FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **1995-05-10** | Period of Report: **1995-03-31**
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AMERICAN BANCORP OF NEVADA
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 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 March 31, 1995.

[ ] 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 0-18127

AMERICAN BANCORP OF NEVADA
(Exact name of registrant as specified in its charter)

Nevada	94-2792608
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

4425 Spring Mountain Road, Las Vegas, Nevada	89102
(Address of principal executive offices)	(Zip Code)

(702) 362-7222
(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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of March 31, 1995:

Common stock, $.05 per value	3,168,027
Class	Number of Shares

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PART I - FINANCIAL INFORMATION

AMERICAN BANCORP OF NEVADA AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
QUARTERS ENDED MARCH 31, 1995 AND 1994
(Dollars in thousands except for earnings per share)
(Unaudited)

	For the Three Months Ended March 31, 1995	1994
INTEREST INCOME		
Interest and Fees on Loans	$2,618	$1,765
Interest on Investment Securities	1,661	1,212
Interest on Federal Funds Sold	86	50
Total Interest Income	4,365	3,027
INTEREST EXPENSE		
Interest on Deposits	1,088	596
Interest on Securities Sold Under Agreements to Repurchase	168	74
Total Interest Expense	1,256	670
NET INTEREST INCOME	3,109	2,357
Provision for Loan Losses	95	60
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	3,014	2,297
TOTAL NON-INTEREST INCOME:	346	507
TOTAL NON-INTEREST EXPENSE:	(2,048)	(2,012)
INCOME BEFORE TAXES	1,312	792
PROVISION FOR INCOME TAXES	373	210
NET INCOME	$ 939	$ 582
NET INCOME PER SHARE	$ .29	$ .19

The accompanying notes are an integral part of these statements.

AMERICAN BANCORP OF NEVADA AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CONDITION
AT MARCH 31, 1995 AND DECEMBER 31, 1994
(Dollars in Thousands)
(Unaudited)

	March 31, 1995	December 31, 1994
ASSETS		
Cash and Due From Banks	$ 25,105	$ 22,216
Federal Funds Sold	10,200	0
Securities	115,292	116,663
Net Loans	85,931	75,378
Premises and Fixed Assets	9,359	9,566
Other Assets	3,288	3,596
TOTAL ASSETS	$249,175	$227,419
LIABILITIES AND STOCKHOLDERS' EQUITY		
Deposits	$204,269	$192,811
Securities Sold Under Agreements to Repurchase	21,454	13,780
Other Liabilities	1,281	697

TOTAL LIABILITIES	227,004	207,288
STOCKHOLDERS' EQUITY		
Common Stock	119	119
Surplus	20,148	20,084
Retained Earnings	2,990	2,051
Unrealized Loss on Available for Sale Securities	(951)	(1,988)
Less Treasury Stock	(135)	(135)
Total Stockholders' Equity	22,171	20,131
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$249,175	$227,419

The accompanying notes are an integral part of these statements.

AMERICAN BANCORP OF NEVADA AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
QUARTERS ENDED MARCH 31, 1995 AND 1994
(Dollars in Thousands)

(Unaudited)

	For the Three Months Ended March 31, 1995	1994
CASH FLOWS FROM OPERATING ACTIVITIES:		
Interest received	$ 4,107	$ 2,969
Other income	346	352
Interest paid	(1,236)	(674)
Cash paid to suppliers and employees	(1,799)	(1,986)
Income taxes paid		(92)
Net cash provided by operating activities	1,418	569
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales and maturities of investment securities	15,781	29,336
Purchase of investment securities	(12,786)	(32,553)
Net decrease (increase) in loans made to customers	(10,570)	2,815
Capital expenditures	44	(46)
Other	5	110
Net cash used in investing activities	(7,526)	(338)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net increase in deposits	11,458	14,169
Net increase (decrease) in federal funds purchased and securities sold under repurchase agreements	7,674	(5,034)
Other	65	34
Net cash provided by financing activities	19,197	9,169
NET INCREASE IN CASH AND DUE FROM BANKS AND FEDERAL FUNDS SOLD	13,089	9,400
CASH AND DUE FROM BANKS AND FEDERAL FUNDS SOLD AT JANUARY 1	22,216	22,473
CASH AND DUE FROM BANKS AND FEDERAL FUNDS SOLD AT MARCH 31	$35,305	$31,873

(Continued)

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)

	For the Three Months Ended March 31, 1995	1994
RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Net income	$ 939	$ 582
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization of property and equipment	163	164
Amortization of investment security premiums and accretion of discounts	(71)	(45)
Provision for loan loss	95	60
Deferred loan fees	(83)	(10)
Loss (gain) on sale of investment securities	17	(155)
Decrease (increase) in other assets	(225)	(140)
Increase (decrease) in other liabilities	583	113
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 1,418	$ 569

SUPPLEMENTAL SCHEDULE OF NON-CASH
INVESTING AND FINANCING ACTIVITIES

Stock issued in connection with stock split	$39,600

The accompanying notes are an integral part of these statements.

AMERICAN BANCORP OF NEVADA AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 1995
(Unaudited)

FINANCIAL INFORMATION

NOTE A - PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the parent holding company and its wholly owned subsidiaries, American Bank of Commerce ("Bank"), AmBank Mortgage Company ("Mortgage Company") and AmBank Financial Company ("Finance Company"). Material intercompany balances and transactions have been eliminated.

NOTE B - BASIS OF PRESENTATION

In the opinion of management, all adjustments (consisting only of normal recurring adjustments considered necessary for a fair presentation) have been reflected in the financial statements. The results of operations for the quarter ended March 31, 1995, are not necessarily indicative of the results to be expected for the full year.

NOTE C - INCOME PER SHARE

Net Income per common share is based upon the weighted average number of common and common equivalent shares outstanding, 3,219,363 and 3,146,274 for March 31, 1995 and 1994, respectively.

The weighted average number of common shares, common shares outstanding and the earnings per share have been adjusted to reflect a 4 for 3 stock split declared on March 20, 1995. Record date and payment date are April 4, 1995 and April 11, 1995, respectively.

ITEM II

AMERICAN BANCORP OF NEVADA AND SUBSIDIARIES

The following is management's discussion and analysis of certain significant factors which have affected the company's financial position and operating results during the period in the accompanying condensed consolidated financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

For the Three Months Ended March 31, 1995

Asset Growth

Total assets increased $21,756,000 or 9.57%, during the first three months of 1995. The primary elements of this growth were a 15.08% increase in Net Loans and a $10,200,000 increase in Fed Funds Sold. Net loans increased $11,369,000 during the first three months of 1995. Asset growth was driven by the increase in Deposits and Securities Sold Under Agreements to Repurchase of $19,132,000, or 9.26%. Both deposits and loan continue to increase as a result of the Bank's aggressive business development efforts, successful operation and increased recognition throughout the business community.

Interest Income

Total interest income increased $1,338,000, or 44.20%, in the first quarter of 1995 as compared to the first quarter of 1994. It is anticipated that interest income will be affected by the higher interest rates expected during 1995. Total interest income is composed of the following categories:

Interest and Fees on Loans: Interest and fee income increased by $853,000, or 48.33%, in the first three months of 1995 as compared to the same period of 1994. This increase is composed of a $28,000 increase in fee income and an $825,000 increase in interest on loans. Fee income increased due to an increase in loan demand. Interest on loans increased due to an increase in average loan volume of $17,370,000 to $81,133,000 and an increase in the yield from 8.69% in 1994 to 11.01% in 1995, a net increase of 2.32%.

Interest on Investment Securities: The Bank continues to invest its excess funds in interest bearing securities. Interest on securities increased by $449,000, or 37.05%, in the first quarter of 1995 as compared to the same period in 1994. This was the result of an increase of $7,940,000 in average volume of investments to $113,765,000 and an increase in yield from 4.58% to 5.69%. The tax-equivalent yield increased from 5.14% to 6.14%. The Bank's current investment strategy is to maintain an investment portfolio with rather short maturities. It is recognized that short term maturities produce lower yields; however, longer term results are currently offset by the relative flatness of the yield curve.

Interest on Federal Funds Sold: Interest earned on Fed Funds Sold increased $36,000, or 72.0%, in the first three months of 1995 as compared to the first three months of 1994. This increase was due to a rise in the average interest rate from 3.05% to 5.73% for Fed Funds Sold. Management's goal is to maintain a level of Federal Funds that will enable the Bank to fund increases in loan demand and to meet depositors' needs.

Interest Expense

Total interest expense increased $586,000, or 87.46%, during the first three months of 1995 as compared to the first three months of 1994. Interest on deposits increased by $492,000, or 82.55% due to an increase in the average rate paid on deposits from 2.58% in 1994 to 3.59% in 1995 and, the average balances increased $28,801,000 to $121,263,000. Interest on securities sold under agreements to repurchase increased $94,000, or 127.00% as the average volume increased $4,457,000 to $16,843,000 and the average interest rate increased from 2.39% to 3.99%. Management believes that the average volume of deposits and repurchase agreements will increase during 1995, and that interest rates will continue to be higher than 1994's levels for the foreseeable future.

Interest Rate Risk

Management attempts to protect earnings from wide shifts in interest rates by employing the following strategies:

Loans: Approximately 88% of the bank's loan portfolio is written on an adjustable basis that floats with the Bank's base rate. Thus, approximately $76,762,000 reprices immediately upon a change in base.

Investments: The majority of the investment portfolio of the Bank is of a fixed rate nature. This enables Management to provide an underlying level of income irrespective of changes in rates. Additionally, approximately 90% of the portfolio matures within three years. This strategy of maintaining short maturities provides maximum flexibility in dealing with fluctuating interest rates.

Deposits: Management discourages use of long term Certificates of Deposit by consistently paying at or below market rates and not offering greater than one year maturities. However, an attempt is currently underway to recapture some of the jumbo-short term Certificates of Deposit market. Offering rates for Certificates of Deposits over $100,000 and less than one year maturity are reviewed weekly for adjustments. The competitive rates we now offer have increased the balances in these accounts by $2,100,000 or 33%. At March 31, 1995, approximately 64% of time deposits had a maturity of three months or less.

The above factors, taken into consideration together with the fact that the Bank maintains approximately 38% non-interest bearing deposits, provides management the opportunity to maintain favorable net interest margins under most normal interest rate scenarios.

Provision for Loan Losses

The provision for loan losses in the first quarter of 1995 was $95,000, $35,000 more than the first quarter of 1994. Net charged off loans and leases were $6,000 through March 31, 1995, and ($11,000) at March 31, 1994. The allowance for loan losses was .94% of loans outstanding, as compared to 1.14% at the end of the first quarter in 1994. The decrease in the allowance is due to the decrease in substandard and doubtful accounts, as a percentage of net loans, since first quarter, 1994.

At March 31, 1995, $-0- in loans was accounted for on a non-accrual basis and $-0- in loans were past due 90 days or more.

At March 31, 1995, management classified 10 loans as substandard, for an aggregate of $415,273. This amount represents .48% of outstanding loans. The Bank anticipates no loss of principal on these substandard loans and, at the present, none are classified as doubtful.

The loan portfolio is concentrated in the southern Nevada area, and includes concentrations in real estate and construction lending. Although there has been some softening in the past year, the local economy remains vibrant.

Management conducts a portfolio concentration review on a quarterly basis and, through this review, controls the degree of speculative and/or large home construction lending to acceptable levels. Commercial real estate is generally limited to owner-occupied properties. Appraisal reviews are performed to support the values at which loans are carried in the portfolio and an analysis of the adequacy of the loan loss reserve is conducted quarterly. Management allocates risk percentages to pass credits and classified credits to ensure that an excess reserve is provided for any unexpected problems that may arise within the portfolio. Management feels that the current Allowance for Loan Losses of $816,412 is adequate to meet anticipated loan losses.

Non-Interest Income

Total non-interest income for the first three months of 1995 decreased $161,000, or 31.76%, over the same period of 1994. The decrease was primarily due to an decrease in gain on sale of securities and an decrease in fee income from mortgage placement services.

Non-Interest Expense

Total non-interest expense increased by $36,000, or 1.79%, during the first quarter of 1995 as compared to the first quarter of 1994. This increase is due to increased salary and employee benefit expenses from normal salary increases and additional advertising expenses.

Liquidity

Management of the Company strives to obtain the highest possible earnings while maintaining a strong liquidity position. The policy of shorter maturities of the Bank's security portfolio and the need for cash in Federal Funds Sold to meet daily cash requirements continues to be met. Management continuously monitors outstanding loan commitments and letters of credit for funding needs. At March 31, 1995, outstanding loan commitments were $41,186,000 and letters of credit were $2,386,000. The measures of solid liquidity practices such as Total Deposits to Total Assets and Loans to Deposits are monitored constantly for any adverse trends. Cash flow from operations continues to remain positive and Management expects this trend to continue. Cash flow from investing activities was negative as there was an increase in net loans made to customers. Cash flow from financing activities was positive due to the increase in deposits and this trend is expected to continue. Management believes that liquidity will remain strong in both the near-term and the long-term.

Capital Resources

During 1995, management plans to construct approximately 13,000 square feet of leasable office space at its headquarters site at Spring Mountain Road and Arville. The Bank anticipates opening another branch office in 1996, although at this time it has not been decided whether the office will be owned or leased. In either case, the impact of capital is not expected to be significant.

Bank regulatory agencies adopted Risk-Based capital guidelines and a new Leverage ratio which became effective December 31, 1992. The standards redefine capital which is compared with risk-weighted assets, representing the value of assets and off-balance-sheet exposures weighted to reflect relative measures of risk. At March 31, 1995, the Bank's Tier 1 Core Capital to risk weighted assets was 16.80%, Total Capital to risk weighted assets was 17.40%, and the Leverage ratio was 9.89%, all above the current minimum guidelines of 4.0%, 8.00%, and 4.0%, respectively, established by regulatory authorities.

In addition, the Federal Deposit Insurance Corporation Improvement Act of 1991 (FDICIA) defined five levels of capital for financial institutions: Well-capitalized, Adequately capitalized, Undercapitalized, Significantly undercapitalized and Critically undercapitalized. A bank falls into one of these levels based on its risk-based ratio and leverage ratio. At March 31, 1995, the Bank falls in the Well-capitalized category.

SIGNATURES

Pursuant to the requirement of the Securities and Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

AMERICAN BANCORP OF NEVADA

DATED:	May 10, 1995	/s/ James V. Bradham James V. Bradham President and Chief Executive Officer
DATED:	May 10, 1995	/s/ Patricia L. Kirkwood Patricia L. Kirkwood Executive Vice President and Cashier

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