

SECURITIES AND EXCHANGE COMMISSION

FORM 10QSB

Optional form for quarterly and transition reports of small business issuers under section 13 or 15(d)

Filing Date: **2001-08-03** | Period of Report: **2001-06-30**
SEC Accession No. **0000950134-01-504625**

(HTML Version on secdatabase.com)

FILER

GREAT GUARANTY BANCSHARES INC

CIK: **1037992** | IRS No.: **720493576** | Fiscal Year End: **1231**
Type: **10QSB** | Act: **34** | File No.: **000-22487** | Film No.: **1696997**
SIC: **6022** State commercial banks

Mailing Address

175 NEW ROADS STREET
175 NEW ROADS STREET
NEW ROADS LA 70760

Business Address

175 NEW ROADS ST
NEW ROADS LA 70760
5046385641

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-QSB

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

For the quarterly period ended June 30, 2001

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 000-22487

GREAT GUARANTY BANCSHARES, INC.

(Exact name of registrant as specified in its charter)

LOUISIANA (State of Incorporation) 72-0919109 (I.R.S. Employer Identification Number)

175 NEW ROADS STREET
NEW ROADS, LOUISIANA 70760
(Address of principal executive offices)

(225)638-8621
(Registrant's telephone number, including area code)

Check 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 X NO

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 143,374 SHARES AS OF JUNE 30, 2001

GREAT GUARANTY BANCSHARES, INC.

FORM 10-QSB

JUNE 30, 2001

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

GREAT GUARANTY BANCSHARES, INC.
CONSOLIDATED BALANCE SHEET
AS OF JUNE 30, 2001
(UNAUDITED)

<Table>	
<S>	<C>
ASSETS	
Cash and due from banks	\$ 1,662,176
Federal Funds Sold	2,150,000

Cash and cash equivalents	3,812,176
Interest-bearing time deposits with banks	693,196
Investment Securities	
Available-for-Sale	7,561,648
Held-to-maturity	1,442,658
Investment in restricted equity securities	202,700
Loans, net of allowance for loan losses of \$474,514	33,977,279
Properties and equipment, net	604,483
Accrued interest receivable	534,853
Other Assets	46,226

TOTAL ASSETS	\$ 48,875,219
	=====
LIABILITIES AND SHAREHOLDERS' EQUITY	
LIABILITIES	
Demand deposits	\$ 7,030,799
NOW accounts	10,950,840
Savings deposits	7,385,874
Time deposits, \$100,000 and over	3,434,609
Other time deposits	15,148,484

Total deposits	\$ 43,950,606
Notes Payable	715,453
Accrued expenses and other liabilities	278,690
Dividends Payable	71,687

Total liabilities	\$ 45,016,436

SHAREHOLDERS' EQUITY	
Common stock - \$7.50 par value, 500,000 shares authorized, 143,374 shares issued and outstanding	1,075,305

Additional paid-in capital	2,411,471
Accumulated earnings	352,226
Accumulated Other Comprehensive Income	19,781

Total shareholders' equity	\$ 3,858,783
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TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 48,875,219
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GREAT GUARANTY BANCSHARES, INC.
CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)

<Table>
<Caption>

	Six Months Ended June 30, 2001	2000	Three Months Ended June 30, 2001	2000
<S>	<C>	<C>	<C>	<C>
INTEREST INCOME				
Interest and fees on loans	\$ 1,521,323	\$ 1,331,610	\$ 761,817	\$ 711,579
Interest on investment securities	284,641	356,475	142,362	180,576
Interest on federal funds sold	42,228	54,563	11,594	23,218
Interest on deposits with banks	17,007	20,440	11,085	9,531
Total interest income	1,865,199	1,763,088	926,858	924,904
INTEREST EXPENSE				
Interest on deposits	677,597	609,698	328,890	312,978
Interest on notes payable	30,747	35,277	16,358	18,202
Total interest expense	708,344	644,975	345,248	331,180
NET INTEREST INCOME	1,156,855	1,118,113	581,610	593,724
Provision for loan losses	36,000	62,000	18,000	39,000
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	1,120,855	1,056,113	563,610	554,724
NON INTEREST INCOME				
Service charges on deposit accounts	116,605	118,005	55,205	55,178
Other service charges and fees	40,903	35,482	21,608	15,389
Other income	3,426	17,484	1,776	10,768
Total non-interest income	160,934	170,971	78,589	81,335
NON INTEREST EXPENSE				
Salaries and employee benefits	427,627	408,542	213,729	209,880
Occupancy expense	100,117	109,848	52,340	58,360
Data processing	53,729	53,936	27,160	26,476
Legal fees	5,200	5,837	3,554	4,975
Other expense	202,112	197,130	107,826	97,419
Total non-interest expense	788,785	775,293	404,609	397,110
INCOME BEFORE TAXES	493,004	451,791	237,590	238,949
Income Tax Expense	172,000	155,800	81,000	83,800
NET INCOME	321,004	295,991	156,590	155,149

OTHER COMPREHENSIVE INCOME, NET OF TAX UNREALIZED HOLDING GAINS (LOSSES) ARISING DURING PERIOD	85,904	(14,808)	11,172	(1,200)
	-----	-----	-----	-----
COMPREHENSIVE INCOME	\$ 406,908	\$ 281,183	\$ 167,762	\$ 153,949
	=====	=====	=====	=====
PER COMMON SHARE DATA:				
NET INCOME	\$ 2.24	\$ 2.06	\$ 1.09	\$ 1.08
	-----	-----	-----	-----
AVERAGE SHARES OUTSTANDING	143,374	143,374	143,374	143,374
	=====	=====	=====	=====

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GREAT GUARANTY BANCSHARES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

PAGE 1 OF 2

<Table>
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	Six months ended June 30,	
	2001	2000
	-----	-----
	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 321,004	\$ 295,991
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	51,261	53,829
Provision for loan losses	36,000	62,000
Deferred tax	(23,419)	(17,306)
Stock dividends received	(6,000)	(11,100)
Net gain on sale of ORE	0	(8,997)
Income taxes payable	(194,409)	93,106
(Increase) decrease in accrued income and other assets	(64,165)	(63,979)
Increase (decrease) in accrued expenses and other liabilities	67,390	74,513
	-----	-----
Net cash provided by operating activities	\$ 187,662	\$ 478,057
	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales/maturities/calls/principal paydowns on investment securities:		
Available for sale	\$ 2,645,882	\$ 464,575
Held-to-maturity	62,125	62,188
Purchase of investment securities		
Available for sale	(2,503,544)	(500,000)
Redemption of restricted equity securities	6,600	0
Net change in:		
Interest bearing deposits with banks	(594,134)	371,176
Loans	(2,868,739)	(4,303,733)
Purchase of equipment and building improvements	(86,972)	(42,523)
	-----	-----
Net cash used in investing activities	\$ (3,338,782)	\$ (3,948,317)
	-----	-----

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GREAT GUARANTY BANCSHARES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

<Table>

<Caption>

	Six months ended June 30,	
	2001	2000
<S>	<C>	<C>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net increase in non-interest-bearing demand, savings and NOW accounts	\$ 5,430,186	\$ 2,691,310
Net increase (decrease) in time deposit	(409,729)	877,128
Payments on notes payable	(73,254)	(67,829)
Net change in federal funds purchased and Repurchase Agreement Sold	(6,214)	0
Dividends Paid	(71,686)	(35,843)
	-----	-----
Net cash provided by financing activities	\$ 4,869,303	\$ 3,464,766
	-----	-----
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,718,183	(5,494)
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD	2,093,993	2,161,137
	-----	-----
CASH AND CASH EQUIVALENTS - END OF PERIOD	\$ 3,812,176	\$ 2,155,643
	=====	=====
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the period for:		
Interest	\$ 721,982	\$ 646,946
	=====	=====
Income taxes	\$ 389,828	\$ 80,000
	=====	=====

</Table>

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ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS

MATERIAL CHANGES IN FINANCIAL CONDITION

SIX MONTHS ENDED JUNE 30, 2001 COMPARED WITH SIX MONTHS ENDED JUNE 30, 2000

Balance Sheet

Total Assets at June 30, 2001 were \$48.9 million compared to \$44 million at June 30, 2000. Total loans increased to \$33.9 million at June 30, 2001 from \$29.8 million at June 30, 2000, while securities decreased to \$9 million from \$10.4 million. Deposits increased to \$43.9 million from \$39.6 million as of those respective dates. Shareholders' equity increased to \$3.9 million at June 30, 2001 from \$3.1 million at June 30, 2000.

Income

The income of Bancshares is ordinarily attributable almost entirely to dividends on earnings of its wholly owned bank subsidiary, Guaranty Bank & Trust Company. Consolidated net income of Bancshares is generally determined by consolidation of expenses incurred by Bancshares with those incurred by Guaranty Bank and elimination of the dividend income.

Income for the six months ended June 30, 2001 was \$321 thousand compared to \$296 thousand during the same period in 2000. Interest income increased to \$1.87 million for the six month period ended June 30, 2001 compared to \$1.76 million for the same period in 2000, as a result of increased loan volume. Non-interest income totaled \$161 thousand for the six month period ended June 30, 2001,

compared to \$171 thousand for the same period in 2000. Interest expense increased to \$708 thousand during the six months ended June 30, 2001, an increase from \$645 thousand during the same period in 2000, due to increased NOW account and time deposits as well as an increase in rates on time deposits. Non-interest expense increased to \$789 thousand from \$775 thousand during those periods.

JUNE 30, 2001 COMPARED WITH DECEMBER 31, 2000

Balance Sheet

Total assets increased to \$48.9 million at June 30, 2001, an increase of 11.8% from \$43.7 million at December 31, 2000. Total loans increased by \$2.8 million, or 9%, to \$33.9 million at June 30, 2001 compared to \$31.1 million at December 31, 2000. Securities declined \$119 thousand to \$9 million at June 30, 2001, down from \$9.1 million at December 31, 2000.

Total deposits increased to \$43.9 million at June 30, 2001, a 12.9% increase from \$38.9 million at December 31, 2000. Non-interest bearing deposits increased at a 2.9% rate, compared to a 15% growth in interest bearing deposits. The majority of this growth was in NOW account deposits. During the first six months of 2001, shareholders' equity in Bancshares increased to \$3.9 million, an increase of \$329 thousand, due primarily to the earnings of Guaranty Bank.

LOAN LOSS PROVISION

As a result of management's assessment of the adequacy of the allowance for possible loan losses, Guaranty Bank recorded a provision for loan losses of \$36 thousand for the six month period ended June 30, 2001. The reserve for possible loan losses at June 30, 2001 was \$474.5 thousand, 1.38% of total loans, compared to \$444.6 thousand, or 1.41% of total loans, at December 31, 2000 and \$386.7

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thousand or 1.28% at June 30, 2000. On a monthly basis, Guaranty Bank management performs an analysis to determine the adequacy of the reserve for possible loan losses.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Neither Bancshares nor Guaranty Bank is party to any litigation other than routine litigation arising from regular business activities incident to furnishing financial services.

ITEM 2. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits:

- (3) (i) Articles of Incorporation. See Exhibit 2.1 to Form 10-SB filed by Great Guaranty Bancshares, Inc. April 30, 1997, as amended by Amendment No. 1 filed July 1, 1997, which exhibit is incorporated herein by reference.
- (ii) Bylaws. See Exhibit 2.1 for Form 10-SB filed by Great Guaranty Bancshares, Inc. April 30, 1997, as amended by Amendment No. 1 filed July 1, 1997, which exhibit is incorporated herein by reference.
- (4) Instrument defining the rights of Security Holders, Including Indentures. See Exhibits 3.1 (Form of Stock Certificate for Common Stock), 3.2 (Stock Redemption Agreement) and 3.3 (Written Agreement with Federal Reserve Board) to Form 10-SB filed by Great Guaranty Bancshares, Inc. April 30, 1997, as amended by Amendment No. 1 filed July 1, 1997, which exhibits are incorporated herein by reference.

(b) Reports on Form 8-K:

No reports on Form 8-K were filed during the period for which this report is filed.

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant

caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

GREAT GUARANTY BANCSHARES, INC.

Dated: August 3, 2001

By: /s/ J. Wade O'Neal, III

J. Wade O'Neal, III
Authorized Representative
of Great Guaranty Bancshares, Inc. and President
and CEO of Guaranty Bank & Trust Company

By: /s/ Beverly B. David

Beverly B. David
Assistant Treasurer
of Great Guaranty Bancshares, Inc. and Senior Vice
President of Guaranty Bank & Trust Company