

Hamilton Bancorp, Inc.
Form 10-Q
August 14, 2014
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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 June 30, 2014**

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 No. 001-35693

Hamilton Bancorp, Inc.

(Exact name of registrant as specified in its charter)

Maryland
(State or other jurisdiction of
incorporation or organization)

46-0543309
(I.R.S. Employer
Identification Number)

501 Fairmount Avenue, Suite 200, Towson, Maryland
(Address of Principal Executive Offices)
(410) 823-4510

21286
Zip Code

(Registrant's telephone number)

N/A

(Former name or former address, 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 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 during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES NO

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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 the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one)

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if smaller reporting company)

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

3,415,345 shares of the Registrant's common stock, par value \$0.01 per share, were issued and outstanding as of August 14, 2014.

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Hamilton Bancorp, Inc. and Subsidiaries

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Table of Contents**Part I. Financial Information****Item 1. Financial Statements****HAMILTON BANCORP, INC AND SUBSIDIARY****Consolidated Statements of Financial Condition****June 30, 2014 and March 31, 2014**

	June 30, 2014 (Unaudited)	March 31, 2014 (Audited)
Assets		
Assets		
Cash and due from banks	\$ 4,232,779	\$ 3,471,505
Federal funds sold and Federal Home Loan Bank deposit	7,182,583	10,312,341
Interest-bearing deposits in other banks	13,631,545	19,289,464
Cash and cash equivalents	25,046,907	33,073,310
Investment securities available for sale	107,960,452	103,553,274
Federal Home Loan Bank stock, at cost	266,000	266,000
Loans held for sale	791,795	
Loans, less allowance for loan losses of \$2,047,247 and \$1,785,973	144,080,310	142,913,591
Premises and equipment	2,086,244	2,101,587
Foreclosed real estate	664,020	664,020
Accrued interest receivable	818,580	789,800
Bank-owned life insurance	12,092,608	12,002,078
Deferred income taxes	1,978,963	2,360,726
Income taxes refundable	835,332	659,859
Goodwill and other intangible assets	2,827,015	2,835,765
Other assets	1,315,512	1,549,057
Total Assets	\$ 300,763,738	\$ 302,769,067
Liabilities and Shareholders Equity		
Liabilities		
Noninterest-bearing deposits	\$ 18,339,471	\$ 15,327,161
Interest-bearing deposits	220,415,460	223,493,010
Total deposits	238,754,931	238,820,171
Advances by borrowers for taxes and insurance	1,057,186	669,797
Other liabilities	1,183,653	1,508,831
Total liabilities	240,995,770	240,998,799

Commitments and contingencies

Shareholders Equity

Common stock, \$.01 par value, 100,000,000 shares authorized. Issued: 3,415,345 shares at June 30, 2014 and 3,595,100 shares at March 31, 2014	34,153	35,951
Additional paid in capital	30,515,768	32,910,362
Retained earnings	32,874,399	33,066,380
Unearned ESOP shares	(2,666,160)	(2,666,160)
Accumulated other comprehensive income	(990,192)	(1,576,265)
Total shareholders equity	59,767,968	61,770,268
Total Liabilities and Shareholders Equity	\$ 300,763,738	\$ 302,769,067

The accompanying notes are an integral part of these consolidated financial statements.

Table of Contents**HAMILTON BANCORP, INC AND SUBSIDIARY****Consolidated Statements of Operations (Unaudited)****Three Months Ended June 30, 2014 and 2013**

	Three Months Ended June 30,	
	2014	2013
Interest revenue		
Loans, including fees	\$ 1,842,227	\$ 2,150,228
U.S. treasuries and government agencies	106,393	116,218
Municipal bonds	35,865	
Mortgage-backed securities	388,335	394,336
Federal funds sold and other bank deposits	13,785	14,300
Total interest revenue	2,386,605	2,675,082
Interest expense		
Deposits	431,071	547,958
Net interest income	1,955,534	2,127,124
Provision for loan losses	300,000	304,000
Net interest income after provision for loan losses	1,655,534	1,823,124
Noninterest revenue		
Service charges	104,715	67,782
Gain on sale of investment securities	22,019	95,516
Gain on sale of loans held for sale	1,199	3,512
Earnings on bank-owned life insurance	90,530	96,946
Other	13,209	1,228
Total noninterest revenue	231,672	264,984
Noninterest expenses		
Salaries	892,053	817,826
Employee benefits	420,901	293,432
Occupancy	204,361	219,383
Advertising	33,738	73,901
Furniture and equipment	55,651	84,613
Data processing	147,527	151,901
Legal services	59,691	92,852
Other professional services	94,483	122,777

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Deposit insurance premiums	58,198	59,990
Foreclosed real estate expense and losses		17,455
Other operating	288,058	202,438
Total noninterest expenses	2,254,661	2,136,568
Loss before income taxes	(367,455)	(48,460)
Income tax benefit	(175,474)	(66,047)
Net (loss) income	\$ (191,981)	\$ 17,587
Basic Earnings (loss) per common share - basic and diluted	\$ (0.06)	\$ 0.01

The accompanying notes are an integral part of these consolidated financial statements.

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HAMILTON BANCORP, INC AND SUBSIDIARY
Consolidated Statements of Comprehensive Income (Unaudited)
Three Months Ended June 30, 2014 and 2013

	Three Months Ended June 30,	
	2014	2013
Net (loss) income	\$ (191,981)	\$ 17,587
Other comprehensive income:		
Unrealized gain (loss) on investment securities available for sale	989,856	(2,712,168)
Reclassification adjustment for realized gain on investment securities available for sale included in net income	(22,019)	(95,516)
Total unrealized gain (loss) on investment securities available for sale	967,837	(2,807,684)
Income tax expense (benefit) relating to investment securities available for sale	381,764	(1,062,864)
Other comprehensive income (loss)	586,073	(1,744,820)
Total comprehensive income (loss)	\$ 394,092	\$ (1,727,233)

The accompanying notes are an integral part of these consolidated financial statements.

Table of Contents**HAMILTON BANCORP, INC AND SUBSIDIARY****Consolidated Statements of Changes in Shareholders Equity (Unaudited)****Three Months Ended June 30, 2014 and 2013**

	Common stock	Additional paid-in capital	Retained earnings	Unearned ESOP shares	Accumulated other comprehensive income	Total shareholders equity
Balance March 31, 2013	\$ 37,030	\$ 35,554,350	\$ 34,261,764	\$ (2,814,280)	\$ 396,747	\$ 67,435,611
Net income			17,587			17,587
Unrealized loss on available for sale securities, net of tax effect of \$(1,062,864)					(1,744,820)	(1,744,820)
Balance June 30, 2013	\$ 37,030	\$ 35,554,350	\$ 34,279,351	\$ (2,814,280)	\$ (1,348,073)	\$ 65,708,378
Balance March 31, 2014	\$ 35,951	\$ 32,910,362	\$ 33,066,380	\$ (2,666,160)	\$ (1,576,265)	\$ 61,770,268
Net loss			(191,981)			(191,981)
Unrealized gain on available for sale securities, net of tax effect of \$ 381,764					586,073	586,073
Repurchase of common stock	(1,798)	(2,500,392)				(2,502,190)
Stock based compensation - options		52,302				52,302
Stock based compensation - restricted stock		53,496				53,496
Balance June 30, 2014	\$ 34,153	\$ 30,515,768	\$ 32,874,399	\$ (2,666,160)	\$ (990,192)	\$ 59,767,968

The accompanying notes are an integral part of these consolidated financial statements.

Table of Contents**HAMILTON BANCORP, INC AND SUBSIDIARY****Consolidated Statements of Cash Flows (Unaudited)****Three Months Ended June 30, 2014 and 2013**

	Three Months Ended	
	June 30,	
	2014	2013
Cash flows from operating activities		
Interest received	\$ 2,435,461	\$ 2,833,556
Fees and commissions received	117,924	69,010
Interest paid	(431,282)	(553,449)
Cash paid to suppliers and employees	(2,167,239)	(2,064,860)
Cash paid for unsettled security		(2,047,537)
Origination of loans held for sale	(938,633)	(694,000)
Proceeds from sale of loans held for sale	148,037	355,426
Net cash used by operating activities	(835,732)	(2,101,854)
Cash flows from investing activities		
Proceeds from sale of securities available for sale	28,700	3,608,148
Proceeds from maturing and called securities available for sale, including principal pay downs	7,716,779	5,693,018