):	
Condensed Consolidated Balance Sheets	3
Condensed Consolidated Statements of Income	4
Condensed Consolidated Statements of Comprehensive Income	5
Condensed Consolidated Statements of Stockholders' Equity	6
Condensed Consolidated Statements of Cash Flows	7
Notes to Condensed Consolidated Financial Statements	8
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	29
Item 3. Quantitative and Qualitative Disclosures about Market Risk	36
Item 4. Controls and Procedures	37
<b>PART II. OTHER INFORMATION</b>	
Item 1. Legal Proceedings	38
Item 1A. Risk factors	38
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	38
Item 3. Defaults Upon Senior Securities	38
Item 4. Mine Safety Disclosures	38
Item 5. Other Information	38
Item 6. Exhibits	38
Signatures	

**PART I FINANCIAL INFORMATION****Item 1. Financial Statements****GUARANTY FEDERAL BANCSHARES, INC.****CONDENSED CONSOLIDATED BALANCE SHEETS****SEPTEMBER 30, 2015 (UNAUDITED) AND DECEMBER 31, 2014**

<b>ASSETS</b>	<b>9/30/15</b>	<b>12/31/14</b>
Cash	\$4,074,077	\$3,604,316
Interest-bearing deposits in other financial institutions	5,344,387	8,889,574
Cash and cash equivalents	9,418,464	12,493,890
Available-for-sale securities	92,300,108	86,467,985
Held-to-maturity securities	47,112	60,993
Stock in Federal Home Loan Bank, at cost	3,013,500	3,156,900
Mortgage loans held for sale	323,531	1,214,632
Loans receivable, net of allowance for loan losses of September 30, 2015 - \$6,821,114 - December 31, 2014 - \$6,588,597	502,530,330	486,586,636
Accrued interest receivable:		
Loans	1,368,280	1,704,374
Investments and interest-bearing deposits	302,143	325,684
Prepaid expenses and other assets	3,825,611	4,530,191
Foreclosed assets held for sale	2,694,258	3,165,447
Premises and equipment, net	10,641,969	10,602,763
Bank owned life insurance	14,689,183	14,417,220
Income taxes receivable	324,080	320,416
Deferred income taxes	3,269,611	3,412,513
	\$644,748,180	\$628,459,644

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

Deposits	\$505,162,619	\$479,818,282
Federal Home Loan Bank and Federal Reserve Bank advances	56,500,000	60,350,000
Securities sold under agreements to repurchase	-	10,000,000
Subordinated debentures	15,465,000	15,465,000
Advances from borrowers for taxes and insurance	490,101	143,984
Accrued expenses and other liabilities	1,171,507	963,386
Accrued interest payable	195,195	242,145
	578,984,422	566,982,797

**COMMITMENTS AND CONTINGENCIES**

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**STOCKHOLDERS' EQUITY**

## Capital Stock:

Series A preferred stock, \$0.01 par value; authorized 2,000,000 shares;

-

-

Common stock, \$0.10 par value; authorized 10,000,000 shares; issued September 30, 2015 and December 31, 2014 - 6,851,003 and 6,823,203 shares, respectively

685,100

682,320

Additional paid-in capital

50,348,015

50,366,546

Retained earnings, substantially restricted

52,178,852

48,549,691

Accumulated other comprehensive loss

Unrealized loss on available-for-sale securities, net of income taxes

(175,093 ) (448,421 )

103,036,874 99,150,136

Treasury stock, at cost; September 30, 2015 and December 31, 2014 - 2,466,068 and 2,492,552 shares, respectively

(37,273,116 ) (37,673,289 )

65,763,758 61,476,847

\$644,748,180 \$628,459,644

See Notes to Condensed Consolidated Financial Statements

**GUARANTY FEDERAL BANCSHARES, INC.****CONDENSED CONSOLIDATED STATEMENTS OF INCOME****THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 30, 2015 AND 2014 (UNAUDITED)**

	Three months ended		Nine months ended	
	9/30/2015	9/30/2014	9/30/2015	9/30/2014
		Retrospectively Adjusted - Note 7		Retrospectively Adjusted - Note 7
<b>Interest Income</b>				
Loans	\$5,846,935	\$ 5,736,813	\$17,740,376	\$ 17,180,526
Investment securities	350,679	383,947	1,055,210	1,256,831
Other	31,477	26,299	107,652	107,349
	6,229,091	6,147,059	18,903,238	18,544,706
<b>Interest Expense</b>				
Deposits	612,091	583,736	1,832,281	1,753,229
Federal Home Loan Bank and Federal Reserve Bank advances	298,952	302,271	895,137	896,598
Subordinated debentures	135,329	133,456	402,187	399,654
Other	289	66,700	121,122	197,925
	1,046,661	1,086,163	3,250,727	3,247,406
<b>Net Interest Income</b>	5,182,430	5,060,896	15,652,511	15,297,300
<b>Provision for Loan Losses</b>	200,000	450,000	350,000	975,000
<b>Net Interest Income After Provision for Loan Losses</b>	4,982,430	4,610,896	15,302,511	14,322,300
<b>Noninterest Income</b>				
Service charges	317,385	315,066	914,019	946,485
Gain (loss) on sale of investment securities	(4,152 )	(1,554 )	151,161	9,137
Gain on sale of mortgage loans held for sale	473,541	249,967	1,217,316	686,212
Gain on sale of Small Business Administration loans	378	-	344,817	-
Net loss on foreclosed assets	(21,151 )	(32,782 )	(38,913 )	(109,747 )
Other income	397,548	336,688	1,088,611	1,015,486
	1,163,549	867,385	3,677,011	2,547,573
<b>Noninterest Expense</b>				
Salaries and employee benefits	2,483,512	2,218,655	7,424,824	6,755,386
Occupancy	474,885	421,626	1,411,472	1,268,301
FDIC deposit insurance premiums	105,878	84,031	326,216	340,994
Prepayment penalty on repurchase agreements	-	-	463,992	-
Data processing	198,291	180,021	592,114	506,293
Advertising	131,250	106,251	393,750	318,753
Other expense	711,777	619,116	2,174,680	2,224,820
	4,105,593	3,629,700	12,787,048	11,414,547
<b>Income Before Income Taxes</b>	2,040,386	1,848,581	6,192,474	5,455,326
<b>Provision for Income Taxes</b>	621,751	488,098	1,906,346	1,454,734
<b>Net Income</b>	1,418,635	1,360,483	4,286,128	4,000,592

<b>Preferred Stock Dividends and Discount Accretion</b>	-	-	-	357,210
<b>Net Income Available to Common Shareholders</b>	\$1,418,635	\$ 1,360,483	\$4,286,128	\$ 3,643,382
<b>Basic Income Per Common Share</b>	\$0.33	\$ 0.32	\$0.99	\$ 0.93
<b>Diluted Income Per Common Share</b>	\$0.32	\$ 0.31	\$0.98	\$ 0.92

See Notes to Condensed Consolidated Financial Statements

**GUARANTY FEDERAL BANCSHARES, INC.****CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME****THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 30, 2015 AND 2014 (UNAUDITED)**

	Three months ended		Nine months ended	
	9/30/2015	9/30/2014	9/30/2015	9/30/2014
<b>NET INCOME</b>	\$1,418,635	\$1,360,483	\$4,286,128	\$4,000,592
<b>OTHER ITEMS OF COMPREHENSIVE INCOME (LOSS):</b>				
Change in unrealized gain (loss) on investment securities available-for-sale, before income taxes	828,626	(107,064 )	585,013	2,426,566
Less: Reclassification adjustment for realized (gains) losses on investment securities included in net income, before income taxes	4,152	1,554	(151,161 )	(9,137 )
Total other items in comprehensive income (loss)	832,778	(105,510 )	433,852	2,417,429
Income tax expense (benefit) related to other items of comprehensive income	308,128	(39,039 )	160,524	894,449
Other comprehensive income (loss)	524,650	(66,471 )	273,328	1,522,980
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>\$1,943,285</b>	<b>\$1,294,012</b>	<b>\$4,559,456</b>	<b>\$5,523,572</b>

See Notes to Condensed Consolidated Financial Statements



**GUARANTY FEDERAL BANCSHARES, INC.****CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY****NINE MONTHS ENDED SEPTEMBER 30, 2015 (UNAUDITED)**

	Common Stock	Additional Paid-In Capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Income (loss)	Total
<b>Balance, January 1, 2015</b>	\$682,320	\$50,366,546	\$(37,673,289)	\$48,549,691	\$ (448,421 )	\$61,476,847
Net income	-	-	-	4,286,128	-	4,286,128
Change in unrealized gain (loss) on available-for-sale securities, net of income taxes	-	-	-	-	273,328	273,328
Dividends on common stock (\$0.15 per share)	-	-	-	(656,967 )	-	(656,967 )
Stock award plans	-	(160,625 )	400,173	-	-	239,548
Stock options exercised	2,780	142,094	-	-	-	144,874
<b>Balance, September 30, 2015</b>	\$685,100	\$50,348,015	\$(37,273,116)	\$52,178,852	\$ (175,093 )	\$65,763,758

See Notes to Condensed Consolidated Financial Statements

**GUARANTY FEDERAL BANCSHARES, INC****CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS****NINE MONTHS ENDED SEPTEMBER 30, 2015 AND 2014 (UNAUDITED)**

	<b>9/30/2015</b>	<b>9/30/2014</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income	\$4,286,128	\$4,000,592
Items not requiring (providing) cash:		
Deferred income taxes	(17,622 )	797,859
Depreciation	678,648	565,966
Provision for loan losses	350,000	975,000
Gain on sale of Small Business Administration loans	(344,817 )	-
Gain on sale of mortgage loans held for sale and investment securities	(1,368,477 )	(695,349 )
(Gain) loss on foreclosed assets held for sale	(8,905 )	42,706
Amortization of deferred income, premiums and discounts	558,319	566,323
Stock award plan expense	239,548	223,520
Origination of loans held for sale	(41,881,391)	(23,205,947)
Proceeds from sale of loans held for sale	43,989,808	24,446,459
Increase in cash surrender value of bank owned life insurance	(271,963 )	(280,478 )
Changes in:		
Accrued interest receivable	359,635	183,636
Prepaid expenses and other assets	704,580	748,462
Accounts payable and accrued expenses	158,457	55,407
Income taxes receivable	(3,664 )	(405,120 )
Net cash provided by operating activities	7,428,284	8,019,036
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net change in loans	(16,136,499)	(3,338,525 )
Principal payments on held-to-maturity securities	13,882	13,809
Principal payments on available-for-sale securities	8,185,628	7,148,661
Proceeds from calls/maturities of available-for-sale securities	-	3,151,000
Purchase of premises and equipment	(717,854 )	(347,688 )
Purchase of available-for-sale securities	(38,568,960)	(28,700,444)
Proceeds from sale of available-for-sale securities	24,636,698	21,258,655
Purchase of Federal Home Loan Bank stock	143,400	(223,800 )
Proceeds from sale of foreclosed assets held for sale	608,920	415,741
Net cash used in investing activities	(21,834,785)	(622,591 )
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Cash dividends paid on common stock	(654,253 )	(215,329 )
Net increase (decrease) in demand deposits, NOW and savings accounts	29,545,375	(11,905,037)
Net decrease in certificates of deposit	(4,201,038 )	(4,163,231 )
Net decrease of securities sold under agreements to repurchase	(10,000,000)	-
Proceeds from FHLB advances	-	6,800,000
Repayments of FHLB advances	(3,850,000 )	(3,000,000 )
Stock options exercised	144,874	210,870

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Redemption of preferred stock	-	(12,000,000)
Proceeds from issuance of common stock	-	15,814,312
Advances from borrowers for taxes and insurance	346,117	294,382
Cash dividends paid on preferred stock	-	(413,000 )
Net cash provided by (used in) financing activities	11,331,075	(8,577,033 )
<b>DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(3,075,426 )</b>	<b>(1,180,588 )</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD</b>	<b>12,493,890</b>	<b>12,303,200</b>
<b>CASH AND CASH EQUIVALENTS, END OF PERIOD</b>	<b>\$9,418,464</b>	<b>\$11,122,612</b>

See Notes to Condensed Consolidated Financial Statements

## **NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**(Unaudited)**

### **Note 1: Basis of Presentation**

The accompanying unaudited interim condensed 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 8-03 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") Annual Report on Form 10-K for the year ended December 31, 2014 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 balance sheet of the Company as of December 31, 2014, 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 condensed 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 were as follows:

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	Amortized Cost	Gross Unrealized Gains	Gross Unrealized (Losses)	Approximate Fair Value
<b>As of September 30, 2015</b>				
Equity Securities	\$102,212	\$ 12,346	\$(14,864 )	\$99,694
Debt Securities:				
U. S. government agencies	8,533,347	30	(41,180 )	8,492,198
Municipals	23,555,831	175,458	(84,219 )	23,647,070
Corporates	3,960,972	6,867	(53,089 )	3,914,750
Government sponsored mortgage-backed securities and SBA loan pools	56,425,672	205,073	(484,348 )	56,146,396
	\$92,578,034	\$ 399,774	\$(677,700 )	\$92,300,108

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized (Losses)	Approximate Fair Value
<b>As of December 31, 2014</b>				
Equity Securities	\$102,212	\$ 16,121	\$(13,310 )	\$ 105,023
Debt Securities:				
U. S. government agencies	10,528,055	-	(271,282 )	10,256,773
Municipals	15,474,316	185,747	(70,173 )	15,589,890
Government sponsored mortgage-backed securities and SBA loan pools	61,075,181	235,977	(794,859 )	60,516,299
	\$87,179,764	\$ 437,845	\$(1,149,624)	\$86,467,985

Maturities of available-for-sale debt securities as of September 30, 2015:

	Amortized Cost	Approximate Fair Value
< 1 year	\$285,000	\$285,408
1-5 years	\$4,727,145	\$4,728,528
6-10 years	15,591,686	15,610,114
After 10 years	15,446,319	15,429,968
Government sponsored mortgage-backed securities not due on a single maturity date	56,425,672	56,146,396
	\$92,475,822	\$92,200,414

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
<b>As of September 30, 2015</b>				
Debt Securities:				
Government sponsored mortgage-backed securities	\$ 47,112	\$ 1,136	\$ -	\$ 48,247

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized (Losses)	Approximate Fair Value
<b>As of December 31, 2014</b>				
Debt Securities:				
Government sponsored mortgage-backed securities	\$ 60,993	\$ 1,626	\$ -	\$ 62,619



Maturities of held-to-maturity securities as of September 30, 2015:

	Amortized Cost	Approximate Fair Value
Government sponsored mortgage-backed securities not due on a single maturity date	\$ 47,112	\$ 48,247

The book value of securities pledged as collateral, to secure public deposits and for other purposes, amounted to \$50,440,506 and \$53,355,716 as of September 30, 2015 and December 31, 2014, respectively. The approximate fair value of pledged securities amounted to \$50,372,066 and \$52,907,065 as of September 30, 2015 and December 31, 2014, 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 \$165,799 and \$175,941 and gross losses of \$14,638 and \$166,804 as of September 30, 2015 and September 30, 2014, respectively, were realized from the sale of available-for-sale securities. The tax effect of these net gains was \$55,930 and \$3,381 as of September 30, 2015 and September 30, 2014, 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 September 30, 2015 and December 31, 2014, was \$49,973,248 and \$60,733,191, respectively, which is approximately 54% and 70% 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 table shows 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 September 30, 2015 and December 31, 2014.



Description of Securities	September 30, 2015					
	Less than 12 Months		12 Months or More		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Equity Securities	\$-	\$-	\$33,063	\$(14,864 )	\$33,063	\$(14,864 )
U. S. government agencies	2,965,790	(17,557 )	4,026,378	(23,623 )	6,992,168	(41,180 )
Municipals	5,197,814	(61,727 )	710,495	(22,492 )	5,908,309	(84,219 )
Corporates	3,029,750	(53,089 )	-	-	3,029,750	(53,089 )
Government sponsored mortgage-backed securities and SBA loan pools	17,085,254	(117,458 )	16,924,705	(366,890 )	34,009,959	(484,348 )
	\$28,278,608	\$(249,832 )	\$21,694,640	\$(427,868 )	\$49,973,248	\$(677,700 )

Description of Securities	December 31, 2014				Total Fair Value	Unrealized Losses
	Less than 12 Months Fair Value	Unrealized Losses	12 Months or More Fair Value	Unrealized Losses		
Equity Securities	\$-	\$-	\$34,618	\$(13,310)	\$34,618	\$(13,310)
U. S. government agencies	-	-	10,256,773	(271,282)	10,256,773	(271,282)
Municipals	2,677,626	(7,692)	5,859,560	(62,481)	8,537,186	(70,173)
Government sponsored mortgage-backed securities and SBA loan pools	12,703,301	(70,049)	29,201,313	(724,810)	41,904,614	(794,859)
	\$15,380,927	\$(77,741)	\$45,352,264	\$(1,071,883)	\$60,733,191	\$(1,149,624)

**Note 4: Loans and Allowance for Loan Losses**

Categories of loans at September 30, 2015 and December 31, 2014 include:

	September 30, 2015	December 31, 2014
Real estate - residential mortgage:		
One to four family units	\$95,258,088	\$97,900,814
Multi-family	39,929,250	33,785,959
Real estate - construction	40,381,309	36,784,584
Real estate - commercial	224,236,614	215,605,054
Commercial loans	87,314,328	92,114,216
Consumer and other loans	22,552,483	17,246,437
Total loans	509,672,072	493,437,064
Less:		
Allowance for loan losses	(6,821,114)	(6,588,597)
Deferred loan fees/costs, net	(320,628)	(261,831)
Net loans	\$502,530,330	\$486,586,636

Classes of loans by aging at September 30, 2015 and December 31, 2014 were as follows:

**As of September 30, 2015**

	30-59 Days Past Due	60-89 Days Past Due	90 Days and more Past Due	Total Past Due	Current	Total Loans Receivable	Total Loans > 90 Days and Accruing
<i>(In Thousands)</i>							
Real estate - residential mortgage:							
One to four family units	1,363	98	324	\$1,785	\$93,473	95,258	\$ -
Multi-family	-	-	-	-	39,929	39,929	-
Real estate - construction	6,889	-	-	6,889	33,492	40,381	-
Real estate - commercial	1,241	-	-	1,241	222,996	224,237	-
Commercial loans	797	-	685	1,482	85,832	87,314	-
Consumer and other loans	23	-	-	23	22,530	22,553	-
<b>Total</b>	<b>\$10,313</b>	<b>\$ 98</b>	<b>\$1,009</b>	<b>\$11,420</b>	<b>\$498,252</b>	<b>\$ 509,672</b>	<b>\$ -</b>

**As of December 31, 2014**

	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
<i>(In Thousands)</i>							
Real estate - residential mortgage:							
One to four family units	\$113	\$428	\$279	\$820	\$97,081	\$97,901	\$ -
Multi-family	-	-	-	-	33,786	33,786	-
Real estate - construction	-	-	-	-	36,785	36,785	-
Real estate - commercial	-	-	-	-	215,605	215,605	-
Commercial loans	-	-	227	227	91,887	92,114	-
Consumer and other loans	23	35	-	58	17,188	17,246	-
<b>Total</b>	<b>\$136</b>	<b>\$463</b>	<b>\$506</b>	<b>\$1,105</b>	<b>\$492,332</b>	<b>\$493,437</b>	<b>\$ -</b>

Nonaccruing loans are summarized as follows:

	September 30, 2015	December 31, 2014
Real estate - residential mortgage:		
One to four family units	\$2,307,794	\$911,240
Multi-family	-	-
Real estate - construction	9,572,835	2,892,772
Real estate - commercial	161,491	459,823
Commercial loans	1,611,981	1,026,772
Consumer and other loans	13,235	-
Total	\$13,667,336	\$5,290,607

The following tables present the activity in the allowance for loan losses based on portfolio segment for the three and nine months ended September 30, 2015 and 2014:

<b>Three months ended</b>	Commercial		One to four	Multi-family	Commercial	Consumer		Unallocated	Total
<b>September 30, 2015</b>	Construction	Real Estate	family			and Other			
<i>(In Thousands)</i>									
<b>Allowance for loan losses:</b>									
Balance, beginning of period	\$1,346	\$ 1,945	\$ 805	\$ 151	\$ 1,893	\$ 232	\$ 279	\$6,651	
Provision charged to expense	921	(363 )	(25 )	10	(410 )	(4 )	71	\$200	
Losses charged off	-	-	(1 )	-	-	(46 )	-	\$(47 )	
Recoveries	1	-	4	-	1	11	-	\$17	
Balance, end of period	\$2,268	\$ 1,582	\$ 783	\$ 161	\$ 1,484	\$ 193	\$ 350	\$6,821	
<b>Nine months ended</b>	Commercial		One to four	Multi-family	Commercial	Consumer		Unallocated	Total
<b>September 30, 2015</b>	Construction	Real Estate	family			and Other			
<i>(In Thousands)</i>									
<b>Allowance for loan losses:</b>									
Balance, beginning of period	\$1,330	\$ 1,992	\$ 900	\$ 127	\$ 1,954	\$ 185	\$ 101	\$6,589	
Provision charged to expense	929	(410 )	(32 )	34	(474 )	54	249	\$350	
Losses charged off	-	-	(99 )	-	-	(80 )	-	\$(179 )	
Recoveries	9	-	14	-	4	34	-	\$61	
Balance, end of period	\$2,268	\$ 1,582	\$ 783	\$ 161	\$ 1,484	\$ 193	\$ 350	\$6,821	
<b>Three months ended</b>	Commercial		One to four	Multi-family	Commercial	Consumer		Unallocated	Total
<b>September 30, 2014</b>	Construction	Real Estate	family			and Other			
<i>(In Thousands)</i>									
<b>Allowance for loan losses:</b>									
	\$1,879	\$ 2,284	\$1,014	\$ 146	\$ 1,244	\$ 221	\$ -	\$6,788	

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Balance, beginning of period									
Provision charged to expense	(244 )	(418 )	(84 )	(30 )	1,135	(4 )	95		\$450
Losses charged off	-	-	(27 )	-	(792 )	(16 )	-		\$(835 )
Recoveries	1	99	3	-	22	10	-		\$135
Balance, end of period	\$1,636	\$ 1,965	\$906	\$ 116	\$ 1,609	\$ 211	\$ 95		\$6,538

Nine months ended September 30, 2014	Commercial		One to four family	Multi-family	Commercial	Consumer and Other		Unallocated	Total
	Construction	Real Estate							
	<i>(In Thousands)</i>								
<b>Allowance for loan losses:</b>									
Balance, beginning of period	\$2,387	\$ 2,059	\$997	\$ 209	\$ 1,519	\$ 272	\$ 359		\$7,802
Provision charged to expense	(548 )	(184 )	30	(93 )	2,049	(15 )	(264 )		\$975
Losses charged off	(207 )	(9 )	(127 )	-	(2,014 )	(84 )	-		\$