

SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **1996-11-14** | Period of Report: **1996-09-30**
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FILER

KINNARD INVESTMENTS INC

CIK: **314037** | IRS No.: **410972952** | State of Incorpor.: **MN** | Fiscal Year End: **1231**
Type: **10-Q** | Act: **34** | File No.: **000-09377** | Film No.: **96663444**
SIC: **6211** Security brokers, dealers & flotation companies

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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

For the quarter ended September 30, 1996 Commission File No. 0-9377

KINNARD INVESTMENTS, INC.
(Exact name of registrant as specified in its charter)

Minnesota 41-0972952
(State of incorporation) (I.R.S. Employer identification number)

920 Second Avenue South, Minneapolis, Minnesota 55402 (612) 370-2700
(Address of principal executive offices) Telephone number

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 at least the past 90 days. Yes X No _____

Shares of \$0.02 par value common stock outstanding at November 12, 1996:
6,008,563

KINNARD INVESTMENTS, INC. AND SUBSIDIARIES
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KINNARD INVESTMENTS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

(In thousands)

<TABLE> <CAPTION>	September 30, 1996 (Unaudited)	December 31, 1995
<S>	<C>	<C>
ASSETS		
Cash and cash equivalents	\$ 8,599	\$ 5,766
Receivable from clearing firm and other broker-dealers	5,813	4,324
Receivable from customers	16,440	9,734
Miscellaneous receivables	2,635	1,549
Trading securities, at market	8,027	10,226
Office equipment at cost, less accumulated depreciation of \$4,089 and \$3,604, respectively	1,950	1,740
Investment securities, at fair value	10,068	11,827
Other assets	808	731
	-----	-----
Total assets	\$54,340	\$45,897
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Notes payable	\$ 5,100	\$ 6,307
Due to clearing firm and other broker-dealers	876	405
Payable to customers	3,780	3,184
Securities sold but not yet purchased, at market	1,406	1,659
Employee compensation and related taxes payable	6,869	3,649
Other accounts payable and accrued expenses	5,745	4,489
Income taxes payable	55	346
Deferred tax liability	482	553
	-----	-----
Total liabilities	24,313	20,592
	-----	-----
Shareholders' equity		
Preferred stock, authorized 1,000 shares; none issued or outstanding	0	0
Undesignated stock, authorized 16,500 shares; none issued or outstanding	0	0
Common stock, \$.02 par value; authorized 7,500 shares; issued and outstanding 6,009 and 6,257 shares, respectively	120	125
Additional paid-in capital	12,679	13,680
Retained earnings	17,228	11,500
	-----	-----
Total shareholders' equity	30,027	25,305
	-----	-----
Total liabilities and shareholders' equity	\$54,340	\$45,897
	=====	=====

</TABLE>

See Notes to Consolidated Financial Statements

(In thousands, except per share data)

<TABLE>
<CAPTION>

	Three Months Ended September 30,		Nine Months Ended September 30,	
	1996	1995	1996	1995
	(Unaudited)		(Unaudited)	
<S>	<C>	<C>	<C>	<C>
Revenues:				
Commission income	\$9,457	\$6,901	\$30,484	\$19,543
Principal transactions	7,948	9,290	28,884	24,269
Investment account income	1,087	2,070	5,128	6,585
Investment banking	1,181	1,968	4,737	3,706
Interest	804	511	2,062	1,333
Other	1,195	798	3,470	2,131
	-----	-----	-----	-----
Total revenues	21,672	21,538	74,765	57,567
	-----	-----	-----	-----
Operating Expenses:				
Compensation and benefits	10,182	11,387	35,826	29,511
Bank commissions	4,298	2,619	13,063	6,973
Floor brokerage and clearance	1,174	1,225	3,833	3,180
Communications	314	306	947	936
Occupancy and equipment	1,653	1,432	4,733	4,303
Litigation settlements	317	232	959	2,223
Other	1,834	2,390	5,847	5,834
	-----	-----	-----	-----
Total operating expenses	19,772	19,591	65,208	52,960
	-----	-----	-----	-----
Income before income taxes	1,900	1,947	9,557	4,607
Income tax expense	761	812	3,829	1,889
	-----	-----	-----	-----
Net income	\$1,139	\$1,135	\$5,728	\$2,718
	-----	-----	-----	-----
Earnings per common share:				
Primary	\$0.19	\$0.18	\$0.94	\$0.44
Fully diluted	\$0.19	\$0.18	\$0.93	\$0.43
	-----	-----	-----	-----
Weighted average number of common and common equivalent shares outstanding:				
Primary	6,085	6,272	6,101	6,212
Fully diluted	6,140	6,276	6,190	6,283
	=====	=====	=====	=====

</TABLE>

See Notes to Consolidated Financial Statements

KINNARD INVESTMENTS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(In thousands, except per share data)

<TABLE>
<CAPTION>

	Common Stock Shares	Issued Amount	Additional Paid-in Capital	Unearned Compen- sation	Retained Earnings
	-----	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>	<C>
Balance, December 31, 1993	6,033	\$121	\$13,245	(\$107)	\$11,930
	-----	-----	-----	-----	-----
Dividends on common stock (\$.10 per share)					(598)
Exercise of warrants	21	0	47		

Issuance of shares under employee stock option plan	57	1	299		
Repurchase of stock	(230)	(4)	(730)		
Amortization of unearned compensation				81	
Net loss					(3,210)
Balance, December 31, 1994	5,881	118	12,861	(26)	8,122
Forfeiture of restricted shares and adjustment to common stock dividend	(1)		(5)	6	2
Exercise of warrants	381	7	850		
Issuance of shares under employee stock option plan	11	0	22		
Repurchase of stock	(15)	0	(48)		
Amortization of unearned compensation				20	
Net income					3,376
Balance, December 31, 1995	6,257	125	13,680	0	11,500
Issuance of shares under employee stock purchase plan	11	0	51		
Issuance of shares under employee stock option plan	31	1	77		
Repurchase of stock	(290)	(6)	(1,129)		
Net income					5,728
Balance, September 30, 1996 (unaudited)	6,009	\$120	\$12,679	\$0	\$17,228

</TABLE>

See Notes to Consolidated Financial Statements

KINNARD INVESTMENTS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

	Nine Months Ended September 30, (Unaudited)	
	1996	1995
	-----	-----
<S>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers, broker-dealers and clearing agencies	\$61,922	\$45,072
Cash paid to suppliers and employees	(60,596)	(46,382)
Minority interest		5
Interest:		
Received	2,062	1,333
Paid	(205)	(49)
Income taxes refunded (paid)	(4,191)	923
Net cash provided by (used in) operating activities	(1,008)	902
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investment securities	13,901	26,786
Purchase of:		
Office equipment	(833)	(331)
Investment securities	(7,014)	(25,907)
Net cash provided by investing activities	6,054	548
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance (repurchase) of common stock	(1,006)	826
Net borrowings (payments) on notes payable and		

revolving credit agreements	(1,207)	1,715
Dividends paid	0	(147)
	-----	-----
Net cash provided by (used in) financing activities	(2,213)	2,394
	-----	-----
Increase in cash and cash equivalents	2,833	3,844
Cash and cash equivalents at beginning of period	5,766	2,750
	-----	-----
Cash and cash equivalents at end of period	\$8,599	\$6,594
	=====	=====

</TABLE>

See Notes to Consolidated Financial Statements

KINNARD INVESTMENTS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

(In thousands)

<TABLE>
<CAPTION>

	Nine Months Ended September 30,	
	1996	1995
	(Unaudited)	
	-----	-----
	<C>	<C>
<S>		
RECONCILIATION OF NET INCOME TO NET CASH		
PROVIDED BY (USED IN) OPERATING ACTIVITIES:		
Net income	\$5,728	\$2,718
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	623	701
Unearned compensation	0	17
Net unrealized (gain) loss on investment securities	83	(3,117)
Net realized gain on sale of investment securities	(5,211)	(3,468)
Net realized loss on sale of assets	0	14
Deferred income taxes	(71)	545
(Increase) decrease in:		
Receivable from clearing firm and other brokers-dealers	(1,489)	(3,025)
Receivable from customers	(6,706)	(3,201)
Miscellaneous receivables	(1,086)	(335)
Trading securities, at market	2,199	471
Income tax receivable	0	1,187
Other assets	(77)	254
Increase (decrease) in:		
Due to clearing firm and other broker-dealers	471	(1,030)
Payable to customers	596	541
Securities sold but not yet purchased, at market	(253)	628
Employee compensation and related taxes payable	3,220	3,148
Income taxes payable	(291)	1,080
Other accounts payable and accrued expenses	1,256	3,774
	-----	-----
Net cash provided by (used in) operating activities	(\$1,008)	\$902
	=====	=====

</TABLE>

See Notes to Consolidated Financial Statements

Note 1. Summary of Significant Accounting Policies

The accompanying consolidated financial statements of Kinnard Investments, Inc., (the "Company") have been prepared in conformity with generally accepted accounting principles and should be read in conjunction with the Company's annual report for the year ended December 31, 1995. The results of operations for the nine months ended September 30, 1996 are not necessarily indicative of the results to be expected for the year ended December 31, 1996.

The consolidated statement of financial condition as of September 30, 1996 and other financial information for the nine months ended September 30, 1996 and 1995, are unaudited, but management of the Company believes that all adjustments (consisting only of normal recurring adjustments) necessary for a fair statement of the results of operations for the periods have been included.

For comparability, certain 1995 amounts have been reclassified to conform with the presentation for 1996. The reclassifications had no effect on net income or shareholders' equity as previously reported.

Note 2. Net Capital Requirements

Pursuant to the net capital provisions of the Securities Exchange Act of 1934, the Company's subsidiaries, John G. Kinnard and Company, Incorporated ("JGK"), and PRIMEVEST Financial Services, Inc. ("PFS"), are required to maintain a minimum net capital as defined under such provisions. Also under this rule, JGK's ratio of aggregate indebtedness to net capital may not exceed 15 to 1, and PFS's percentage of net capital to aggregate debit items, both as defined, must be greater than 2%. Broker-dealers may be prohibited from expanding their business or declaring cash dividends if certain requirements are not met. For JGK, the restrictions would apply if its ratio of aggregate indebtedness to net capital is greater than 10 to 1, and for PFS, if its net capital is less than 5% of aggregate debit balances.

At September 30, 1996, JGK had net capital of \$7.1 million, a net capital requirement of \$668,000 and a ratio of aggregate indebtedness to net capital of 1.36 to 1. PFS had net capital of \$2.8 million, a net capital requirement of \$274,000 and a ratio of net capital to aggregate debit items of 20%.

Note 3. Shareholders' Equity

During the first nine months of 1996, the Company repurchased 290,000 shares of its common stock at a total cost of \$1.1 million. The Board of Directors has authorized the repurchase of up to 1.1 million shares of the Company's common stock, of which a total of 548,000 shares have been repurchased as of September 30, 1996.

During the first nine months of 1996, 31,000 options with exercise prices of \$1.98 to \$4.75 per shares were exercised, generating proceeds of \$78,000.

Note 4. Commitments and Contingent Liabilities

JGK is a defendant in various actions relating to its business, some of which involve claims for unspecified amounts. Although the ultimate outcome of these other matters cannot be predicted with certainty, the Company's management believes that while the outcome of these matters may have a material effect on the earnings in a particular period, the outcome will not have a material adverse effect on the financial condition of the Company.

In the normal course of business, the Company enters into underwriting and other commitments. The ultimate settlement of such transactions open at quarter-end is not expected to have a material effect on the financial statements.

On October 31, 1996, the Company completed the sale of PFS to ReliaStar Financial Corporation ("ReliaStar"). The sale price was \$15.5 million in cash, of which \$1.5 million was placed in escrow to secure indemnification obligations to ReliaStar. In addition, prior to the sale PFS made a dividend of its investment account with a market value of \$854,000 to the Company. The after-tax gain on the sale is estimated to be \$6.5 million or \$1.08 per share.

The following unaudited condensed consolidated statement of financial condition was prepared to reflect the sale of PFS as if the transaction had occurred as of September 30, 1996, and the unaudited pro forma condensed consolidated statements of operations as if the transaction occurred at the beginning of the respective nine and twelve month periods. These financial statements have been prepared based on the foregoing and on certain assumptions described in the notes thereto. Such statements should be read in conjunction with the historical financial statements of the Company, including the notes thereto, which are included in the Company's Annual Report on form 10-K for the year ended December 31, 1995. The following pro forma financial statements do not purport to be indicative of the results of operations which may be reported in the future:

<TABLE>
<CAPTION>

PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(Unaudited) (In thousands)

September 30, 1996	As reported	Net assets of PFS	Pro forma adjustments	Pro forma statements
<S>	<C>	<C>	<C>	<C>
ASSETS				
Cash and cash equivalents	\$8,599	(\$415)		\$8,184
Restricted cash	0	0	1,500 a	1,500
Receivables	24,888	(19,398)		5,490
Trading securities, at market	8,027	(214)		7,813
Office equipment, net	1,950	(645)		1,305
Investment securities	10,068	(854)	17,854 a,b,c	27,068
Other assets	808	(600)		208
Total assets	\$54,340	(\$22,126)	\$19,354	\$51,568
Liabilities				
Notes payable	\$5,100	(\$8,100)	\$3,000 b	\$0
Payable to broker-dealers and customers	4,656	(4,655)		1
Securities sold but not yet purchased	1,406	(112)		1,294
Compensation and related taxes payable	6,869	(1,329)		5,540
Other accounts payable and accruals	5,745	(2,161)		3,584
Income taxes payable	55	(306)	4,357 d	4,106
Deferred tax liability	482	(327)	327 c	482
Total liabilities	24,313	(16,990)	7,684	15,007
Shareholders' equity				
Common stock	120	(815)	815 e	120
Additional paid-in capital	12,679	(1,301)	1,301 e	12,679
Retained earnings	17,228	(3,020)	9,554 d,e	23,762
Total shareholders' equity	30,027	(5,136)	11,670	36,561
Total liabilities and shareholders' equity	\$54,340	(\$22,126)	\$19,354	\$51,568

</TABLE>

Note 5. Sale of Subsidiary (continued)
 <TABLE>
 <CAPTION>

PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
 (Unaudited) (In thousands, except per share data)

Nine Months ended September 30, 1996	As reported	Operations of PFS	Pro forma adjustments	Pro forma statements
<S>	<C>	<C>		<C>
Commission income	\$30,484	(\$19,979)		\$10,505
Principal transactions	28,884	(1,645)	(181) g	27,058
Investment account income	5,128	(116)	116 h	5,128
Investment banking	4,737	(32)		4,705
Interest	2,062	(946)		1,116
Other	3,470	(2,051)	145 f	1,564
Total revenues	74,765	(24,769)	80	50,076
Compensation and benefits	35,826	(5,553)		30,273
Bank commissions	13,063	(13,063)		0
Other	16,319	(3,868)	115 f	12,566
Total expenses	65,208	(22,484)	115	42,839
Income before income taxes	9,557	(2,285)	(35)	7,237
Income tax expense	3,829	(925)	(14) i	2,890
Net income	\$5,728	(\$1,360)	(\$21)	\$4,347
Primary earnings per share	\$0.94	(\$0.22)	\$0.00	\$0.71

</TABLE>

<TABLE>
 <CAPTION>

PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
 (Unaudited) (In thousands, except per share data)

Year ended December 31, 1995	As reported	Operations of PFS	Pro forma adjustments	Pro forma statements
<S>	<C>	<C>		<C>
Commission income	\$26,810	(\$15,539)		\$11,271
Principal transactions	31,787	(1,462)	(255) g	30,070
Investment account income	6,563	(378)	378 h	6,563
Investment banking	5,303	(42)		5,261
Interest	1,926	(619)		1,307
Other	2,944	(1,511)	204 f	1,637
Total revenues	75,333	(19,551)	327	56,109
Compensation and benefits	38,748	(5,112)		33,636
Bank commissions	9,775	(9,775)		0
Other	21,124	(4,104)	59 f	17,079
Total expenses	69,647	(18,991)	59	50,715
Income before income taxes	5,686	(560)	268	5,394
Income tax expense	2,310	(225)	107 i	2,192
Net income	\$3,376	(\$335)	\$161	\$3,202
Primary earnings per share	\$0.54	(\$0.05)	\$0.03	\$0.51

</TABLE>

KINNARD INVESTMENTS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 5. Sale of Subsidiary (continued)

Notes to Unaudited Pro Forma Condensed Financial Statements

a) Of the \$15.5 million of proceeds from the sale of PFS, \$1.5 million that is held in escrow is recorded as restricted cash, and the remaining \$14.0 million is classified as investments.

b) Elimination of \$3.0 million of intercompany loans between PFS and KII that were repaid by ReliaStar prior to closing of the sale.

c) Reflects the dividend of investment securities with a market value of \$854,000 from PFS to the Company, and transfer of the associated deferred tax liability.

d) Represents the after-tax gain on sale of PFS, estimated at \$6.5 million, net of accrued income taxes of \$4.4 million.

e) Elimination of the Company's investment in PFS.

f) Entries to reflect the elimination of inter-company activity between PFS and other entities of the Company.

g) Represents a decrease in principal revenues relating to PFS discontinuing the routing of its order flow through JGK.

h) Represents the income earned on investment securities held at PFS that were transferred to the Company prior to the sale in the form of a dividend.

i) To record the estimated income tax expense (benefit), computed at an incremental effective rate of 40%, on the pro forma adjustments.

Earnings on the \$15.5 million of proceeds from the sale of PFS were not factored into either interest income or investment account earnings in the unaudited pro forma condensed consolidated statements of operations.

KINNARD INVESTMENTS, INC. AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
CONDITION AND RESULTS OF OPERATIONS

This discussion should be read in conjunction with Management's Discussion and Analysis contained in the Company's Annual Report on Form 10-K for the year ended December 31, 1995.

Results of Operations

Revenues and net income for the quarter ended September 30, 1996 were relatively unchanged compared to a year ago due to market fluctuations and comparison to what had been record quarterly revenues in the third quarter of 1995. Revenues for the quarter were \$21.7 million versus \$21.5 million for the same quarter last year, while primary earnings per share were 19 cents versus 18 cents in the prior year. The Dow Jones Industrial Average and Nasdaq Composite indices increased 4.0% and 3.5% respectively during the current quarter.

For the nine months ended September 30, 1996, net income was \$5.7 million, or 94

cents per share, on revenues of \$74.8 million. This compares to net income of \$2.7 million, or 44 cents per share, on revenues of \$57.6 million for the same period a year ago.

Commission income increased 37% and 56% versus the comparable three and nine month periods in 1995. Sales of mutual funds, variable annuity products and over-the-counter securities were the products with the largest increases. The growth of commission income benefited from the industry trend of significant investments into mutual funds and from PFS developing new relationships with financial institutions.

Revenues from principal transactions during the quarter declined \$1.3 million or 14% from the prior year. The decline was due to lower transaction levels and volatility of securities in which the Company makes a market. However, principal transaction revenues for the nine months increased 19% from the comparable period last year on the strength of equity trading results during the first half of 1996.

Income resulting from the change in valuation of the investment account declined 47% for the quarter and 22% for the nine month period. The firm's investment account has historically produced volatile results.

Income from investment banking in the quarter declined \$787,000 from the prior year as the Company completed one private placement versus one initial public offering and three private financings during the same quarter last year. Revenue for the nine month period increased \$1.0 million from the same period in 1995 due to stronger activity in the second quarter of 1996.

Interest income rose due primarily to higher levels of customer margin balances. Other income increased 50% and 63% for the three and nine month periods due to an increase in fee-based income.

Employee compensation for the quarter declined \$1.2 million or 11% from the prior year due in part to a charge in the prior year related to a Separation Agreement in addition to a decrease in employee commission generated revenues.

For the three month period, bank commissions increased 64% as a result of a similar increase in associated revenues. Floor brokerage and clearing fees declined modestly due to lower principal transactions. Occupancy and equipment rose 15% due in part to costs associated with converting to a new trading system and the implementing of other new technologies. Other expenses declined 23% as a result of expenses in the prior year related to the settlement of litigation and cancellation of a private equity fund.

Subsequent to the end of the quarter, the Company completed the sale of PFS to ReliaStar Financial Corporation. The sale price was \$15.5 million in cash, of which \$1.5 million was placed in escrow to secure indemnification obligations to ReliaStar. In addition, prior to the sale PFS made a dividend of its investment account with a market value of \$854,000 to the Company. The after-tax gain on the sale is estimated to be \$6.5 million or approximately \$1.08 per share.

KINNARD INVESTMENTS, INC. AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
CONDITION AND RESULTS OF OPERATIONS

Results of Operations (continued)

For the nine months ended September 30, 1996, PFS revenues were \$24.8 million or 33% of consolidated revenue, and net income was \$1.4 million or 24% of consolidated profits. Total assets and shareholders' equity at September 30, 1996 were \$22.1 million and \$5.1 million respectively. See Note 5 of the Notes to Consolidated Financial Statements for pro forma financial statements reflecting this transaction.

Liquidity and Capital Resources

Operating Activities

A large portion of the Company's assets are cash and assets readily convertible to cash. The liquid portion of the Company's trading and investment securities are stated at quoted market values and are readily marketable. The less liquid

portions of trading and investment securities, which totaled \$3.6 million at September 30, 1996, are stated at fair value, which is determined by management's best estimate.

Between December 31, 1995 and September 30, 1996, trading securities decreased \$2.2 million and securities sold but not yet purchased decreased by \$253,000. Both long and short inventories are generally maintained to facilitate customer transactions rather than for market speculation.

As securities broker-dealers, JGK and PFS are required by SEC regulations to meet certain liquidity and capital standards. Both companies have been in compliance with these regulations at all times.

Based on the Company's current liquidity position, available bank lines and operating plans, it is anticipated that the Company has sufficient resources to meet the cash requirements of its operations in the foreseeable future.

Investing Activities

The majority of investing activities during the current period resulted from the sale and purchase of securities held in the investment account. A large portion of the investment account is comprised of liquid investment-grade fixed income securities.

Financing Activities

The Company's subsidiaries maintain various credit facilities in order to meet short-term operating needs. At September 30, 1996 and December 31, 1995 there were outstanding balances of \$5.1 million and \$6.3 million, respectively, under these facilities. The outstanding debt was used primarily to finance customer margin balances at PFS.

During the first nine months of 1996, the Company repurchased 290,000 shares of its common stock at a total cost of \$1.1 million. The Board of Directors has authorized the repurchase of up to 1.1 million shares of the Company's common stock, of which a total of 548,000 shares have been repurchased as of September 30, 1996.

Cautionary Statements

As provided under the Private Securities Reform Act of 1995, the Company wishes to caution investors of the following factors which could affect the Company's results of operations and cause such results to differ materially from those anticipated in forward-looking statements made in this document or elsewhere by or on behalf of the Company: volatility in the securities markets, risks in the ownership and underwriting of securities, consolidation in the financial services industries, volatility in earnings and losses of investment securities, competition, government regulation, customer litigation and arbitration, and off-balance-sheet credit and market risks. For a more complete discussion of these and other factors, see the Company's Annual Report on Form 10-K for the year ended December 31, 1995.

KINNARD INVESTMENTS, INC. AND SUBSIDIARIES PART II - OTHER INFORMATION

ITEM 1 - LEGAL PROCEEDINGS

See Note 4 in Notes to Consolidated Financial Statements.

ITEM 2 - CHANGES IN SECURITIES

None

ITEM 3 - DEFAULTS UPON SENIOR SECURITIES

None

ITEM 4 - OTHER INFORMATION

None

ITEM 5 - EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

27 - Financial Data Schedule (filed in electronic format only)

(b) Reports on Form 8-K

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.

KINNARD INVESTMENTS, INC.

/s/ Daniel R. Sass
Controller
(principal accounting officer)

Date 11/12/96

KINNARD INVESTMENTS, INC.

EXHIBIT INDEX
to
Form 10-Q
for Quarter Ended September 30, 1996

Exhibit Number	Description
27	Financial Data Schedule (filed in electronic format only)

<TABLE> <S> <C>

<ARTICLE>	BD
<MULTIPLIER>	1,000
<CURRENCY>	U.S. Dollars
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<PERIOD-TYPE>	9-MOS
<FISCAL-YEAR-END>	DEC-31-1996
<PERIOD-START>	JAN-01-1996
<PERIOD-END>	SEP-30-1996
<EXCHANGE-RATE>	1
<CASH>	8,599
<RECEIVABLES>	24,888
<SECURITIES-RESALE>	0
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<INSTRUMENTS-OWNED>	18,095
<PP&E>	1,950
<TOTAL-ASSETS>	54,340
<SHORT-TERM>	5,100
<PAYABLES>	4,656
<REPOS-SOLD>	0
<SECURITIES-LOANED>	0
<INSTRUMENTS-SOLD>	1,406
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<PREFERRED-MANDATORY>	0
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<OTHER-SE>	29,907
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<INTEREST-DIVIDENDS>	2,062
<COMMISSIONS>	30,484
<INVESTMENT-BANKING-REVENUES>	4,737
<FEE-REVENUE>	3,470
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<COMPENSATION>	35,826
<INCOME-PRETAX>	9,557
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<NET-INCOME>	5,728
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<EPS-DILUTED>	0.93

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