

UNITED STATES  
SECURITY AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 10 - QSB

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

For the quarterly period ended September 30, 2002

☐ TRANSITION REPORT UNDER SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE  
ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number 000-32957

Globe Bancorp, Inc.  
(Exact name of small business issuer as specified in its charter)

LOUISIANA  
(State or other jurisdiction of  
incorporation or organization)

(72-1498296)  
(I R S Employer  
Identification No.)

4051 VETERANS BOULEVARD, SUITE 100, METAIRIE, LOUISIANA 70002  
(Address of principal executive offices)

Issuer's telephone number, including area code: 504-887-0057

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15 (d) of the Exchange Act during the past 12 months (or for such shorter period that the issuer was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Shares of common stock, par value \$.01 per share, outstanding as of November 13, 2002: 277,000

Transitional Small Business Disclosure Format (check one): Yes ☐ No ☒

**GLOBE BANCORP, INC.**  
**Form 10 - QSB**  
**Quarter Ended September 30, 2002**

Interim Financial Information required by Rule 10-01 of Regulation S-X and Item 303 of Regulation S-B is included in this Form 10-QSB as referenced below:

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**GLOBE BANCORP, INC. AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION**  
**SEPTEMBER 30, 2002 AND DECEMBER 31, 2001**

	<u>SEPTEMBER</u> <u>30, 2002</u> (Unaudited)	<u>DECEMBER</u> <u>31, 2001</u>
<b>ASSETS</b>		
Cash	\$ 86,520	\$ 166,500
Interest-bearing deposits	358,232	379,253
Federal funds sold	<u>4,493,659</u>	<u>3,879,681</u>
Total cash and cash equivalents	4,938,411	4,425,434
Securities available for sale	1,091,313	4,094,480
Securities held to maturity	3,088,890	1,988,661
Loans receivable, net	24,447,722	21,216,530
Accrued interest receivable	133,688	124,036
Federal Home Loan Bank stock, restricted, at cost	351,800	309,200
Prepaid expenses and other assets	117,761	112,792
Premises and equipment, net	<u>118,121</u>	<u>83,997</u>
 Total assets	 <u>\$34,287,706</u> =====	 <u>\$32,355,130</u> =====
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Deposits	\$22,834,437	\$20,766,537
Federal Home Loan Bank advances	5,194,206	5,492,312
Advances from borrowers for taxes and insurance	175,279	152,497
Accrued expenses and other liabilities	<u>154,936</u>	<u>110,215</u>
 Total liabilities	 <u>28,358,858</u>	 <u>26,521,561</u>
Preferred stock - \$.01 par value, 500,000 shares authorized, none issued	-	-
Common stock - \$.01 par value, 3,000,000 shares authorized, 304,175 shares issued and outstanding at September 30, 2002	3,042	3,042
Additional paid-in capital	2,721,753	2,721,753
Retained earnings, substantially restricted	3,414,396	3,302,976
Accumulated other comprehensive income	14,857	30,998
Unearned compensation	<u>(225,200)</u>	<u>(225,200)</u>
 Total stockholders' equity	 <u>5,928,848</u>	 <u>5,833,569</u>
Total liabilities and stockholders' equity	<u>\$34,287,706</u> =====	<u>\$32,355,130</u> =====

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

**GLOBE BANCORP, INC. AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME**  
Three and Nine Months Ended September 30, 2002 and 2001

	Three Months Ended		Nine Months Ended	
	September 30, 2002 (Unaudited)	September 30, 2001 (Unaudited)	September 30, 2002 (Unaudited)	September 30, 2001 (Unaudited)
<b>INTEREST INCOME:</b>				
Loans receivable, primarily first mortgage loans	\$421,695	\$341,293	\$1,195,428	\$984,341
Securities available for sale	16,761	58,588	91,386	215,869
Securities held to maturity	44,256	-	129,938	-
Trading account securities	883	-	8,841	-
Other interest earning assets	<u>20,745</u>	<u>52,673</u>	<u>62,238</u>	<u>104,215</u>
Total interest income	<u>504,340</u>	<u>452,554</u>	<u>1,487,831</u>	<u>1,304,425</u>
<b>INTEREST EXPENSE:</b>				
Deposits	202,059	248,346	628,608	737,110
Federal Home Loan Bank advances	64,793	50,978	202,305	153,918
Other	-	1,876	-	4,368
Total interest expense	<u>266,852</u>	<u>301,200</u>	<u>830,913</u>	<u>895,396</u>
Net interest income	237,488	151,354	656,918	409,029
Provision for (recovery of) loan losses	-	5,874	(1,024)	6,908
Net interest income after provision for (recovery of) loan losses	<u>237,488</u>	<u>145,480</u>	<u>657,942</u>	<u>402,121</u>
<b>NONINTEREST INCOME:</b>				
Service charges	453	624	1,815	2,333
Net realized gain on sales of securities available for sale	-	217	19,737	7,452
Gain on trading account securities	3,132	-	11,648	-
Gain and income on foreclosed real estate	-	-	-	2,864
Total noninterest income	<u>3,585</u>	<u>841</u>	<u>33,200</u>	<u>12,649</u>
<b>NONINTEREST EXPENSES:</b>				
Salaries and employee benefits	79,429	71,626	226,431	198,967
Occupancy expense	23,792	21,115	69,540	65,081
Data processing expense	14,388	10,417	37,183	26,034
Stationery, printing and supplies	2,586	5,297	14,692	11,700
General insurance	4,728	4,864	14,004	14,591
Professional fees	10,045	12,250	39,220	21,306
SAIF deposit insurance and examination fees	3,682	2,938	10,373	9,094
Net realized loss on sales of securities available for sale	290	-	-	-
Telephone and postage	2,518	3,430	7,535	8,955
Franchise tax	350	-	3,905	-
Real estate and share taxes	13,075	525	39,224	1,575
Other	<u>922</u>	<u>103</u>	<u>3,053</u>	<u>3,204</u>
Total noninterest expense	<u>155,805</u>	<u>132,565</u>	<u>465,160</u>	<u>360,507</u>
Income before income taxes	85,268	13,756	225,982	54,263
Income tax expense	<u>27,687</u>	<u>1,078</u>	<u>72,342</u>	<u>9,237</u>
NET INCOME	<u>\$ 57,581</u>	<u>\$ 12,678</u>	<u>\$ 153,640</u>	<u>\$ 45,026</u>
Basic earnings per common share	<u>\$0.19</u>	<u>\$0.05</u>	<u>\$0.55</u>	<u>\$0.16</u>
Diluted earnings per common share	<u>\$0.19</u>	<u>\$0.05</u>	<u>\$0.55</u>	<u>\$0.16</u>

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

**GLOBE BANCORP, INC. AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME**  
Three and Nine Months Ended September 30, 2002 and 2001

	Three Months Ended		Nine Months Ended	
	September	September	September	September
	30, 2002	30, 2001	30, 2002	30, 2001
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>NET INCOME:</b>	<b>\$57,581</b>	<b>\$12,678</b>	<b>\$153,640</b>	<b>\$45,026</b>
<b>COMPREHENSIVE INCOME</b>				
<b>Other comprehensive income (loss)</b>				
Unrealized gain (loss) on investment securities available for sale, net of deferred tax expense (benefit) and reclassification adjustments	<u>(7,724)</u>	<u>16,353</u>	<u>(18,319)</u>	<u>51,163</u>
<b>COMPREHENSIVE INCOME</b>	<u><b>\$49,857</b></u>	<u><b>\$29,031</b></u>	<u><b>\$135,321</b></u>	<u><b>\$96,189</b></u>

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

**GLOBE BANCORP, INC. AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**NINE MONTHS ENDED SEPTEMBER 30, 2002 AND 2001**

(UNAUDITED)

	<u>Preferred Stock</u>	<u>Common Stock</u>	<u>Additional Paid-In Capital</u>	<u>Retained Earnings Substantially Restricted</u>	<u>Accumulated Other Comprehensive (Loss) Income</u>	<u>Unearned Compensation</u>	<u>Total Equity</u>
Balance, January 1, 2001	\$ -	\$ -	\$ -	\$3,276,703	\$ (3,357)	\$ -	\$3,273,346
Issuance of common stock, net		3,042	2,719,484				2,722,526
Acquisition of unearned ESOP shares						(243,340)	(243,340)
Net income				45,026			45,026
Other comprehensive income, net of tax: Unrealized gain on securities					51,163		51,163
Balance, September 30, 2001	<u>\$ -</u>	<u>\$ 3,042</u>	<u>\$ 2,719,484</u>	<u>\$3,321,729</u>	<u>\$ 47,806</u>	<u>\$ (243,340)</u>	<u>\$5,848,721</u>
Balance, January 1, 2002	\$ -	\$ 3,042	\$2,721,753	\$3,302,976	\$ 30,998	\$ (225,200)	\$5,833,569
Dividends paid				(42,220)			(42,220)
Net income				153,640			153,640
Other comprehensive income, net of tax: Unrealized (loss) on securities					(16,141)		(16,141)
Balance, September 30, 2002	<u>\$ -</u>	<u>\$ 3,042</u>	<u>\$2,721,753</u>	<u>\$3,414,396</u>	<u>\$ 14,857</u>	<u>\$ (225,200)</u>	<u>\$5,928,848</u>

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

**GLOBE BANCORP, INC. AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**NINE MONTHS ENDED SEPTEMBER 30, 2002 AND 2001**

	Nine months ended September 30,	
	2002	2001
	(Unaudited)	(Unaudited)
Cash flows from operating activities:	\$	\$
Net income	153,640	45,026
Adjustments to reconcile net income to net cash provided by operating activities:		
Premium and discount amortization on securities	11,996	12,456
(Accretion) on loans	(2,011)	(6,152)
Capitalization of loan origination costs	(19,914)	(16,978)
Loan fees received	15,008	13,184
Loss on sale of loan	-	1,158
Net (gain) on sales of securities available for sale	(19,737)	(7,452)
(Recovery of) provision for loan losses	(1,024)	6,908
Depreciation and amortization	17,083	14,110
Federal Home Loan Bank stock dividends	(7,500)	(10,000)
(Gain) on trading account securities	(11,648)	-
(Increase) in accrued interest receivable	( 9,652)	(10,421)
(Increase) decrease in prepaid expenses and other assets	(4,969)	18,748
Increase in other liabilities	<u>53,035</u>	<u>18,334</u>
Net cash provided by operating activities	<u>174,307</u>	<u>78,921</u>
Cash flows from investing activities:		
Loan originations	(5,296,678)	(5,780,092)
Loan sold	-	115,823
Principal repayments on loans	2,073,427	3,192,186
Purchases of securities available for sale	(1,000,503)	(2,050,400)
Purchases of securities held to maturity	(1,478,526)	-
Purchases of trading account securities	(2,055,320)	-
Proceeds from sales of securities available for sale	3,288,958	1,975,583
Proceeds from sale of trading account securities	2,066,781	-
Principal repayments on securities available for sale	704,031	1,404,562
Principal repayments on securities held to maturity	372,450	-
Purchases of Federal Home Loan Bank stock	(35,100)	-
Additions to equipment and leasehold improvements	<u>(51,207)</u>	<u>(4,478)</u>
Net cash (used in) investing activities	<u>(1,411,687)</u>	<u>(1,146,816)</u>
Cash flows from financing activities:		
Net increase in deposit accounts	2,067,900	1,946,380
Net (decrease) in Federal Home Loan Bank advances	(298,105)	-
Net increase in advances from borrowers for taxes and insurance	22,782	19,172
Unearned ESOP shares	-	(243,340)
Dividends paid	(42,220)	-
Stock subscriptions	<u>-</u>	<u>2,722,526</u>
Net cash provided by financing activities	<u>1,750,357</u>	<u>4,444,738</u>
Net increase in cash and cash equivalents	512,977	3,376,843
Cash and cash equivalents at beginning of the period	<u>4,425,434</u>	<u>925,102</u>
Cash and cash equivalents at end of period	<u><u>\$4,938,411</u></u>	<u><u>\$4,301,945</u></u>

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

**GLOBE BANCORP, INC. AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2002**  
**(UNAUDITED)**

**Note 1 - Basis of Presentation -**

The accompanying consolidated financial statements at September 30, 2002 and December 31, 2001 and for the three and nine months ended September 30, 2002 and 2001 include the accounts of Globe Bancorp, Inc. (the Company) and its wholly owned subsidiary, Globe Homestead Savings Bank (the Bank). Currently, the business and management of Globe Bancorp, Inc. is primarily the business and management of the Bank. All significant intercompany transactions and balances have been eliminated in the consolidation.

On March 12, 2001, the Bank incorporated Globe Bancorp, Inc. to facilitate the conversion of the Bank from mutual to stock form (the "Conversion"). In connection with the Conversion, the Company offered its common stock to the depositors of the Bank as of specified dates and to an employee stock ownership plan. Upon consummation of the Conversion on July 9, 2001, all of the Bank's outstanding common stock was issued to the Company; the Company became the holding company for the Bank and the Company issued 304,175 shares of common stock.

The Company filed a Form SB-2 with the Securities and Exchange Commission ("SEC") on March 16, 2001, which as amended was declared effective by the SEC on May 14, 2001. The Bank filed a Form AC with the Office of Thrift Supervision ("OTS") on March 15, 2001. The Form AC and related offering and proxy materials, as amended, were conditionally approved by the OTS by a letter dated May 10, 2001. The Company also filed an Application H-(e) 1-S with the OTS on April 9, 2001, which was conditionally approved by the OTS by a letter dated May 10, 2001. The members of the Bank approved the Plan at a special meeting held on June 26, 2001, and the subscription and community offerings closed on June 21, 2001.

The Conversion was accounted for under the pooling of interest method of accounting. In the Conversion, the Company issued 304,175 shares of common stock, 24,334 shares of which were acquired by its Employee Stock Ownership Plan, and the Bank issued 100 shares of \$.01 par value common stock to the Company.

The accompanying unaudited financial statements were prepared in accordance with instructions for Form 10-QSB and, therefore, do not include information or footnotes necessary for a complete presentation of financial position, results of operations and cash flows in conformity with U.S. generally accepted accounting principles. However, all adjustments (consisting only of normal recurring accruals), which, in the opinion of management, are necessary for a fair presentation of the financial statements, have been included. The results of operations for the nine months ended September 30, 2002 are not necessarily indicative of the results to be expected for the year ended December 31, 2002.

**Note 2 - Employee Stock Ownership Plan-**

The Company sponsors a leveraged employee stock ownership plan (ESOP) that covers all employees who have at least one year of service with the Bank. The ESOP shares are initially pledged as collateral for its debt. The debt is being repaid based on a fifteen-year amortization and the shares are being released for allocation to active employees annually over the fifteen-year period. The shares pledged as collateral are deducted from stockholders' equity as unearned ESOP shares in the accompanying balance sheets.

As shares are released from collateral, the Company reports compensation expense equal to the current market price of the shares released. The Bank has accrued \$10,000 of ESOP expense through September 30, 2002.



**GLOBE BANCORP, INC. AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2002**  
**(UNAUDITED)**

The ESOP shares as of September 30, 2002 were as follows:

Allocated shares	1,622	
Shares released for allocation	0	
Unreleased shares	<u>22,712</u>	
Total ESOP shares	<u>24,334</u>	
	<u>=====</u>	
Fair value of unreleased shares	<u>\$363,392</u>	(1)
	<u>=====</u>	

(1) Based on market price on September 30, 2002.

**Note 3 - Earnings Per Share**

Basic earnings per share are computed by dividing net income by the weighted average number of shares of common stock outstanding, which were 281,463 for the three and nine month periods ended September 30, 2002. Diluted earnings per share are calculated by dividing net income by the weighted average number of shares of common stock outstanding, including the effect of diluted securities, which was 281,463 for the three and nine month periods ended September 30, 2002.

**Note 4 – Subsequent Event**

In July 2002, the Company's Board of Directors authorized the buyback of up to 30,417 shares (approximately 10%) of the Company's outstanding stock over the following twelve-month period. In October of 2002, the Company repurchased 27,175 shares of the Company's outstanding common stock under the buyback program at a total cost of \$408,984. These 27,175 shares will be held as treasury stock in the Consolidated Statement of Financial Condition.

**GLOBE BANCORP, INC. AND SUBSIDIARY  
MANAGEMENT'S DISCUSSION AND ANALYSIS OF  
CONSOLIDATED FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

**General**

The following discussion compares the consolidated financial condition of Globe Bancorp, Inc. and Subsidiary at September 30, 2002 to December 31, 2001 and the results of operations for the three and nine month periods ended September 30, 2002 with the same periods in 2001. Currently, the business and management of Globe Bancorp, Inc. is primarily the business and management of the Bank. This discussion should be read in conjunction with the interim consolidated financial statements and footnotes included herein.

This quarterly report on Form 10 - QSB includes statements that may constitute forward-looking statements, usually containing the words "believe", "estimate", "expect", "intend" or similar expressions. These statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements inherently involve risk and uncertainties that could cause actual results to differ materially from those reflected in the forward-looking statements. Factors that could cause future results to vary from current expectations include, but are not limited to, the following: changes in economic conditions (both generally and more specifically in the markets in which the Company operates); changes in interest rates, accounting principles, policies or guidelines and in government legislation and regulation (which change from time to time and over which the Company has no control); and other risks detailed in this quarterly report on Form 10 - QSB and the Company's other Securities and Exchange Commission filings. Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect management's analysis only as the date hereof. The Company undertakes no obligation to publicly revise these forward-looking statements to reflect events or circumstances that arise after the date hereof.

Our profitability depends primarily on our net interest income, which is the difference between interest and dividend income on interest-earning assets, principally loans, investment securities and interest-earning deposits in other institutions, and interest expense on interest-bearing deposits and borrowings from the Federal Home Loan Bank of Dallas. Net interest income is dependent upon the level of interest rates and the extent to which such rates are changing. Our profitability also depends, to a lesser extent, on noninterest income, provision for loan losses, noninterest expenses and federal income taxes. During the periods reported herein, net interest income after provision for loan losses exceeded total noninterest expense. Total noninterest expense consists of general, administrative and other expenses, such as compensation and benefits, occupancy and equipment expense, deposit insurance premiums and miscellaneous other expenses.

Globe Bancorp, Inc. is the holding company for the Bank. Substantially all of the Company's assets are currently held in, and its operations are conducted through, its sole subsidiary, the Bank. Historically, the Company's business has consisted primarily of originating single-family real estate loans secured by property in its market area. The Company's loans are primarily funded by certificates of deposit, which typically have higher rates than transaction accounts. Typically, single-family loans involve a lower degree of risk and carry a lower yield than commercial real estate, construction and consumer loans. The combination of these factors has resulted in historically lower interest rate spreads and returns on equity. Although the Company may attempt to expand its loan products by emphasizing certain consumer lending, Globe Bancorp, Inc. presently anticipates that its business will continue to primarily consist of originating single-family loans funded primarily by deposits.

Our operations and profitability are subject to changes in interest rates, applicable statutes and regulations and general economic conditions, as well as other factors beyond our control.

**GLOBE BANCORP, INC. AND SUBSIDIARY  
MANAGEMENT'S DISCUSSION AND ANALYSIS OF  
CONSOLIDATED FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

**Changes in Financial Condition**

Total assets increased by \$1,933,000 or 5.97% from December 31, 2001 to September 30, 2002. The increase was primarily due to increases of \$3,231,000 in loans receivable, \$1,100,000 in securities held to maturity and \$513,000 in cash and cash equivalents. These increases were partially offset by a decrease of \$3,003,000 in securities available for sale. Loan demand was up in the third quarter. The Bank is emphasizing the origination of higher yielding loans over the purchase of lower yielding mortgage-backed securities. The increase in cash and cash equivalents was primarily due to normal operating activities.

Total classified assets decreased \$23,000 from December 31, 2001 to September 30, 2002. The Bank did not have any classified assets on September 30, 2002.

Deposits increased by \$2,068,000 or 9.96% from December 31, 2001 to September 30, 2002. The increase was made up entirely by increases in interest-bearing deposits.

Total stockholders' equity increased by \$95,000 or 1.63% in the first nine months of 2002. Equity was increased by net income of \$154,000 and decreased by \$16,000 reduction in accumulated other comprehensive income during the period and cash dividends paid of \$42,000. Stockholders' equity at September 30, 2002 totaled \$5,929,000 compared to equity of \$5,834,000 at December 31, 2001.

**Liquidity and Capital Resources**

In the past, the Bank was required under federal regulations to maintain specified levels of "liquid" investments in qualifying types of U.S. Government, federal agency and other investments having maturities of up to five years. OTS regulations required that a savings institution maintain liquid assets of not less than 4% of its average daily balance of net withdrawable deposit accounts and borrowings due in one year or less. At September 30, 2002, the Bank's liquidity was 21.56% or \$4,047,000 in excess of the prior minimum OTS requirement. In March 2001, the OTS issued an interim rule that removed the requirement that savings institutions maintain an average daily balance of 4.0% of its liquidity base. The proposed rules require all savings institutions and service corporations to maintain sufficient liquidity to ensure their safe and sound operations.

At September 30, 2002, the Bank had outstanding commitments to originate \$179,000 of loans (excluding undisbursed portions of loans). In addition, as of September 30, 2002, the total amount of certificates of deposit and Federal Home Loan Bank advances that were scheduled to mature in the following twelve months were \$11,999,000 and \$2,361,000, respectively. The Bank believes that it has adequate resources to fund all of its commitments and that it can adjust the rate on certificates of deposit to retain deposits in changing interest rate environments. If the Bank requires funds beyond its internal funding capabilities, advances from the Federal Home Loan Bank of Dallas are available as an additional source of funds.

The Bank is required to maintain regulatory capital sufficient to meet tangible, core and risk-based capital ratios of at least 1.5%, 4.0% and 8.0%, respectively. At September 30, 2002, the Bank exceeded each of its capital requirements with ratios of 13.93%, 13.93% and 33.24%, respectively.

**GLOBE BANCORP, INC. AND SUBSIDIARY  
MANAGEMENT'S DISCUSSION AND ANALYSIS OF  
CONSOLIDATED FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

**Results of Operations**

Net income increased by \$45,000 or 354.16% in the quarter ended September 30, 2002 and increased by \$109,000 or 241.23% in the nine months ended September 30, 2002 compared to the respective periods in 2001. The increase in net income for both periods was primarily due to increases in net interest income and noninterest income that were offset by increases in noninterest expenses and income tax expense.

Interest income increased \$52,000 or 11.44% for the quarter ended September 30, 2002 and \$183,000 or 14.06% for the nine months ended September 30, 2002 over the comparable 2001 periods. This was primarily due to an increase in income from loans receivable and was partially offset by a decrease in income from other interest-earning assets. The increases in interest income on loans receivable of \$80,000 or 23.56% for the quarter ended September 30, 2002 and \$211,000 or 21.44% for the nine months ended September 30, 2002 were due to an increase in the average balance of such assets which was partially offset by a decrease in the average yield on such assets. The average balance of loans receivable increased to \$22,641,000 for the nine month period ended September 30, 2002 compared to \$17,946,000 for the nine month period ended September 30, 2001. This increase in the average balance of loans receivable was attributable to the origination of \$7,520,000 in loans, offset by \$2,870,000 in repayments. The average yield decreased to 7.04% for the nine month period ended September 30, 2002, compared to 7.31% for the nine month period ended September 30, 2001 reflecting the declining interest rate environment. The decreases in interest income on other interest-earning assets of \$32,000 or 60.62% for the quarter ended September 30, 2002 and \$42,000 or 40.28% for the nine months ended September 30, 2002 were due to a decrease in short-term interest rates that caused the average yield on other interest-earning assets to decrease from 4.08% for the nine month period ended September 30, 2001 to 1.78% for the nine month period ended September 30, 2002. The average balance of such assets increased from \$3,331,000 for the nine month period ended September 30, 2001 to \$4,649,000 for the nine month period ended September 30, 2002. The increases in interest income on investment securities of \$3,000 or 5.65% for the quarter ended September 30, 2002 and \$14,000 or 6.62% for the nine months ended September 30, 2002 were due to an increase in the average balance of such assets that was partially offset by a decrease in the yield on such assets. The average balance of investment securities increased to \$5,370,000 for the nine month period ended September 30, 2002 compared to \$4,595,000 for the nine month period ended September 30, 2001. The increase in investment securities was attributable to slow loan demand in the first quarter of 2002 and the investment of excess funds in investment securities. The average yield decreased to 5.71% for the nine month period ended September 30, 2002, compared to 6.27% for the nine month period ended September 30, 2001 reflecting the declining interest rate environment.

Interest expense decreased \$34,000 or 11.40% in the quarter ended September 30, 2002 and \$64,000 or 7.20% for the nine months ended September 30, 2002 compared to the comparable 2001 periods. These decreases were primarily due to a decrease in interest expense on deposits. The decrease in interest expense on deposits was partially offset by an increase in interest expense on Federal Home Loan Bank advances. Interest expense on deposits decreased \$46,000 or 18.64% for the quarter ended September 30, 2002 and \$109,000 or 14.72% for the nine months ended September 30, 2002. The decrease for the 2002 nine month period was primarily due to a decrease in the average rate paid on deposits from 5.37% for the nine month period ended September 30, 2001 to 3.88% for the nine month period ended September 30, 2002. Such decrease reflects the declining interest rate environment. The average balance of deposits increased to \$21,614,000 for the nine month period ended September 30, 2002 compared to \$18,312,000 for the nine month period ended September 30, 2001. Interest expense on Federal Home Loan Bank advances increased \$14,000 or 27.10% for the quarter ended September 30, 2002 and \$48,000 or 31.44% for the nine months ended September 30, 2002. The increase for the 2002 nine month period was primarily due to an increase in the average balance of such liabilities from \$3,500,000 for the nine month period ended September 30, 2001 to \$5,332,000 for the nine month period ended September 30, 2002. This increase in the average balance was due to new advances in the latter part of 2001 and early 2002 to fund the purchase of investment securities in

**GLOBE BANCORP, INC. AND SUBSIDIARY  
MANAGEMENT'S DISCUSSION AND ANALYSIS OF  
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furtherance of the Bank's desire to leverage the capital raised in the Conversion. A decline in short-term interest rates caused the average rate paid on Federal Home Loan Bank advances to decrease from 5.94% for the nine month period ended September 30, 2001 to 5.05% for the nine month period ended September 30, 2002.

Net interest income increased \$86,000 or 56.91% in the quarter ended September 30, 2002 and \$248,000 or 60.60% in the nine months ended September 30, 2002 over the comparable 2001 periods. These were primarily due to increases in the interest rate spread and the ratio of average interest-earning assets to average interest-bearing liabilities. The interest rate spread increased to 1.96% for the nine month period ended September 30, 2002 from 1.25% for the nine month period ended September 30, 2001. The ratio of average interest-earning assets to average interest-bearing liabilities increased to 121.21% for the nine months ended September 30, 2002 from 118.61% for the nine months ended September 30, 2001. The net interest margin was 2.85% for the quarter ended September 30, 2002, compared to 2.13% for the quarter ended September 30, 2001. The net interest margin was 2.68% for the nine months ended September 30, 2002, compared to 2.11% for the nine months ended September 30, 2001.

There was no provision for loan losses for the three months ended September 30, 2002, compared to a provision of \$6,000 for the same period in 2001. The recovery of loan losses was \$1,000 for the nine months ended September 30, 2002, compared to a provision of \$7,000 for the same period in 2001. At September 30, 2002, the Bank did not have any non-accruing loans compared to \$5,000 of non-accruing loans at September 30, 2001. The allowance for loan losses amounted to \$100,000 at September 30, 2002, representing 0.41% of the total loans outstanding. The allowance for loan losses did not change for the three-months ended September 30, 2002. The Bank believes its allowance for loan losses was sufficient as of September 30, 2002.

Non-interest income increased \$3,000 or 326.18% for the quarter ended September 30, 2002 and \$21,000 or 162.47% for the nine months ended September 30, 2002 compared to the respective periods in 2001. The increases for the quarter and nine months ended September 30, 2002 were attributable to increases in the gain on trading account securities and, for the nine month period, an increase in gain on sale of securities available for sale offset by decreases in income on foreclosed real estate.

Non-interest expenses increased \$23,000 or 17.53% in the quarter ended September 30, 2002 and \$105,000 or 29.03% as compared to the respective periods in 2001. The increase in the quarter was primarily due to an increase of \$13,000 in real estate and share taxes, \$8,000 or 10.89% in salaries and employee benefits, \$4,000 or 38.12% in data processing expenses, and \$3,000 or 12.67% in occupancy expense. The increases were partially offset by decreases of \$3,000 or 51.17% in stationery, printing and supplies expenses and \$2,000 or 18.00% in professional fees. The increase in the nine month period was primarily due to an increase of \$38,000 in real estate and share taxes, \$18,000 or 84.08% in professional fees, \$27,000 or 13.80% in salaries and employee benefits, \$11,000 or 42.82% in data processing expenses, \$3,000 or 25.57% stationery, printing and supplies expenses, \$4,000 or 6.85% in occupancy expense and \$4,000 in State of Louisiana franchise taxes. The increase in salaries and employee benefits was due to the hiring of an additional staff member and the accrual of expenses relating to the ESOP. The increase in professional fees was due to the additional reporting requirements of a public company. The increase in real estate and share taxes and in State of Louisiana franchise taxes was a result of additional taxes due to the status of the Bank as a stock corporation. This tax will be an ongoing expense. The increase in data processing expense was caused by implementation of a new teller platform and local area network. The increase in occupancy expense was the result an increase in the rental terms for the Bank's operating facility.

Income tax expense increased in the quarter and nine months ended September 30, 2002 due to an increase in income before income taxes, compared to the same periods in 2001.

**GLOBE BANCORP, INC. AND SUBSIDIARY  
MANAGEMENT'S DISCUSSION AND ANALYSIS OF  
CONSOLIDATED FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

**Impact of Inflation and Changing Prices**

The financial statements and related financial data presented herein regarding the Company have been prepared in accordance with U.S. generally accepted accounting principles, which generally require the measurement of financial position and operating results in terms of historical dollars, without considering changes in relative purchasing power over time due to inflation. Unlike most industrial companies, virtually all of the Company's assets and liabilities are monetary in nature. As a result, interest rates generally have a more significant impact on the Company's performance than does the effect of inflation. Interest rates do not necessarily move in the same direction or in the same magnitude as the prices of goods and services, since such prices are affected by inflation to a larger extent than interest rates.

**GLOBE BANCORP, INC. AND SUBSIDIARY  
CONTROLS AND PROCEDURES**

Within 90 days prior to the date of this Quarterly Report, the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures are effective. There were no significant changes in the Company's internal controls or in other factors that could significantly affect these controls subsequent to the date of their evaluation.

Disclosure controls and procedures are the controls and other procedures of the Company that are designed to ensure that the information required to be disclosed by the Company in its reports filed or submitted under the Securities Exchange Act of 1934, as amended ("Exchange Act") is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by the Company in its reports filed under the Exchange Act is accumulated and communicated to the Company's management, including the principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

**GLOBE BANCORP, INC.**  
**Form 10-QSB**  
**Quarter Ended September 30, 2002**

**PART II - OTHER INFORMATION**

**Item 1 - Legal Proceeding:**

There are no matters required to be reported under this item.

**Item 2 - Changes in Securities:**

There are no matters required to be reported under this item.

**Item 3 - Defaults upon Senior Securities:**

There are no matters required to be reported under this item.

**Item 4 - Submission of Matters to a Vote of Security Holders:**

There are no matters required to be reported under this item.

**Item 5 - Other Information:**

There are no matters required to be reported under this item.

**Item 6 - Exhibits and Reports on Form 8-K:**

(a) the following exhibit is filed herewith:

EXHIBIT NO.	DESCRIPTION
99.1	Certification of Chief Executive Officer and Chief Financial Officer

There are no other matters required to be reported under this item.

(b) Reports on Form 8-K:

On August 21, 2002 the Company filed Form 8-K pertaining to the announcement of a proposed buy back of 10% or 30,417 shares of the Company's outstanding common stock. No financial statements were filed in conjunction with this Form.

**SIGNATURES**

In accordance with the requirements of the Securities Exchange Act of 1934, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

**GLOBE BANCORP, INC.**  
Registrant

Date: November 13, 2002

By:/s/ Thomas J. Exnicios  
Thomas J. Exnicios  
President, Chief Executive Officer and  
Chief Financial Officer



## SECTION 302 CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER

I, Thomas J. Exnicios, the Chief Executive Officer of Globe Bancorp, Inc., certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Globe Bancorp, Inc.;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:
  - a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
  - b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
  - c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
  - a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: November 13, 2002

/s/ Thomas J. Exnicios  
Thomas J. Exnicios  
Chief Executive Officer

## SECTION 302 CERTIFICATION OF THE CHIEF FINANCIAL OFFICER

I, Thomas J. Exnicios, the Chief Financial Officer of Globe Bancorp, Inc., certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Globe Bancorp, Inc.;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:
  - a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
  - b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
  - c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
  - a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: November 13, 2002

/s/ Thomas J. Exnicios  
Thomas J. Exnicios  
Chief Financial Officer

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER AND  
CHIEF FINANCIAL OFFICER**

**Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350)**

The undersigned executive officer of Globe Bancorp, Inc. (the "Registrant") hereby certifies that the Registrant's Form 10-Q for the quarter ended September 30, 2002 fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 and that the information contained therein fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

/s/ Thomas J. Exnicios

Name: Thomas J. Exnicios

Title: President, Chief Executive Officer  
and Chief Financial Officer

Date: November 13, 2002