

SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **1995-05-10** | Period of Report: **1995-03-31**
SEC Accession No. **0000706731-95-000009**

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GUARANTY BANCSHARES HOLDING CORP

CIK: **706731** | IRS No.: **720933277** | State of Incorporation: **LA** | Fiscal Year End: **1231**
Type: **10-Q** | Act: **34** | File No.: **000-10929** | Film No.: **95536178**
SIC: **6022** State commercial banks

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MORGAN CITY LA 70381
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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

F O R M 10 - Q

Quarterly Report Under Section 13 or 15 (d)
of the Securities Exchange Act of 1934.

For Quarter Ended MARCH 31, 1995 Commission File Number 0-10929

GUARANTY BANCSHARES HOLDING CORPORATION
(Exact name of registrant as specified in its charter)

LOUISIANA
(State or other jurisdiction of
incorporation or organization)

72-0933277
(I.R.S. Employer
Identification No.)

P. O. BOX 2208, MORGAN CITY, LOUISIANA
(Address of principal executive offices)

70381
(Zip Code)

Registrant's telephone number, including area code 504-384-2813

NOT APPLICABLE
(Former name, former address and former fiscal year
if changed since 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 X No .

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

Common Stock, \$5 par value, 206,799 shares outstanding as of March 31, 1995
Common Stock, no par value, 167,576 shares outstanding as of March 31, 1995

I N D E X

PART I - Financial Information

Financial Statements

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GUARANTY BANCSHARES HOLDING CORPORATION AND SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENT OF CONDITION

	March 31 1995	December 31, 1994
	(in thousands)	
	(Unaudited)	
ASSETS		
Cash and due from banks	\$ 2,191	\$ 3,436
Investment securities available for sale	5,677	7,190
Investment securities held to maturity (Estimated market value \$10,848,000)	10,932	9,494
Federal funds sold	650	2,640
Loans	35,449	34,775
Less: Allowance for loan losses	505	502
Net Loans	34,944	34,273
Premises and equipment	2,127	2,176
Other real estate	30	80
Other assets	1,522	1,398
Total Assets	\$58,073	\$60,687
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
Deposits	\$48,838	\$51,498
Obligations under capital lease	1,703	1,723
Notes payable	1,808	1,854
Other liabilities	429	433
Total Liabilities	52,778	55,508
Commitments and contingent liabilities (Note 2)	-	-
Stockholders' Equity		
\$2.70 Cumulative Preferred stock; 145,676 shares authorized, issued and outstanding	3,497	3,497
\$.50 Cumulative Preferred stock, 64,324 shares authorized, 21,900 issued and outstanding	107	107
Class A Common stock; \$5 par value; 210,000 shares authorized and outstanding	1,050	1,050
Class B Common stock; no par value; 210,000 shares authorized, 170,877 issued and outstanding	17	17
Capital surplus	2,039	2,039
Accumulated deficit	(1,389)	(1,504)
Treasury Stock	(16)	(16)
Unrealized loss on securities available for sale	(10)	(11)

Total Stockholders' Equity	5,295	5,179
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Total Liabilities and Stockholders' Equity	\$58,073	\$60,687
	=====	=====

GUARANTY BANCSHARES HOLDING CORPORATION AND SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENT OF INCOME

	THREE MONTHS ENDED MARCH 31	
	1995	1994
	(IN THOUSANDS, EXCEPT PER SHARE DATA)	
	(UNAUDITED)	
INTEREST INCOME		
Interest and fees on loans	\$ 841	\$ 748
Interest on time deposits and federal funds sold	35	17
Interest on investment securities:		
Taxable income	246	162
Non-Taxable income	5	1
Total Interest Income	1,127	928
INTEREST EXPENSE		
Interest on deposits	415	305
Interest on capital lease	43	45
Interest on note payable	31	8
Total Interest Expense	489	358
Net Interest Income	638	570
Provision for loan losses	0	0
Net Interest Income after Provision for loan losses	638	570
Other operating income	106	122
Operating expenses	566	551
Income before income tax expense	178	141
Income tax expense	63	47
Net income	115	94
Dividends required for preferred stock	(101)	(101)
Net income (loss) available for common stockholders	\$ 14	\$ (7)
	=====	=====
Earnings (loss) per common share	\$.04	\$ (.02)
Weighted average common shares outstanding	374,275	374,275

=====

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GUARANTY BANCSHARES HOLDING CORPORATION
STATEMENT OF CASH FLOWS
Increase (Decrease) in Cash and Cash Equivalents

	QUARTER ENDED	
	MARCH 31	
	1995	1994
	(IN THOUSANDS)	
	(UNAUDITED)	
Cash flows from operating activities:		
Net income	\$ 115	\$ 94
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization of premium (accretion of discount on investments), net	(70)	1
(Gain) on sale of other real estate owned	(30)	(1)
Depreciation and amortization	69	69
(Increase) decrease in accrued interest receivable	(30)	37
Increase in accrued interest payable	12	12
Increase (decrease) in accounts payable and other liabilities	(12)	5
Net cash provided by operating activities	54	217
Cash flows from investing activities:		
(Decrease)increase in federal funds sold	1990	(100)
Proceeds from maturities of investment securities	4,943	5,204
Purchase of investment securities	(4,733)	(3,032)
Net increase (decrease) in loans	(671)	(601)
Proceeds from sale of other real estate owned	110	29
Purchase of premises and equipment	(20)	(20)
Increase in other assets	(94)	(34)
Net cash provided (used) by investing activities	1,525	1,446
Cash flows from financing activities:		
Net increase (decrease) in demand deposits NOW, savings, and certificates of deposit	(2,660)	(609)
Repayment of notes payable	(46)	(11)
Repayments of capital lease obligation	(20)	(29)
Cash dividends	(98)	(393)
Net cash provided used in financing activities	(2,824)	(1,042)
Net increase (decrease) in cash and due from banks	(1,245)	621
Cash and due from banks, beginning of year	3,436	1,108
Cash and due from banks, end of quarter	\$2,191	\$1,729
	=====	=====

Supplemental cash flow information:

Interest paid	\$ 476	\$ 347
	=====	=====
Income taxes paid	\$ -0-	\$ -0-
	=====	=====

GUARANTY BANCSHARES HOLDING CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS EQUITY

	Balance at Jan.1, 1995	Net Income	Unrealized Gain(Loss) on Securities Available For Sale	Balance at Mar.31,1995
\$2.70 Preferred Stock	\$ 3,497	-	-	3,497
\$.50 Preferred Stock	\$ 107	-	-	107
Class A Common Stock	\$ 1,050	-	-	1,050
Class B Common Stock	\$ 17	-	-	17
Capital Surplus	\$ 2,039	-	-	2,039
Accumulated Deficit	\$ (1,504)	115	-	(1,389)
Treasury Stock	\$ (16)	-	-	(16)
Unrealized loss on Securities available for sale	\$ (11)	-	1	(10)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

The information furnished reflects all adjustments which are, in the opinion of management, necessary for a fair statement of results for the three (3) months ended March 31, 1995 and 1994. All adjustments are considered to be of a recurring nature. Results for the interim period may not necessarily be indicative of results for the entire year.

NOTE 1:

On January 13, 1983, pursuant to a Reorganization and Merger Agreement, Guaranty Bank & Trust Company of Morgan City (the Bank) was merged into a subsidiary of Guaranty Bancshares Holding Corporation (Bancshares) with the effect that the Bank became a wholly owned subsidiary of Bancshares.

Bancshares has outstanding \$2.70 Cumulative Preferred Stock and Class B, No Par Value Common Stock which were issued in 1988 in exchange for subordinated debentures issued in 1983 when the company was formed. Bancshares also has outstanding Class A, \$5.00 Par Value, Common Stock which were also issued when the company was formed. The \$.50 Cumulative Preferred Stock is subordinate to the \$2.70 Preferred Stock and were issued for cash in 1989 and 1990.

The Class B common stock does not differ from the Class A common stock except that Class A common stock has a par value of \$5 per share and Class B Common stock has no par value.

During 1992 the Bank acquired, through foreclosure, 3,301 shares of \$2.70 preferred stock, 3301 shares of Class A, \$5.00 par value common stock and 3,301 shares of Class B, no par value common stock. The preferred shares were cancelled and reverted to authorized but unissued \$.50 preferred stock. The common shares are held as treasury stock at their stated values of \$5.00 and \$.10, respectively. (See Capital Resources)

NOTE 2: Contingent Liabilities

As of March 31, 1995, there were \$865,925 of letters of credit

outstanding which are not reflected in the consolidated financial statements. Management does not expect any loss as a result of these transactions.

GUARANTY BANCSHARES HOLDING CORPORATION AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS

Summary

For the three months ended March 31, 1995, Bancshares earned \$115,000, compared with earnings of \$94,000 for the comparable period in 1994. The primary reasons for the increase in earnings were a \$68,000 increase in net interest income, offset by a \$14,000 decrease in other operating income. The subsidiary bank did not make a provision for loan losses in either period.

Changes in financial position at March 31, 1995, from December 31, 1994 were net reductions in federal funds sold and deposits, and increases in loans. Proceeds from federal funds sold were primarily used to fund new loans and deposit withdrawals. Investments and federal funds sold declined \$75,000 and \$1,990,000, respectively, while loans increased \$674,000.

New credit income is the most significant component of financial operations and is affected by interacting forces, including changes in investment market interest rates and changes in volume and mix of interest earning assets and interest bearing deposits. For the first three months of 1995, net interest income as a percent of net average earning assets of \$54,530,000 was 4.67 percent, up from 4.63 percent for the first quarter of 1994. The increase is attributable to an increase in higher yielding loans.

Net Operating Results

The following analysis should be read in conjunction with the accompanying financial statements.

Interest income increased a net of \$199,000. Of this amount, increases were: (a) on investments - \$88,000, and (b) on federal funds sold - \$18,000. Interest on loans increased \$93,000.

The increase in loan income is attributable to a \$2,557,000 increase in average loans outstanding, and 0.3 percent increase in average yields to 9.6 percent. The increase in investment income was the result of a \$1,926,000 increase in average securities

investments and a 1.6 percent increase in average yields, mirroring the overall increase in interest rates.

Interest expense increased \$131,000 from 1994 levels. Average interest bearing deposits increased \$4,301,000, while average rates paid increased 0.7 percent from 3.1 percent in 1994 to 3.8 percent in 1995. During 1994 the subsidiary bank borrowed an additional \$1,400,000 from the Federal Home Loan Bank of Dallas to fund a commercial real estate loan which has a comparable scheduled amortization and maturity.

Investment Securities

Investment securities increased from \$14,723,000 as of March 31, 1994 to \$16,609,000 at March 31, 1995. This is primarily attributable to purchases of U.S. Treasury securities and amortization on mortgage backed securities. There were no securities sales during the first quarter of 1994 or 1995.

An analysis of investment securities follows (in thousands).

	Amortized Cost	Unrealized Gain	Loss	Market Value
March 31, 1995				
Held to Maturity				
U. S. Treasury Securities	\$ 5,923	\$ -	\$ 29	\$ 5,894
Obligations of U.S.				
Agencies and Corporations	4,620	1	51	4,570
Obligations of states and political subdivisions	362	-	5	357
Other Investments	27	-	-	27
Total	\$10,932	\$ 1	\$ 85	\$10,848
	=====	=====	=====	=====
Available for Sale				
U.S. Treasury Securities	\$ -	\$ -	\$ -	\$ -
Obligations of U.S.				
Agencies and Corporations	5,215	10	25	5,200
Other investments	477	-	-	477
Total	\$ 5,692	\$ 10	\$ 25	\$ 5,677
	=====	=====	=====	=====
December 31, 1994				
Held to Maturity				
U. S. Treasury Securities	\$ 3,156	\$ -	\$ 28	\$ 3,128
Obligations of U.S.				
Agencies and Corporations	5,943	5	67	5,881
Obligations of states and political subdivisions	366	-	11	355
Other Investments	29	-	-	29
Total	\$ 9,494	\$ 5	\$106	\$ 9,393
	=====	=====	=====	=====
Available for Sale				

U.S. Treasury Securities	\$ 1,500	\$ -	\$ 1	\$ 1,499
Obligations of U.S.				
Agencies and Corporations	5,234	11	26	5,219
Other investments	472	-	-	472
Total	\$ 7,206	\$ 11	\$ 27	\$ 7,190
	=====	=====	=====	=====

March 31, 1994

Held to Maturity				
U. S. Treasury Securities	\$ 2,255	\$ 4	\$ 2	\$ 2,257
Obligations of U.S.				
Agencies and Corporations	4,779	5	9	4,775
Obligations of states and				
political subdivisions	28	-	-	28
Other Investments	35	-	-	35
Total	\$ 7,097	\$ 9	\$ 11	\$ 7,095
	=====	=====	=====	=====

Available for Sale

U.S. Treasury Securities	\$ 2,002	\$ 2	\$ 9	\$ 1,995
Obligations of U.S.				
Agencies and Corporations	5,299	12	11	5,300
Other investments	330	-	-	330
Total	\$ 7,631	\$ 14	\$ 20	\$ 7,625
	=====	=====	=====	=====

An analysis of the market value of the investment portfolio by maturity periods at March 31, 1995 follows (in thousands):

	Amortized Cost	Market Value
Within one year	\$ 9,867	\$ 9,813
One to five years	4,954	4,931
Five to ten years	433	424
After ten years	1,370	1,357
Total	\$ 16,624	\$16,525
	=====	=====

Maturities of mortgage backed securities are classified by contractual (stated) maturity dates. Expected maturities will differ from contractual maturities because borrowers have the right to call or prepay obligations.

Investment securities with a carrying value of approximately \$6,986,000, \$5,994,000, and \$4,680,000 at March 31, 1995, December 31, 1994 and March 31, 1994, respectively, were pledged to secure public deposits as required by law.

Deposits

A summary of the deposits as of March 31, 1995, December 31, and March 31, 1994 is as follows:

	March 31 1995	December 31 1993	March 31 1994
	(in thousands)		
Demand Deposits	\$ 6,756	\$ 8,289	\$ 7,584
NOW Accounts	4,998	4,883	4,763
Money Market			
Investment Accts.	5,023	4,664	4,696
Savings Deposits	7,267	7,603	8,127
Other Time Deposits	17,951	17,872	14,772
Certificates of Dep. of \$100,000 or more	6,843	8,187	6,502
	\$48,838	\$51,498	\$46,444
	=====	=====	=====

Non-interest bearing demand deposits at March 31, 1995 decreased \$828,000 from March 31, 1994. As interest rates paid on money market investment accounts and certificates of deposits trended up, depositors transferred funds to bank related institutions. Certificates of deposits of \$100,000 or more to commercial entities increased \$664,000. During this period, public fund deposits in certificates of deposit of \$100,000 or more decreased \$323,000.

The Bank has insignificant foreign and no brokered deposits.

Short Term Borrowings

The Bank had no short term borrowings in 1995 or 1994.

Allowance for Loan Losses and Non-Performing Loans and Other Real Estate

The allowance for loan losses was 1.42 percent of loans outstanding at March 31, 1995, compared with 1.44 percent at December 31, 1994 and 1.93 percent at March 31, 1994. The Bank did not make a provision to the reserve for loan losses during the first quarter of 1995 or 1994.

	1995	1994
Balance at January 1,	\$502,000	\$621,000
(Recovery) Provision for loan losses	-	-
Recoveries credited to the allowance	4,000	7,000
	506,000	628,000

Losses charged to the allowance	1,000	2,000
Balance at March 31	\$505,000	\$626,000
	=====	=====

Indicative of improving conditions in the local economy, the following schedule shows non-performing loans on non-accrual status and repossessed and foreclosed real estate.

	March 31 1995	December 31 1994	March 31 1994
Non-accrual loans	\$ -	\$ 30,000	\$ 52,000
Foreclosed real estate	30,000	80,000	6,000

Management believes the Bank has adequate reserves to provide for possible future loan losses.

Other Income

Other operating income aggregated to \$106,000 for the first three months of 1995 compared with \$122,000 in 1994. There was no trading account activity in 1995 or 1994.

	Quarter Ending March 31	
	1995	1994
Service charges on deposit accounts	\$ 50,000	\$ 52,000
Other service charges and fees	17,000	10,000
Other operating income	39,000	60,000
Net securities and gains	-	-
Total	\$106,000	\$122,000
	=====	=====

Operating Expenses

Other operating expenses totaled \$556,000 for the first three months of 1995, compared with \$551,000 for 1994, a \$5,000 increase.

Personnel expenses totaled \$247,000 for the period, compared with \$245,000 in 1994. In 1995, expenses related to other real estate and repossessed property, net of rental income on these properties, totaled \$6,000. These expenses, representing taxes, maintenance and insurance, were partially offset by rental income on these properties of approximately \$1,000.

A summary of other operating expenses is as follows:

Three Months Ending	1995 Over
------------------------	--------------

	March 31, (Under)		
	1995	1994	1994
	(In Thousands)		
Salaries and benefits	\$ 247	\$ 245	\$ 2
Expenses related to other real estate and repossessed properties, net of rental income on these properties	6	1	5
Net occupancy expenses	104	99	5
Equipment and computer expenses	50	48	2
Professional fees and services	35	34	1
FDIC and other insurance	37	35	2
Other	77	89	(12)
	\$ 556	\$ 551	\$ 5
	=====	=====	=====

Income Taxes

Income taxes were accrued at the U. S. federal tax rate. At March 31, 1995, Bancshares has net operating loss carryforwards of approximately \$789,000 and \$578,000 for income tax and financial statement purposes, respectively.

Liquidity

The term "liquidity" generally refers to the ability of a company to generate adequate amount of cash to meet its needs. For a bank, "liquidity" represents its ability to meet timely the demand for funds used to honor checks, to pay maturing time deposits, to fund increases in loan demand and to satisfy other commitments. Unless it borrows funds, a bank's source of funds are generally its core deposits and its retained earnings.

At March 31, 1995 and 1994, the Bank's gross loans-to-deposits ratios were 72.6 percent and 70.0 percent, respectively. Loans increased \$2,955,000 from 1994 levels. Significant to the loan-to-deposit ratio computation, deposits increased \$2,394,000 as of March 31, 1995 from 1994. The Bank has no brokered deposits.

As a bank holding company, the ability of Bancshares to pay its obligations is wholly dependent upon the receipt of dividends and tax benefits from the Bank.

Capital Resources

At March 31, 1995, stockholders' equity amounted to \$5,295,000 compared with \$4,870,000 at March 31, 1994 and \$5,179,000 at December 31, 1994.

Bancshares has paid only one \$2.70 and one 67.5 cents dividend on its \$2.70 preferred stock and has not declared or paid dividends on its \$.50 preferred stock since their issuance. As a result

accumulated and unpaid dividends are as follows:

\$2.70 Preferred Stock, Dividends accumulated from January 13, 1990 through March 31, 1995	\$2,149,000
\$.50 Preferred Stock, dividends accumulated from January 13, 1990 through March 31, 1995	66,000
	\$2,215,000
	=====

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

/s/Lee A. Ringeman
Lee A. Ringeman
Executive Vice President
Chief Financial Officer

DATE: May 11, 1995

PART II

Item 6: Exhibits and Reports on Form 8-K

- a. Exhibit No. 11. Computation of Earnings Per Common Share
- b. Exhibit No. 27. Financial Data Schedule
- c. The Registrant has not filed any Reports on Form 8-K during the first quarter of 1995.

Exhibit No. 11 Computation of Earnings Per Common Share

THREE MONTHS ENDED
MARCH 31, 1995

Net income available for common shareholders	\$ 14,000
Average common shares outstanding	374,275
Income per common share	\$ 0.04

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