SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **1994-05-13** | Period of Report: **1994-03-31**
SEC Accession No. 0000713095-94-000007

(HTML Version on secdatabase.com)

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FARMERS CAPITAL BANK CORP

CIK:**713095**| IRS No.: **611017851** | State of Incorp.:**KY** | Fiscal Year End: **1231**
Type: **10-Q** | Act: **34** | File No.: **000-14412** | Film No.: **94527873**
SIC: **6022** State commercial banks

Mailing Address
P O BOX 309
WEST MAIN STREET
FRANKFORT KY 40602

Business Address
W MAIN ST PO BOX 309
ONE FARMERS BANK PLZ
FRANKFORT KY 40602
5021171600

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10Q

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

For the quarterly period ended March 31, 1994
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 0-14412

Farmers Capital Bank Corporation
(Exact name of registrant as specified in its charter)

Kentucky	61-1017851
(State or other jurisdiction of incorporation or organization)	I.R.S. Employer Identification No.)

P.O. Box 309, West Main Street Frankfort, Kentucky	40602
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (502)227-1600

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 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 the latest practicable date.

Common stock, par value $0.25 per share
3,866,382 shares outstanding at May 2, 1994

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FARMERS CAPITAL BANK CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In thousands except share data)
(unaudited)

	March 31 1994	December 31 1993
ASSETS		
Cash and cash equivalents:		
Cash and due from banks	$ 66,944	$ 43,171
Federal Funds sold and securities purchased under agreement to resell	50,882	54,613
Total cash and cash equivalents	117,826	97,784
Investment securities	178,278	188,866
Loans	506,276	490,345
Less: Allowance for loan losses	(8,712)	(8,547)
Unearned income	(9,019)	(8,708)
Loans, net	488,545	473,090
Bank premises and equipment	20,274	20,504
Interest receivable	5,893	6,420
Other assets	7,745	7,605
TOTAL ASSETS	$818,561	$794,269

LIABILITIES AND SHAREHOLDERS' EQUITY

Deposits:		
Noninterest bearing	$120,075	$ 92,128
Interest bearing	561,924	566,111
Total deposits	681,999	658,239
Other borrowed funds	32,460	32,637
Dividends payable	1,160	1,160
Interest payable	1,408	1,475
Other liabilities	5,935	5,667
Total liabilities	722,962	699,178
SHAREHOLDERS' EQUITY		
Common stock, par value $.25 per share 4,804,000 shares authorized; 3,866,382 shares issued and outstanding at March 31, 1994 and December 31, 1993	967	967
Capital surplus	9,094	9,094
Retained earnings	85,739	85,030
Unrealized net loss on securities available for sale	(201)	
Total shareholders' equity	95,599	95,091
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$818,561	$794,269

See notes to consolidated financial statements

FARMERS CAPITAL BANK CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(In thousands except per share data)
(unaudited)

	Quarter Ended March 31	
	1994	1993
INTEREST INCOME		
Interest and fees on loans	$ 10,815	$ 10,550
Interest on investment securities:		
Taxable	1,506	2,140
Nontaxable	541	282
Interest on deposits in other banks	23	7
Interest on federal funds sold and securities purchased under agreements to resell	469	700
Total interest income	13,354	13,679
INTEREST EXPENSE		
Interest on deposits	4,767	5,534
Interest on other borrowed funds	268	244

Total interest expense	5,035	5,778
Net interest income	8,319	7,901
Provision for loan losses	646	828
Net interest income after provision for loan losses	7,673	7,073
NONINTEREST INCOME		
Service charges and fees	941	1,049
Trust income	225	275
Investment securities gains (losses), net	(39)	51
Other	1,368	1,383
Total noninterest income	2,495	2,758
NONINTEREST EXPENSE		
Salaries and employee benefits	3,772	3,453
Occupancy expenses, net	506	500
Equipment expenses	656	694
Bank shares tax	260	235
Deposit insurance expense	375	399
Other	1,932	1,882
Total noninterest expense	7,501	7,163
Income before income taxes and cumulative effect of change in accounting principle	2,667	2,668
Income tax expense	798	785
Income before cumulative effect of change in accounting principle	1,869	1,883
Cumulative effect of change in accounting principle		380
NET INCOME	$ 1,869	$ 2,263
Per common share:		
Income before cumulative effect of change in accounting principle	$ .48	$ .49
Cumulative effect of change in accounting principle		$ .10
Net income	$ .48	$ .59
Dividends declared	$ .30	$ .27
Weighted average shares outstanding	3,866	3,866

See notes to consolidated financial statements

FARMERS CAPITAL BANK CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOW

(In thousands)
(unaudited)

	Three Months Ended March 31 1994	1993
Cash flows from operating activities		
Net Income	$ 1,869	$ 2,263
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	663	675
Net amortization of investment securities premiums and discounts:		
Available for sale	112	
Held to maturity	79	290
Provision for loan losses	646	828
Deferred income tax	(18)	(380)
Gain on sale of fixed assets		(1)
Loss (gain) on sale of securities:		
Available for sale	41	
Held to maturity	(2)	(51)
Changes in:		
Interest receivable	527	675
Other assets	(187)	(670)
Interest payable	(67)	(123)
Other liabilities	268	(3,084)
Net cash provided by operating activities	3,931	422
Cash flows from investing activities		
Proceeds from maturity of investment securities:		
Available for sale	11,159	
Held to maturity	16,941	17,443
Proceeds from sale of investment securities:		
Available for sale	8,182	
Held to maturity		8,995
Purchase of investment securities:		
Available for sale	(8,524)	
Held to maturity	(17,677)	(28,880)
Net increase in loans	(16,101)	(1,899)
Purchase of bank premises and equipment	(296)	(300)
Proceeds from sale of equipment	4	15
Net cash used in investing activities	$ (6,312)	$ (4,626)
Cash flows from financing activities:		
Net increase in deposits	23,760	15,525
Dividends paid	(1,160)	(1,044)

Net increase (decrease) in securities sold under agreements to repurchase	(177)	191
Net cash provided by financing activities	22,423	14,672
Net change in cash and cash equivalents	20,042	10,468
Cash and cash equivalents at beginning of year	97,784	166,001
Cash and cash equivalents at end of period	$117,826	$176,469
Supplemental disclosures:		
Cash paid during the year for:		
Interest	$ 5,102	$ 5,901
Income taxes	80	250

See notes to consolidated financial statements

FARMERS CAPITAL BANK CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - BASIS OF PRESENTATION

The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation, have been included. Operating results for the period ended March 31, 1994 are not necessarily indicative of the results that may be expected for the year ending December 31, 1994. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's annual report on Form 10-K for the year ended December 31, 1993.

NOTE 2 - BOND CLAIM

During 1991, First Citizens Bank, Hardin County (the "Bank"), a subsidiary of the Company, filed a bond claim for $6,800,000 with its bonding company to recover losses incurred in 1990 resulting from an apparent scheme to defraud the Bank. After exhaustive efforts to settle the claim with the bonding company, the Bank initiated litigation during the first quarter of 1992 against the bonding company. During the third quarter of 1993, the Company reached a settlement in the amount of $5,279,000 which was accounted for as a loan loss recovery. Loan loss recoveries result in an increase in the Allowance for Losses (Allowance). The Allowance was subsequently adjusted to the amount necessary, as determined by management, to absorb possible future losses on the total loans currently outstanding.

NOTE 3 - EFFECT OF IMPLEMENTING SFAS NO. 106, NO 109, NO. 114 AND NO. 115

In February 1992, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 109, Accounting for Income Taxes ("SFAS 109"). SFAS 109 requires a change from the deferred method to the asset and liability method of computing deferred income taxes. Under the asset and liability method, deferred income taxes are recognized for the tax consequences on future years of temporary difference between the financial statements carrying amounts and the tax basis of existing assets and liabilities.

Effective January 1, 1993, the Company adopted the Standard. The cumulative effect of this adoption was an increase in net income of $380,000 ($.10 per share).

In May 1993, the FASB issued Statement of Financial Accounting Standards No. 114, Accounting by Creditors for Impairment of a Loan ("SFAS 114"), which addresses the accounting by creditors for impairment of a loan by specifying how allowances for credit losses related to certain loans should be determined. This Statement also addresses the accounting by creditors for all loans that are restructured in a troubled debt restructuring involving a modification of terms of a receivable.

An impaired loan shall be measured by the present value of expected future cash flows using the loan's effective interest rate, except that as a practical expedient, it may be measured on the fair market value of the loan if the loan is collateral dependant. If the measure of the impaired loan is less that the recorded investment, an impairment will be recognized by creating a valuation allowance with a corresponding charge to bad debt expense. SFAS 114 shall be effective for fiscal years beginning after December 15, 1994. The impact on the financial statements is not known at this time.

Also in May 1993, the FASB issued Statement of Financial Accounting Standards No. 115, Accounting for Certain Investments in Debt and Equity Securities. This Statement addresses the accounting and reporting for investments in debt and equity securities and specifies that they are to be classified in three categories as follows:

Debt securities that the company has the positive intent and ability to hold to maturity are classified as held-to-maturity securities and reported at amortized cost.
Debt and equity securities that are bought and held principally for the purpose of selling them in the near term are classified as trading securities and reported at fair value, with unrealized gains and losses included in earnings.
Debt and equity securities not classified as either of the above are classified as available-for-sale securities and reported at fair value with unrealized gains and losses excluded from earnings and reported in a

separate component of shareholders' equity.

This Statement was implemented in the first quarter of 1994.

NOTE 4 - INVESTMENT SECURITIES

Effective January 1, 1994, the Company adopted Statement of Financial Accounting Standards No. 115, Accounting for Certain Investments in Debt and Equity Securities. Accordingly, debt securities in which the company does not have the positive intent or ability to hold to maturity are classified as securities available for sale and are carried at market value. Unrealized gains and losses on securities available for sale are reported as a separate component of shareholders' equity, net of tax effect. Prior to the adoption of this statement, securities were carried at amortized cost. The following summarizes the amortized cost and estimated fair values of the securities portfolio at March 31, 1994. The summary is divided into available for sale and held to maturity securities.

Investment securities - available for sale

March 31, 1994 (In thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
U.S. Treasury	$34,716	$103	$ 45	$34,774
Obligations of U.S. Government agencies	32,124	9	308	31,825
Other securities	4,076		36	4,040
Total securities available for sale	$70,916	$112	$389	$70,639

Investment securities - held to maturity

March 31, 1994 (In thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
U.S. Treasury	$ 36,606	$ 38	$ 313	$ 36,331
Obligations of U.S. Government agencies	17,475	68	394	17,149
Obligations of states and political subdivisions	48,842	785	801	48,826
Mortgage-backed securities	2,926	5	73	2,858
Other securities	1,790	19	17	1,792
Total securities held to maturity	$107,639	$ 915	$1,598	$106,956

The following summarizes the amortized cost and estimated fair values of the securities portfolio at December 31, 1993. On December 31, 1993, the securities were carried at amortized cost.

December 31, 1993 (In thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
U.S. Treasury	$67,335	$ 431	$ 32	$67,754
Obligations of U.S. Government agencies	68,529	215	60	68,684
Obligations of states and political subdivisions	46,081	1,098	220	46,959
Mortgage-backed securities	5,792	12	46	5,758
Other securities	1,109	26		1,135
Total securities	$188,866	$1,782	$358	$190,290

FARMERS CAPITAL BANK CORPORATION AND SUBSIDIARIES

ITEM 2 - MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

First Quarter 1994 vs. First Quarter 1993

The Company reported earnings of $1.9 million, or $.48 per share, for the first quarter of 1994 compared to earnings of $2.3 million, or $.59 per share for the first quarter of 1993.

Net income during the first quarter of 1993 was increased by $380 thousand due to the adoption of SFAS 109 - Accounting for Income Taxes. Without this change in accounting principle, first quarter 1994 earnings are very comparable to the same time period in 1993. Without the change in accounting principle, net income for first quarter 1993 would have been $1.9 million, or $.49 per share.

Return on average assets was .91% for the first quarter of 1994, a decrease from 1.11% reported for the same period of 1993. Return on average equity was 7.88% for the first quarter of 1994, a decrease from 10.07% during the same period of 1993.

STATEMENT OF INCOME REVIEW

Net Interest Income

Net interest income totaled $8.3 million, compared to $7.9 million for first quarter 1993. The net interest margin (net interest income as a percentage of average earning assets), increased to 4.74% during the first quarter of 1994 compared to 4.54% in the first quarter of 1993. The spread between rates earned and paid increased to 4.20% compared to 4.00% in the first quarter of 1993.

Provision for Loan Losses

The provision for loans losses declined $182 thousand compared to the first quarter 1993. The Corporation had net charge-offs of $480 thousand in the first quarter of 1994 compared to net charge-offs of $929 thousand in the same period of 1993. This decrease is a reflection of the quality of the loan portfolio and is a result of management's additional emphasis on collection efforts and evaluation of the risks within the loan portfolio. The allowance for loan losses was 1.75% of net loans in the first quarter of 1994, a small decline from 1.76% in the first quarter of 1993.

Noninterest Income

Noninterest income of $2.5 million decreased $263 thousand, or 9.5%, from the first quarter of 1993. Service charges on deposits decreased $108 thousand, or 10.3% to $941 thousand. Trust fees decreased $50 thousand, or 18.2%, to $225 thousand. The Company had $39 thousand in investment losses in the first quarter of 1994 compared to a net gain of $51 thousand in the same period of 1993.

Noninterest Expense

Total noninterest expenses increased $338 thousand, or 4.7%, from the first quarter of 1993 to $7.5 million. Salaries and benefits increased $319 thousand, or 9.2%, to $3.8 million. This increase is due to an increase in full time equivalent employees. Occupancy expense, net of rental income, was $1.2 million, a change of less than 1% from a year ago. Other noninterest expense was $2.6 million, also a change of less than 1%.

Income taxes

Income tax expense increased $13 thousand, or 1.7%, from the first quarter of 1993 to $798 thousand. The increase is due to a higher effective tax rate.

BALANCE SHEET REVIEW

Total assets were $819 million on March 31, 1994, an increase of $24 million, or 3.1%, from December 31, 1993. Assets averaged $822 million for the first quarter of 1994, an increase of less than 1% from year end 1993.

Loans

Loans, net of unearned income, increased $16 million, or 3.2%, from December 31, 1993 to $497 million. On average, loans represented 65.5% of earning assets compared to 64.4% for 1993. The increase can be attributed to growing loan demand from both the consumer and commercial markets.

Temporary Investments

Federal funds sold and securities purchased under agreement to resell averaged $60 million, a decrease of $15 million, or 20.1%, from year end 1993. The decrease is due to the increase in loan demand.

Investment Securities

Investment securities were $178 million on March 31, 1994, a decrease of $11 million, or 5.6%, from year end 1993. Available for sale and held to maturity securities were $71 and $107 million, respectively. Investment securities averaged $184 million for the first quarter 1994, an increase of $13 million, or 7.4%, from year end 1993. Net unrealized losses were $960 thousand on March 31, 1994.

Other Real Estate Owned

Other real estate owned decreased $45 thousand, or 3.8%, from year end 1993 to $1.1 million on March 31, 1994. Nonperforming assets totaled $7.6 million on March 31, 1994, a decrease of $107 thousand from year end 1993. Nonperforming assets to total equity decreased by 13 basis points from year end 1993 to 7.98%.

Deposits

Total deposits increased $24 million, or 3.6%, from year end 1993 to $682 million. Deposits averaged $691 million, an increase of $7 million, or 1.1%, from year end 1993.

Borrowed Funds

Borrowed funds totaled $32 million, unchanged from year end 1993. Borrowed funds averaged $36 million, an increase of $3 million, or 9.4%.

Shareholders' Equity

Shareholders' equity was $96 million on March 31, 1994, increasing $508 thousand from year end 1993. Dividends of $1.2 million were declared during the first quarter of 1994. Tier 1 capital was 16.42% of total risk weighted assets while the total capital ratio was 17.67%.

Accounting Requirements

In February 1992, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 109, Accounting for Income Taxes ("SFAS 109"). SFAS 109 requires a change from the deferred method to the asset and liability method of computing deferred income taxes. Under the asset and liability method, deferred income taxes are recognized for the tax consequences on future years of temporary differences between the financial statements carrying amounts and the tax basis of existing assets and liabilities. Effective January 1, 1993, the Company adopted the Statement. The cumulative effect of this adoption was an increase in net income of $380,000 ($.10 per share).

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- - - Debt and equity securities not classified as either of the above are classified as available-for-sale securities and reported at fair value with unrealized gains and losses excluded from earnings and reported in a separate component of shareholders equity.

This Statement was implemented in the first quarter of 1994.

Liquidity

The liquidity of the Corporation is dependent on the receipt of dividends from its subsidiary banks. Management expects that in the aggregate its subsidiary banks will continue to have the ability to dividend adequate funds to the Corporation during the remainder of 1994.

The Corporation's objective as it relates to liquidity is to insure that subsidiary banks have funds available to meet deposit withdrawals and credit demands without unduly penalizing profitability. In order to maintain a proper level of liquidity, the banks have several sources of funds available on a daily basis which can be used for liquidity purposes. These sources of funds are:

1. The bank's core deposits consisting of both business and nonbusiness deposits
2. Cash flow generated by repayment of loan principal and interest

3. Federal funds

Liquidity projections are reviewed on a monthly basis and it is rare for a bank to call on the third source of funds to meet liquidity requirements. Generally, sources one and two are sufficient. For the longer term, the liquidity position is managed by balancing the maturity structure of the balance sheet. This process allows for an orderly flow of funds over an extended period of time.

PART II - OTHER INFORMATION

ITEM 6 - EXHIBITS AND REPORTS ON FORM 8-K

(b) Reports on Form 8-K

On April 19, 1994, the Corporation filed a report on Form 8-K with the Commission to report they had recovered an additional $758,000 of the losses incurred from an apparent scheme in 1990 to defraud First Citizens Bank, Hardin County, a subsidiary of the Corporation. The Corporation intends to pursue other related claims.

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.

Date: 05/12/94 Charles S. Boyd
Charles Scott Boyd,
President and CEO

Date: 05/12/94 C. Douglas Carpenter
Cecil Douglas Carpenter
Vice President, Principal Financial
and Accounting Officer