

GUARANTY FEDERAL BANCSHARES INC
Form 10-Q
August 07, 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 June 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

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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 August 1, 2015</u>
Common Stock, Par Value \$0.10 per share	4,379,935 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, 2015 (UNAUDITED) AND DECEMBER 31, 2014**

ASSETS	6/30/15	12/31/14
Cash	\$3,437,429	\$3,604,316
Interest-bearing deposits in other financial institutions	17,979,902	8,889,574
Cash and cash equivalents	21,417,331	12,493,890
Available-for-sale securities	83,408,795	86,467,985
Held-to-maturity securities	51,341	60,993
Stock in Federal Home Loan Bank, at cost	2,837,500	3,156,900
Mortgage loans held for sale	1,618,290	1,214,632
Loans receivable, net of allowance for loan losses of June 30, 2015 - \$6,651,308 - December 31, 2014 - \$6,588,597	504,632,124	486,586,636
Accrued interest receivable:		
Loans	1,751,924	1,704,374
Investments and interest-bearing deposits	333,398	325,684
Prepaid expenses and other assets	4,166,398	4,530,191
Foreclosed assets held for sale	3,215,284	3,165,447
Premises and equipment, net	10,691,085	10,602,763
Bank owned life insurance	14,597,640	14,417,220
Income taxes receivable	290,124	320,416
Deferred income taxes	3,627,076	3,412,513
	\$652,638,310	\$628,459,644

LIABILITIES AND STOCKHOLDERS' EQUITY**LIABILITIES**

Deposits	\$519,547,082	\$479,818,282
Federal Home Loan Bank and Federal Reserve Bank advances	52,100,000	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	385,182	143,984
Accrued expenses and other liabilities	982,485	963,386
Accrued interest payable	195,937	242,145
	588,675,686	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 June 30, 2015 and December 31, 2014 - 6,844,503 and 6,823,203 shares, respectively	684,450	682,320
Additional paid-in capital	50,272,806	50,366,546
Retained earnings, substantially restricted	50,978,228	48,549,691
Accumulated other comprehensive loss		
Unrealized loss on available-for-sale securities, net of income taxes	(699,744)	(448,421)
	101,235,740	99,150,136
Treasury stock, at cost; June 30, 2015 and December 31, 2014 - 2,466,068 and 2,492,552 shares, respectively	(37,273,116)	(37,673,289)
	63,962,624	61,476,847
	\$652,638,310	\$628,459,644

See Notes to Condensed Consolidated Financial Statements

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

	Three months ended		Six months ended	
	6/30/2015	6/30/2014	6/30/2015	6/30/2014
		Retrospectively Adjusted - Note 7		Retrospectively Adjusted - Note 7
Interest Income				
Loans	\$5,988,875	\$ 5,576,155	\$11,893,441	\$ 11,443,713
Investment securities	351,481	415,318	704,531	872,884
Other	46,154	46,110	76,175	81,050
	6,386,510	6,037,583	12,674,147	12,397,647
Interest Expense				
Deposits	625,261	562,700	1,220,190	1,169,493
Federal Home Loan Bank and Federal Reserve Bank advances	297,379	298,636	596,185	594,327
Subordinated debentures	133,997	133,035	266,858	266,198
Other	55,739	65,975	120,833	131,225
	1,112,376	1,060,346	2,204,066	2,161,243
Net Interest Income	5,274,134	4,977,237	10,470,081	10,236,404
Provision for Loan Losses	-	325,000	150,000	525,000
Net Interest Income After Provision for Loan Losses	5,274,134	4,652,237	10,320,081	9,711,404
Noninterest Income				
Service charges	315,275	318,434	596,634	631,419
Gain on sale of investment securities	148,516	7,603	155,313	10,691
Gain on sale of mortgage loans held for sale	364,709	250,667	743,775	436,245
Gain on sale of Small Business Administration loans	344,439	-	344,439	-
Net loss on foreclosed assets	(6,663)	(61,182)	(17,762)	(76,965)
Other income	345,477	346,973	691,063	678,798
	1,511,753	862,495	2,513,462	1,680,188
Noninterest Expense				
Salaries and employee benefits	2,488,220	2,231,963	4,941,312	4,536,731
Occupancy	463,360	419,614	936,587	846,675
FDIC deposit insurance premiums	113,578	120,029	220,338	256,963
Prepayment penalty on securities sold under agreements to repurchase	463,992	-	463,992	-
Data processing	201,342	165,486	393,823	326,272
Advertising	131,250	106,251	262,500	212,502
Other expense	690,038	618,270	1,462,903	1,605,704
	4,551,780	3,661,613	8,681,455	7,784,847
Income Before Income Taxes	2,234,107	1,853,119	4,152,088	3,606,745
Provision for Income Taxes	696,158	514,436	1,284,595	966,636

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Net Income	1,537,949	1,338,683	2,867,493	2,640,109
Preferred Stock Dividends and Discount Accretion	-	111,000	-	357,210
Net Income Available to Common Shareholders	\$1,537,949	\$ 1,227,683	\$2,867,493	\$ 2,282,899
Basic Income Per Common Share	\$0.35	\$ 0.29	\$0.66	\$ 0.61
Diluted Income Per Common Share	\$0.35	\$ 0.28	\$0.65	\$ 0.60

See Notes to Condensed Consolidated Financial Statements

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

	Three months ended		Six months ended	
	6/30/2015	6/30/2014	6/30/2015	6/30/2014
NET INCOME	\$1,537,949	\$1,338,683	\$2,867,493	\$2,640,109
OTHER ITEMS OF COMPREHENSIVE INCOME (LOSS):				
Change in unrealized gain (loss) on investment securities available-for-sale, before income taxes	(1,030,923)	1,248,693	(243,613)	2,533,631
Less: Reclassification adjustment for realized gains on investment securities included in net income, before income taxes	(148,516)	(7,603)	(155,313)	(10,691)
Total other items in comprehensive income (loss)	(1,179,439)	1,241,090	(398,926)	2,522,940
Income tax expense (benefit) related to other items of comprehensive income	(436,393)	459,203	(147,603)	933,488
Other comprehensive income (loss)	(743,046)	781,887	(251,323)	1,589,452
TOTAL COMPREHENSIVE INCOME	\$794,903	\$2,120,570	\$2,616,170	\$4,229,561

See Notes to Condensed Consolidated Financial Statements

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

	Common Stock	Additional Paid- In Capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Income (loss)	Total
Balance, January 1, 2015	\$682,320	\$50,366,546	\$(37,673,289)	\$48,549,691	\$ (448,421)	\$61,476,847
Net income	-	-	-	2,867,493	-	2,867,493
Change in unrealized gain (loss) on available-for-sale securities, net of income taxes	-	-	-	-	(251,323)	(251,323)
Dividends on common stock (\$0.10 per share)	-	-	-	(438,956)	-	(438,956)
Stock award plans	-	(202,914)	400,173	-	-	197,259
Stock options exercised	2,130	109,174	-	-	-	111,304
Balance, June 30, 2015	\$684,450	\$50,272,806	\$(37,273,116)	\$50,978,228	\$ (699,744)	\$63,962,624

See Notes to Condensed Consolidated Financial Statements

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

	6/30/2015	6/30/2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$2,867,493	\$2,640,109
Items not requiring (providing) cash:		
Deferred income taxes	(66,960)	254,961
Depreciation	450,843	382,086
Provision for loan losses	150,000	525,000
Gain on sale of Small Business Administration loans	(344,439)	-
Gain on sale of mortgage loans held for sale and investment securities	(899,088)	(446,936)
Gain (loss) on foreclosed assets held for sale	(8,905)	25,593
Amortization of deferred income, premiums and discounts	397,669	313,135
Stock award plan expense	197,259	190,490
Origination of loans held for sale	(27,448,305)	(14,709,615)
Proceeds from sale of loans held for sale	27,788,422	14,547,659
Increase in cash surrender value of bank owned life insurance	(180,420)	(184,969)
Changes in:		
Accrued interest receivable	(55,264)	13,403
Prepaid expenses and other assets	363,793	503,666
Accounts payable and accrued expenses	(29,498)	(103,039)
Income taxes receivable	30,292	(128,952)
Net cash provided by operating activities	3,212,892	3,822,591
CASH FLOWS FROM INVESTING ACTIVITIES		
Net change in loans	(18,025,610)	9,451,794
Principal payments on held-to-maturity securities	9,652	9,300
Principal payments on available-for-sale securities	4,960,336	4,235,914
Proceeds from calls/maturities of available-for-sale securities	-	3,151,000
Purchase of premises and equipment	(539,165)	(229,092)
Purchase of available-for-sale securities	(19,740,808)	(25,995,159)
Proceeds from sale of available-for-sale securities	17,244,115	18,106,890
Redemption of Federal Home Loan Bank stock	319,400	6,200
Proceeds from sale of foreclosed assets held for sale	87,894	403,046
Net cash provided by (used in) investing activities	(15,684,186)	9,139,893
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash dividends paid on common stock	(436,567)	-
Net increase (decrease) in demand deposits, NOW and savings accounts	39,790,239	(4,450,772)
Net decrease in certificates of deposit	(61,439)	(1,715,598)
Net decrease of securities sold under agreements to repurchase	(10,000,000)	-
Proceeds from FHLB advances	-	1,050,000
Repayments of FHLB advances	(8,250,000)	(3,000,000)
Stock options exercised	111,304	84,806

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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	241,198	195,594
Cash dividends paid on preferred stock	-	(413,000)
Net cash provided by (used in) financing activities	21,394,735	(4,434,658)
INCREASE IN CASH AND CASH EQUIVALENTS	8,923,441	8,527,826
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	12,493,890	12,303,200
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$21,417,331	\$20,831,026

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
As of June 30, 2015				
Equity Securities	\$ 102,212	\$ 20,365	\$(12,012)	\$ 110,565
Debt Securities:				
U. S. government agencies	8,532,812	-	(153,513)	8,379,299
Municipals	15,919,342	83,883	(184,754)	15,818,471
Corporates	3,950,889	13,996	(66,135)	3,898,750
Government sponsored mortgage-backed securities and SBA loan pools	56,014,245	98,797	(911,332)	55,201,710
	\$84,519,500	\$ 217,041	\$(1,327,746)	\$83,408,795

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized (Losses)	Approximate Fair Value
As of December 31, 2014				
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 June 30, 2015:

	Amortized Cost	Approximate Fair Value
< 1 year	\$285,000	\$285,382
1-5 years	4,727,836	4,702,048
6-10 years	11,415,094	11,267,064
After 10 years	11,975,113	11,842,026
Government sponsored mortgage-backed securities and SBA loans not due on a single maturity date	56,014,245	55,201,710
	\$84,417,288	\$83,298,230

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, 2015				
Debt Securities:				
Government sponsored mortgage-backed securities	\$ 51,341	\$ 1,379	\$ -	\$ 52,720

Amortized Cost	Gross Unrealized Gains	Gross Unrealized	Approximate Fair Value
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(Losses)

As of December 31, 2014

Debt Securities:

Government sponsored mortgage-backed securities	\$ 60,993	\$ 1,626	\$ -	\$ 62,619
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Maturities of held-to-maturity securities as of June 30, 2015:

	Amortized Cost	Approximate Fair Value
Government sponsored mortgage-backed securities not due on a single maturity date	\$ 51,341	\$ 52,720

The book value of securities pledged as collateral, to secure public deposits and for other purposes, amounted to \$60,804,064 and \$53,355,716 as of June 30, 2015 and December 31, 2014, respectively. The approximate fair value of pledged securities amounted to \$59,966,322 and \$52,907,065 as of June 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 \$155,313 and \$10,691 as of June 30, 2015 and June 30, 2014, respectively, were realized from the sale of available-for-sale securities. The tax effect of these net gains was \$57,466 and \$3,956 as of June 30, 2015 and June 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 June 30, 2015 and December 31, 2014, was \$64,533,448 and \$60,733,191, respectively, which is approximately 77% 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 June 30, 2015 and December 31, 2014.

June 30, 2015						
Description of Securities	Less than 12 Months		12 Months or More		Total	Unrealized Losses
	Fair Value	Unrealized	Fair Value	Unrealized	Fair Value	
		Losses		Losses		
Equity Securities	\$-	\$-	\$35,915	\$(12,012)	\$35,915	\$(12,012)
U. S. government agencies	2,911,150	(71,662)	5,468,149	(81,851)	8,379,299	(153,513)
Municipals	10,042,716	(152,045)	702,305	(32,709)	10,745,021	(184,754)
Corporates	3,008,750	(66,135)	-	-	3,008,750	(66,135)
Government sponsored mortgage-backed securities and SBA loan pools	24,796,548	(341,405)	17,567,915	(569,927)	42,364,463	(911,332)
	\$40,759,164	\$(631,247)	\$23,774,284	\$(696,499)	\$64,533,448	\$(1,327,746)

December 31, 2014						
Description of Securities	Less than 12 Months		12 Months or More		Total	Unrealized Losses
	Fair Value	Unrealized	Fair Value	Unrealized	Fair Value	
		Losses		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 June 30, 2015 and December 31, 2014 include:

	June 30, 2015	December 31, 2014
Real estate - residential mortgage:		
One to four family units	\$95,902,509	\$97,900,814
Multi-family	39,993,133	33,785,959
Real estate - construction	35,368,786	36,784,584
Real estate - commercial	228,795,902	215,605,054
Commercial loans	89,707,877	92,114,216
Consumer and other loans	21,822,792	17,246,437
Total loans	511,590,998	493,437,064
Less:		
Allowance for loan losses	(6,651,308)	(6,588,597)
Deferred loan fees/costs, net	(307,566)	(261,831)
Net loans	\$504,632,124	\$486,586,636

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

As of June 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	\$432	\$111	\$397	\$940	\$94,963	\$95,903	\$ -
Multi-family	-	-	-	-	39,993	39,993	-
Real estate - construction	-	-	-	-	35,368	35,368	-
Real estate - commercial	-	-	-	-	228,796	228,796	-
Commercial loans	125	612	220	957	88,751	89,708	-
Consumer and other loans	1	5	29	35	21,788	21,823	-
Total	\$558	\$728	\$646	\$1,932	\$509,659	\$511,591	\$ -

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	-
Total	\$ 136	\$ 463	\$ 506	\$ 1,105	\$ 492,332	\$ 493,437	\$ -

Nonaccruing loans are summarized as follows:

	June 30, 2014	December 31, 2014
Real estate - residential mortgage:		
One to four family units	\$745,789	\$911,240
Multi-family	-	-
Real estate - construction	2,683,792	2,892,772
Real estate - commercial	-	459,823
Commercial loans	938,908	1,026,772
Consumer and other loans	29,242	-
Total	\$4,397,731	\$5,290,607

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

Three months ended	Commercial		One to	Multi-family	Commercial	Consumer	Unallocated	Total
June 30, 2015	Construction	Real Estate	four family			and Other		
Allowance for loan losses:	<i>(In Thousands)</i>							
Balance, beginning of period	\$1,361	\$ 1,986	\$ 884	\$ 133	\$ 1,804	\$ 221	\$ 367	\$6,756
Provision charged to expense	(16)	(41)	18	18	87	22	(88)	\$-
Losses charged off	-	-	(99)	-	-	(15)	-	\$(114)
Recoveries	1	-	2	-	2	4	-	\$9
Balance, end of period	\$1,346	\$ 1,945	\$ 805	\$ 151	\$ 1,893	\$ 232	\$ 279	\$6,651

Six months ended	Commercial		One to	Multi-family	Commercial	Consumer	Unallocated	Total
June 30, 2015	Construction	Real Estate	four family			and Other		
Allowance for loan losses:	<i>(In Thousands)</i>							
Balance, beginning of period	\$1,330	\$ 1,992	\$ 900	\$ 127	\$ 1,954	\$ 185	\$ 101	\$6,589
Provision charged to expense	8	(47)	(6)	24	(64)	57	178	\$150
Losses charged off	-	-	(99)	-	-	(33)	-	\$(132)

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Recoveries	8	-	10	-	3	23	-	\$44
Balance, end of period	\$1,346	\$ 1,945	\$ 805	\$ 151	\$ 1,893	\$ 232	\$ 279	\$6,651

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Three months ended	Commercial				Consumer			Unallocated Total
	Construction	Real Estate	One to four family	Multi-family	Commercial	and Other		
June 30, 2014								
Allowance for loan losses:	<i>(In Thousands)</i>							
Balance, beginning of period	\$2,008	\$ 2,344	\$ 962	\$ 147	\$ 1,799	\$ 228	\$ 273	\$7,761
Provision charged to expense	76	(51)	65	(1)	477	32	(273)	\$325
Losses charged off	(207)	(9)	(14)	-	(1,058)	(49)	-	\$(1,337)
Recoveries	2	-	1	-	26	10	-	\$39
Balance, end of period	\$1,879	\$ 2,284	\$ 1,014	\$ 146	\$ 1,244	\$ 221	\$ -	\$6,788
Six months ended	Commercial				Consumer			Unallocated Total
	Construction	Real Estate	One to four family	Multi-family	Commercial	and Other		
June 30, 2014								
Allowance for loan losses:	<i>(In Thousands)</i>							
Balance, beginning of period	\$2,387	\$ 2,059	\$ 997	\$ 209	\$ 1,519	\$ 272	\$ 359	\$7,802
Provision charged to expense	(304)	234	114	(63)	914	(11)	(359)	\$525
Losses charged off	(207)	(9)	(100)	-	(1,222)	(68)	-	\$(1,606)
Recoveries	3	-	3	-	33	28	-	