

Hamilton Bancorp, Inc.
Form 10-Q
November 14, 2018

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UNITED STATES

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 September 30, 2018

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

46-0543309
(I.R.S. Employer

incorporation or organization)

Identification Number)

501 Fairmount Avenue, Suite 200, Towson, Maryland

21286

(Address of Principal Executive Offices)

Zip Code

(410) 823-4510

(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 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 []

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one)

Large accelerated filer [] Accelerated filer []

Non-accelerated filer [] Smaller reporting company []

Emerging growth company []

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. []

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

YES [] NO [X]

The Registrant's common stock, par value \$0.01 per share, consisted of 3,416,414 shares issued and outstanding as of November 14, 2018.

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Hamilton Bancorp, Inc. and Subsidiary

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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****September 30, 2018 and March 31, 2018**

	September 30, 2018 (Unaudited)	March 31, 2018 (Audited)
Assets		
Assets		
Cash and due from banks	\$ 14,536,572	\$ 15,488,396
Federal funds sold	7,489,263	7,880,019
Cash and cash equivalents	22,025,835	23,368,415
Certificates of deposit held as investment	499,144	499,189
Securities available for sale, at fair value	68,862,989	75,404,136
Federal Home Loan Bank stock, at cost	2,782,400	3,122,400
Loans	375,939,704	390,420,885
Allowance for loan losses	(3,030,929)	(2,821,903)
Net loans and leases	372,908,775	387,598,982
Premises and equipment, net	3,842,489	3,945,825
Foreclosed real estate	587,978	457,778
Accrued interest receivable	1,506,290	1,468,382
Bank-owned life insurance	17,684,501	17,455,850
Income taxes refundable	40,000	40,000
Goodwill and other intangible assets	9,113,731	9,176,764
Other assets	2,333,117	2,995,741
Total Assets	\$ 502,187,249	\$ 525,533,462
Liabilities and Shareholders' Equity		
Liabilities		
Noninterest-bearing deposits	\$ 28,816,887	\$ 29,557,943
Interest-bearing deposits	359,653,728	375,585,032
Total deposits	388,470,615	405,142,975
Borrowings	53,551,896	60,672,140
Advances by borrowers for taxes and insurance	1,216,584	1,962,665
Other liabilities	3,488,645	3,679,550
Total liabilities	446,727,740	471,457,330

Commitments and contingencies	-	-
Shareholders' Equity		
Common stock, \$.01 par value, 100,000,000 shares authorized. Issued and outstanding: 3,416,414 shares at September 30, 2018 and 3,407,613 shares at March 31, 2018	34,164	34,076
Additional paid in capital	32,364,652	32,113,534
Retained earnings	27,464,461	25,920,490
Unearned ESOP shares	(2,073,680)	(2,073,680)
Accumulated other comprehensive loss	(2,330,088)	(1,918,288)
Total shareholders' equity	55,459,509	54,076,132
Total Liabilities and Shareholders' Equity	\$502,187,249	\$525,533,462

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 and Six Months Ended September 30, 2018 and 2017**

	Three Months Ended September 30,		Six Months Ended September 30,	
	2018	2017	2018	2017
Interest revenue				
Loans, including fees	\$4,403,945	\$3,938,627	\$8,811,889	\$7,786,639
U.S. treasuries, government agencies and FHLB stock	63,214	46,513	116,903	79,198
Municipal and corporate bonds	94,654	112,571	189,065	226,540
Mortgage-backed securities	265,395	314,572	540,403	653,478
Federal funds sold and other bank deposits	113,532	26,738	224,251	81,146
Total interest revenue	4,940,740	4,439,021	9,882,511	8,827,001
Interest expense				
Deposits	920,018	669,605	1,795,082	1,330,063
Borrowed funds	272,439	158,634	531,028	292,904
Total interest expense	1,192,457	828,239	2,326,110	1,622,967
Net interest income				
	3,748,283	3,610,782	7,556,401	7,204,034
Provision for loan losses	242,496	120,000	302,496	280,000
Net interest income after provision for loan losses	3,505,787	3,490,782	7,253,905	6,924,034
Noninterest revenue				
Service charges	120,966	118,851	241,549	238,050
Gain on sale of investment securities	-	10,381	-	10,381
Gain on sale of loans held for sale	16,331	-	25,873	-
Earnings on bank-owned life insurance	115,126	123,818	228,651	246,393
Other	43,793	41,394	90,917	66,112
Total noninterest revenue	296,216	294,444	586,990	560,936
Noninterest expenses				
Salaries	1,527,455	1,510,515	2,995,036	2,970,512
Employee benefits	334,301	348,313	746,144	741,487
Occupancy	243,186	239,415	515,014	500,253
Advertising	14,958	14,170	31,982	41,198
Furniture and equipment	78,972	85,754	169,271	169,738
Data processing	208,888	181,506	401,541	346,356
Legal services	67,623	119,104	123,962	220,994
Other professional services	103,219	212,519	201,535	392,820
Deposit insurance premiums	112,821	73,762	213,930	130,890
Foreclosed real estate expense and losses	9,302	113	9,302	1,299

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Other operating	436,740	431,717	889,207	854,366
Total noninterest expense	3,137,465	3,216,888	6,296,924	6,369,913
Income before income taxes	664,538	568,338	1,543,971	1,115,057
Income tax expense	-	157,585	-	311,927
Net Income	\$664,538	\$410,753	\$1,543,971	\$803,130
Net income per common share:				
Basic	\$0.21	\$0.13	\$0.48	\$0.25
Diluted	\$0.21	\$0.13	\$0.48	\$0.25

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

Table of Contents**HAMILTON BANCORP, INC. AND SUBSIDIARY****Consolidated Statements of Comprehensive Income (Unaudited)****Three and Six Months Ended September 30, 2018 and 2017**

	Three Months Ended September 30,		Six Months Ended September 30,	
	2018	2017	2018	2017
Net income	\$664,538	\$410,753	\$1,543,971	\$803,130
Other comprehensive (loss) income:				
Unrealized (loss) gain on investment securities available for sale	(345,784)	87,905	(605,645)	637,248
Reclassification adjustment for realized gain on investment securities available for sale included in net income	-	(10,381)	-	(10,381)
Total unrealized (loss) gain on investment securities available for sale	(345,784)	77,524	(605,645)	626,867
Unrealized gain (loss) on derivative transactions	95,806	26,710	193,845	(183,238)
Income tax expense relating to investment securities available for sale and derivative transactions	-	41,114	-	174,990
Other comprehensive (loss) income	(249,978)	63,120	(411,800)	268,639
Total comprehensive income	\$414,560	\$473,873	\$1,132,171	\$1,071,769

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

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HAMILTON BANCORP, INC. AND SUBSIDIARY

Consolidated Statements of Changes in Shareholders' Equity (Unaudited)

Six Months Ended September 30, 2018 and 2017

Common	Additional paid-in	Retained	Unearned ESOP	Accumulated other comprehensive	Total shareholders'
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