

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**
SEC Accession No. **0000705356-96-000008**

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FILER

NATIONAL BANCORP OF ALASKA INC

CIK: **705356** | IRS No.: **920087646** | State of Incorporation: **DE** | Fiscal Year End: **1231**
Type: **10-Q** | Act: **34** | File No.: **000-10769** | Film No.: **96662803**
SIC: **6021** National commercial banks

Mailing Address	Business Address
<i>301 W NORTHERN LIGHTS P O BOX 100600 CONTROLLERS DEPT ANCHORAGE AK 99510-0600</i>	<i>301 W NORTHERN LIGHTS BLVD P O BOX 100600 ANCHORAGE AK 99510-0600 9072761132</i>

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 1996

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 Number 0-10769

National Bancorp of Alaska, Inc.
(Exact name of registrant as specified in its charter)

Delaware	92-0087646
(State of other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

Northern Lights Boulevard and C Street, Anchorage, AK	99503
(Address of principal executive offices)	(Zip Code)

(907) 276-1132
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Sections 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 ___

The registrant has one class of Common Stock, \$10 par value.
Number of shares outstanding as of November 8, 1996: 7,953,800

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ITEM 1. FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF INCOME (Unaudited)

<CAPTION>

(In Thousands Except Statistics) ENDED SEPTEMBER 30	THREE MONTHS ENDED SEPTEMBER 30		NINE MONTHS	
	<C> 1996	<C> 1995	<C> 1996	<C> 1995
<S> INTEREST INCOME:				
Loans & Lease Financing Including Fees	\$35,854	\$34,073	\$105,343	\$97,879
Balances with Banks	15	15	39	34
Federal Funds Sold	678	103	711	159
Investment Securities Including Dividends				
U.S. Treasury Securities	2,919	3,454	9,057	10,493
Obligations of Other U. S. Government Agencies and Corporation	5,631	5,711	17,003	17,273
Obligations of States & Political Subdivisions	95	215	280	656
Mortgage and Asset Backed Securities	2,325	2,514	7,094	7,908
Other Securities	2,555	2,097	6,963	6,120
	-----	-----	-----	-----
TOTAL INTEREST INCOME	50,072	48,182	146,490	140,522
INTEREST EXPENSE:				
Deposits	12,895	12,519	36,847	37,661
Federal Funds Purchased & Securities Sold Under Agreement to Repurchase	3,889	4,461	12,535	14,156
Other Purchased Funds	4	6	13	16
	-----	-----	-----	-----
TOTAL INTEREST EXPENSE	16,788	16,986	49,395	51,833
NET INTEREST INCOME	33,284	31,196	97,095	88,689
Provision for Loan Losses	750	600	2,250	(2,100)
	-----	-----	-----	-----
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	32,534	30,596	94,845	90,789
OTHER INCOME:				
Trust Department Income	571	486	1,599	1,570

Service Charges on Deposit Accounts	3,109	3,072	9,344	9,014
Mortgage Loan Servicing Fees	2,021	1,964	6,038	5,916
Securities Transactions	1,036	115	1,036	(3,832)
Credit Card Service Fees	1,895	1,783	4,696	4,525
Other	4,075	2,425	8,596	6,788
TOTAL OTHER INCOME	12,707	9,845	31,309	23,981
OTHER EXPENSE:				
Salaries	9,610	9,311	28,684	27,631
Profit Sharing & Other Employee Benefits	2,901	2,772	8,629	7,951
Net Occupancy Expense of Bank Premises	1,884	1,685	5,546	5,456
Furniture & Equipment Expense	2,391	1,933	6,841	6,076
Other	9,227	6,587	22,942	21,559
TOTAL OTHER EXPENSE	26,013	22,288	72,642	68,673
Income Before Income Taxes	19,228	18,153	53,512	46,097
Applicable Income Taxes	6,911	6,402	19,125	15,801
NET INCOME	\$12,317	\$11,751	\$34,387	\$30,296
Per Share Statistics				
Net Income	\$1.55	\$1.47	\$4.32	\$3.80
Average Number of Shares Outstanding	7,957,387	7,968,800	7,964,968	7,968,800
(See note to consolidated statements.)				

</TABLE>

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<TABLE>

CONSOLIDATED STATEMENT OF CONDITION (Unaudited)

<CAPTION>

(In Thousands Except Statistics)	September 30 1996	September 30 1995	December 31 1995
ASSETS:			
<S>	<C>	<C>	<C>
Cash and Due from Banks	\$ 144,458	\$ 138,370	\$ 149,307
Interest-Bearing Balances with Banks	1,467	1,047	1,293
Federal Funds Sold	45,000	--	--
Investment Securities:			
Obligations of Other U. S. Government			
Agencies and Corporations	284,496	304,399	303,304
Obligations of States and Political Subdivisions	10,062	16,672	9,008
Mortgage and Asset-Backed Securities	124,939	138,150	138,498
Other Securities	118,374	102,464	102,591
Total Investment Securities	537,871	561,685	553,401
(Market Value \$539,700 in 1996)			
Securities Available for Sale	262,407	261,236	273,391
Net Loans and Lease Financing	1,447,489	1,340,026	1,326,840
Less Reserve for Possible Loan Losses	(20,276)	(20,605)	(21,529)
Net loans and Lease Financing Less Reserves	1,427,213	1,319,421	1,305,311
Loans Held for Sale	28,196	46,903	33,099
Premises and Equipment	71,055	62,297	62,217
Other Assets	87,070	72,353	72,902
Total Assets	\$2,604,737	\$2,463,312	\$2,450,921
LIABILITIES AND SHAREHOLDERS EQUITY:			
Demand Deposits	\$ 584,045	\$ 575,888	\$ 539,714
Interest-Bearing Deposits:			
NOW	170,525	151,474	148,896
Savings	289,688	300,375	303,432

Money Market Savings		294,914	287,338	291,325
Time		533,826	463,035	457,114
		-----	-----	-----
Total Interest-Bearing Deposits		1,288,953	1,202,222	1,200,767
		-----	-----	-----
Total Deposits		1,872,998	1,778,110	1,740,481
Federal Funds Purchased		1,903	3,347	42,812
Securities Sold Under Agreement to Repurchase		324,317	307,300	283,047
Other Purchased Funds		3,281	1,539	1,681
Other Liabilities		32,888	30,560	32,580
		-----	-----	-----
Total Liabilities		2,235,387	2,120,856	2,100,601
Shareholders Equity				
Common Stock-\$10 Par Value	1996	1995	80,000	80,000
Shares Authorized	10,500,000	10,500,000		
Shares Outstanding	8,000,000	8,000,000		
Capital Surplus			63,000	63,000
Retained Earnings			226,143	196,702
Net Unrealized Holding Losses on Available-For-Sale Securities			1,559	3,180
Less Treasury Stock at Cost				
46,200 Shares on September 30, 1996			(1,352)	(426)
and 31,200 Shares on September 30, 1995				(426)
			-----	-----
Total Shareholders Equity			369,350	342,456
			-----	-----
Total Liabilities and Shareholders Equity			\$2,604,737	\$2,463,312
			=====	=====
Per Share Statistics				
Net Book Value			\$46.44	\$42.97
			=====	=====

(See note to consolidated statements.)

</TABLE>

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<TABLE>

CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

<CAPTION>

(In Thousands) Nine Months Ended September 30

1996

1995

OPERATING ACTIVITIES:

<S>

	<C>	<C>
	\$	\$
Net Income	34,387	30,296
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Provision for Loan Losses	2,250	(2,100)
Deferred Taxes	(190)	(1,188)
Depreciation and Amortization	6,271	5,064
Amortization (Accretion) on Securities	(1,290)	567
Investment Security Transactions	(1,036)	3,832
Gain on Loan Sales	(1,035)	(120)
Gain on Disposal of Premises and Equipment	(160)	(15)
Loss (Gain) on Disposal of Other Assets	2	(72)
Net Decrease (Increase) in Loans Held for Sale	5,938	(27,111)
Increase in Interest Receivable, Prepaid Expense, and Other Assets	(811)	(2,150)
Increase (Decrease) in Interest Payable, Accrued Expenses and Other Liabilities	(2,843)	5,776
	-----	-----
Net cash Provided by Operating Activities	41,483	12,779

INVESTING ACTIVITIES:

Net Decrease (Increase) in Federal Funds Sold and Interest Bearing Deposits with Other Banks	(45,174)	9,148
Proceeds from Maturities of Securities Held to Maturity	104,282	67,580
Proceeds from Maturities of Securities Available for Sale	35,000	--

Proceeds from Sales of Securities Available for Sale	15,024	183,626
Purchases of Securities Held to Maturity	(86,742)	(50,997)
Purchase of Securities Available For Sale	(43,911)	(160,146)
Net Increase in Lending Activities	(124,152)	(111,613)
Proceeds from Sale of Premises and Equipment	284	24
Proceeds from Sale of Other Assets	2,816	5,189
Purchases of Premises, Equipment, and Other Assets	(25,358)	(24,221)
Acquisition of Banks	--	(100)
	-----	-----
Net Cash Used in Investing Activities	(167,931)	(81,510)

FINANCING ACTIVITIES:

Net Increase in Total Deposit	132,517	30,589
Net Increase in Short-Term Borrowings	1,961	50,500
Acquisition of Treasury Stock	(926)	--
Cash Dividends	(11,953)	(8,367)
	-----	-----
Net Cash Provided by Financing Activities	121,599	72,722
	-----	-----
Increase (Decrease) in Cash and Cash Equivalents	(4,849)	3,991
Cash and Cash Equivalents at Beginning of Year	149,307	134,379
	-----	-----
Cash and Cash Equivalents at End of September	\$144,458	\$138,370
	=====	=====

</TABLE>

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National Bancorp of Alaska
Notes to the Consolidated Financial Statements
(Unaudited)

Note A - Basis of Presentation

The accompanying unaudited consolidated financial statement have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions and regulations for filing Form 10-Q. Operating results for the nine-month period ended September 30, 1996, are not necessarily indicative of the results that may be expected for the year ending December 31, 1996.

The statements should be read in conjunction with the summary of accounting policies and notes to the financial statements included in the Registrant's annual report for the year ended December 31, 1995. In the opinion of management, all adjustments (consisting of normal recurring accruals necessary for a fair presentation) have been included.

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Item 2. Management Discussion and Analysis of Financial Condition and Results of Operations

National Bancorp of Alaska (the Corporation) recorded earnings of \$12.3 million in the third quarter of 1996 compared to \$11.7 million for the third quarter of 1995. Earnings per share were \$1.55 for the third quarter 1996, up 5.4% from the \$1.47 earned in the third quarter of 1995.

Return on average assets using annualized income from operations plus year-to-date net security gains and nonrecurring loan loss recoveries was 1.82% for the nine-month period ended September 30, 1996, compared to 1.67% for the nine-month period ended September 30, 1995. The annualized return on average stockholders' equity was 12.77% for the first nine months of 1996.

Net interest income increased \$4,056,000 after the provision for loan losses during the first nine months of 1996 compared to the same period during the

previous year. Interest on earning assets increased \$6.0 million for the first nine months of 1996 compared to the same period in 1995, while interest expense decreased \$2.4 million.

The provision for loan loss was \$2,250,000 at September 30, 1996, compared to a provision for loan loss recoveries of \$2,100,000 at September 30, 1995. The reserve for loan loss was 1.40% of outstanding loans at September 30, 1996 and 1.54% at September 30, 1995 and 1.62% at December 31, 1995. Nonperforming assets, defined as other real estate owned, nonaccrual loans, restructured loans, and loans past due 90 days and still accruing, as a percentage of total loans and other real estate owned increased to 1.25% at September 30, 1996 from .90% at September 30, 1995, and increased from .83% at December 31, 1995. The increase is due to nonaccrual long term real estate loans and loans accruing past due 90 days.

Non-interest income increased \$7,328,000 for the first nine months 1996 over the same period in 1995. This increase is primarily due to \$3.9 million in losses taken on securities held for sale in the first quarter of 1995. Non-interest expense increased by \$3,969,000 over the first nine months of 1995. Cost increases from the first nine months of 1996 over 1995 include personnel and benefit expenses of \$1,731,000 for profit sharing and loan activity and other expenses of \$1,383,000 related to outsourced computer and telecommunication expenses.

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Material Changes in Financial Condition

Total assets at September 30, 1996, were \$2.6 billion, an increase of 5.7% or \$141 million from the same period one year earlier, and an increase of \$154 million or 6.3% from December 31, 1995. Investment securities have decreased by \$24 million from the third quarter of 1995. Loans, leases and loans held for sale have increased \$89 million over the same period in 1995. Total deposits have increased by \$95 million from September 30, 1995 and \$133 million from December 31, 1995.

Liquidity

The Corporation maintains sufficient excess liquidity to satisfy contractual liabilities, meet withdrawal requirements of depositors, fund operations, and provide for customers' credit needs. Management knows of no demand, commitments, or events that would result in liquidity changing in a material amount.

Capital Resources

Shareholders' equity increased by \$19 million from December 31, 1995, to \$369 million at September 30, 1996. Federal regulatory agencies have established capital adequacy guidelines setting a minimum for leverage and risk based capital ratios. These minimum and the Corporation's ratios are as follows:

	Minimum	September 30 1996	September 30 1995	December 31 1995
Tier 1 Risk Based Capital Ratio	4%	18.47%	17.97%	18.40%
Total Risk Based Capital Ratio	8	19.49	19.07	19.55
Leverage Ratio	4	14.22	13.73	13.90

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Statistical Disclosures

The information as requested by the Securities and Exchange Commission of selected Guide 3-Statistical Disclosure by Bank Holding Companies as follows:

III. Loan Portfolio

C. Risk Elements

Nonperforming Assets

(In Thousands)	September 30		December 31
	1996	1995	1995
Nonaccrual			
Commercial and industrial	\$2,698	\$2,216	\$ 700
Real estate construction	166	204	166
Real estate long-term	4,023	1,386	1,162
Other	45	-	45

Total	6,932	3,806	2,073
Restructured Loans			
Real estate construction	87	96	94
Real estate long-term	483	100	242

Total	570	196	336
Accruing loans past due 90 days or more	8,432	4,846	5,459
Other real estate owned	2,180	3,178	3,127

Total nonperforming assets	\$18,114	\$12,026	\$10,995
Nonperforming assets as a percentage of loans and leases and other real estate owned at end of period			
	1.25%	0.90%	0.83%

Potential Problem Loans

At September 30, 1996, an additional \$13,767,000 in loans are being closely monitored by management. These loans are not include in any category of non-performing loans. However, management has concern about the borrow's abilities to comply with their present loan repayment terms. These loans are reviewed monthly to assess any change in collectability.

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IV. Summary of Loan Loss Experience

A: Analysis of Allowance for Loan Loss

(In Thousands)	September 30, 1996	December 31, 1995
Balance January 1	\$21,529	\$19,226
Provision charged to operations	2,250	(3,100)
Recoveries on loans previously charged off	1,841	9,947
Less loans charged off	(5,344)	(4,544)

Balance at end of period	\$20,276	\$21,529
	=====	

Composition of Loan Charge Off and Recoveries

Loans Charged Off:

Commercial loans and leases	\$ 764	\$ 954
Real estate construction	-	113
Real estate long-term	1,497	116
Consumer	2,311	2,644
Visa	772	717

Total Charge Offs	5,344	4,544

Recoveries:

Commercial loans and leases	277	7,643
Real estate construction	3	16
Real estate long-term	227	657
Consumer	1,144	1,445
Visa	190	167
Non Taxable	-	19

Total Recoveries	1,841	9,947

Net Charge Offs	\$3,503	\$ (5,403)

B. Allocation of the Allowance for Loan Loss

September 30, 1996	Loan Category As a % of Total Loans	Allocation of Reserves To Loan Categories	
		% of Total Reserve	Amount of Reserves (000's)
Commercial and Industrial	36.2%	2.4%	\$ 489
Real Estate Construction	2.1	0.0	10
Real Estate Long Term	30.9	1.4	292
Installment	25.9	17.0	3,442
Nontaxable	4.1	-	-
Lease Financing	0.8	-	-
Unallocated	-	79.2	16,043
	100.0%	100.0%	\$20,276

December 31, 1995			
	Loan Category As a % of Total Loans	% of Total Reserve	Amount of Reserves (000's)
Commercial and Industrial	35.5%	2.2%	\$ 468
Real Estate Construction	1.9	-	3
Real Estate Long Term	31.9	1.2	267
Installment	25.0	15.3	3,288
Nontaxable	4.8	0.4	81
Lease Financing	0.9	0.0	-
Unallocated	-	80.9	17,422
	100.0%	100.0%	\$21,529

Part II - OTHER INFORMATION

Item 1: Legal Proceedings

Not applicable.

Item 2: Changes in Securities

Not applicable.

Item 3: Defaults Upon Senior Securities

Not applicable.

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

Not applicable.

Item 5: Other Information

Not applicable.

Item 6: Exhibits and Reports on Form 8-K

(a) Exhibits:
Exhibit 27. Financial Data Schedule

(b) Not applicable

SIGNATURES

Pursuant to the requirements of Sections 13 or 15(d) 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.

NATIONAL BANCORP OF ALASKA, INC.

November 12, 1996
Date

/s/ Richard Strutz
Richard Strutz, President

November 12, 1996
Date

/s/Gary Dalton
Gary Dalton, Executive Vice President
and Controller (Principal Accounting
Officer)

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