

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**
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FILER

NBC CAPITAL CORP

CIK: **742054** | IRS No.: **640694775** | State of Incorporation: **MS** | Fiscal Year End: **1231**
Type: **10-Q** | Act: **34** | File No.: **000-12885** | Film No.: **94527851**
SIC: **6021** National commercial banks

Mailing Address

*NBC PLAZA
P O BOX 1187
STARKVILLE MS 39759*

Business Address

*NBC PLZ
P O BOX 1187
STARKVILLE MS 39759
6013231341*

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

For the quarterly period ended March 31, 1994

Commission File Number 2-89900

NBC CAPITAL CORPORATION
(Exact name of registrant as specified in its charter.)

Mississippi
(State of other jurisdiction of
incorporation or organization)

64-0694775
(I. R. S. Employer
Identification No.)

NBC Plaza, P. O. Box 1187, Starkville, Mississippi
(Address of principal executive offices)

39759
(Zip Code)

Registrants's telephone number, including area code: (601) 323-1341

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 practical date:

Common Stock, \$1 Par Value - 1,200,000 shares as of March 31, 1994.

PART I. - FINANCIAL INFORMATION

NBC CAPITAL CORPORATION
 CONSOLIDATED STATEMENTS OF INCOME FOR
 THREE MONTHS ENDED MARCH 31, 1994 AND 1993.
 (Unaudited)

(Amounts in thousands, except per share data)

<TABLE>

<CAPTION>

	Three Months Ended	
	1994	1993
	<C>	<C>
INTEREST INCOME:		
Interest and Fees on Loans	5,755	4,624
Interest Income on Balances Due From Banks	7	1
Interest on U. S. Treasury Securities and U. S. Government Agencies and Corp.	1,626	2,217
Interest on Obligation of States and Political Subdivisions	774	680
Interest on Other Securities	245	90
Interest on Federal Funds Sold and Securities Purchased under Agreements to Resell	76	34
	8,483	7,646
INTEREST EXPENSE:		
Interest on Time Certificates of Deposit of \$100,000 or More	523	548
Interest on Other Deposits	2,439	2,289
Interest on Federal Funds Purchased and Securities Sold Under Agreement to Repurchase	8	2
Interest on Demand Notes Issued to the U. S. Treasury and on Other Borrowed Money	193	123
	3,163	2,962
Total Interest Expense	3,163	2,962
Net Interest Income	5,320	4,684
Provision for Possible Loan Losses	303	354
	5,017	4,330
Net Interest Income After Provision for Loan Losses	5,017	4,330
NONINTEREST INCOME:		
Income from Fiduciary Activities	188	146
Service Charge on Deposit Accounts	822	615
Other Noninterest Income	454	420
	1,464	1,181
Total Noninterest Income	1,464	1,181
Gains (Losses) on Securities	31	0

NON INTEREST EXPENSE:		
Salaries and Employee Benefits	2,168	1,919
Expense of Premises and Fixed Assets	533	493
Other Noninterest Expense	1,204	1,027
	-----	-----
Total Noninterest Expense	3,905	3,439
	-----	-----
Income Before Income Taxes	2,607	2,072
Applicable Income Taxes	664	463
	-----	-----
Income Before Extraordinary Items and Other Adjustments	1,943	1,609
Adjustment for Implementation of FASB 109	0	174
	-----	-----
NET INCOME	1,943	1,783
Net Earning Per Share	1.62	1.49
Shares Outstanding (Restated)		

</TABLE>

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NBC CAPITAL CORPORATION

CONSOLIDATED BALANCE SHEETS

(Amounts in thousands, except per share data)

<TABLE>

<CAPTION>

	March 31, 1994	December 31, 1993
	-----	-----
ASSETS	(unaudited)	(Audited)
<S>	<C>	<C>
Cash and Balances Due From Banks:		
Noninterest-Bearing Balances	16,319	15,983
Interest-Bearing Balances	717	426
	-----	-----
Total Cash and Due From Banks	17,036	16,409
Held-To-Maturity Securities (Market Value of \$9,151 at March 31, 1994 and \$94,115 at December 31, 1993)	8,447	90,881
Available-For-Sale Securities:		
Mortgage-Backed Securities (Market Value of \$69,334 at March 31, 1994, and \$75,450 at December 31, 1993)	69,334	74,164
All Other Available-For-Sale Securities	112,552	0
	-----	-----
Total Securities	190,333	165,045
Federal Funds Sold and Securities Purchased Under Agreement to Resell	2,325	5,000
Loans	299,815	257,526
Less: Unearned Interest	(5,436)	(5,597)
Less: Reserve for Loan Losses	(5,201)	(4,450)
	-----	-----

Net Loans	289,178	247,479
Bank Premises and Equipment (Net)	12,534	10,338
Interest Receivable	3,999	3,386
Other Real Estate Owned	269	314
Other Assets	7,946	4,386
	-----	-----
TOTAL ASSETS	523,620	452,357
LIABILITIES AND STOCKHOLDERS' EQUITY		
Deposits:		
Non-Interest Bearing	59,895	54,087
Interest-Bearing Time, \$100,000 or More	66,245	49,066
Other Interest-Bearing	322,740	280,331
	-----	-----
Total Deposits	448,880	383,484
Federal Funds Purchased and Securities Sold		
Under Agreements to Repurchase	4,058	0
Demand Notes Issued to the U. S. Treasury	2,134	2,500
Other Borrowed Funds	11,825	12,132
Interest Payable	1,498	1,327
Other Liabilities	2,874	3,154
	-----	-----
TOTAL LIABILITIES	471,269	402,597
Stockholders' Equity:		
Common Stock \$1 par Value, Authorized		
3,000,000 shares, Issued and Outstanding		
1,200,000	1,200	1,200
Surplus	33,002	33,002
Undivided Profits	17,501	15,558
Net Unrealized Holding Gains (losses) on		
Available-for-Sale Securities	648	0
	-----	-----
TOTAL STOCKHOLDERS' EQUITY	52,351	49,760
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	523,620	452,357

</TABLE>

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NBC CAPITAL CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED MARCH 31, 1994 AND 1993
(Unaudited)

(Amounts in thousands)

<TABLE>

<CAPTION>

1994

1993

<S>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income	1,943	1,783
Adjustments to reconcile net income to net cash		
Depreciation and Amortization	366	229
Deferred Income Taxes (Credits)	(662)	0
Provision for Loan Losses	303	354
Gain on Sale of Securities	31	0
(Increase) Decrease in Interest Receivable	(613)	(216)
(Increase) Decrease in Other Assets	(2,967)	(1,699)
Increase (Decrease) in Interest Payable	171	236
Increase (Decrease) in Other Liabilities	(280)	337
	-----	-----
Net Cash Provided by Operating Activities	(1,708)	1,024
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Maturities of Securities	18,737	6,024
Proceeds from Sale of Securities	0	0
Purchase of Securities	(43,408)	(12,112)
Increase (Decrease) in Loans	(42,002)	(5,428)
Additions to Bank Premises and Equipment	(2,448)	(178)
	-----	-----
Net Cash Used in Investing Activities	(69,121)	(11,694)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (Decrease) in Deposits	65,396	6,992
Increase (Decrease) in Borrowed Funds	3,385	(2,467)
	-----	-----
Net Cash Provided by Financing Activities	68,781	4,525
Net Increase (decrease) in Cash and Cash Equivalents	(2,048)	(6,145)
Cash and Cash Equivalents at Beginning of Year	21,409	20,238
	-----	-----
Cash and Cash Equivalents at End of Quarter	19,361	14,093

</TABLE>

Earnings for 1994's first quarter totalled \$1,942,667 or \$1.62 per share. This represents a 9.0% increase over comparable income totals from the prior year. Income amounts for 1994 include results from the company's First State Bank of Tuscaloosa, Alabama subsidiary.

Net interest income increased 13.6% to \$5,319,523. Loan quality remains excellent, and management did not feel any increase was warranted in the Provision for Loan Losses. Non-interest income grew 26.6%. The 13.6% gain in non-interest expenses represents normal overhead amounts from First State Bank's operations. It is significant to note that non-interest expenses in the company's two subsidiary banks showed no increase during the year's first quarter.

Assets totalled \$523.6 million to close the quarter with a 16.2% increase over the previous year. Loan grew 26.3% to 299.8 million. Management observed some softening in loan demand during the first two months of the year; however, improved demand resumed during March and hopefully will continue in the months ahead. Deposits closed the quarter at \$448.9 million, up 16.0%.

Shareholders' equity, at \$52.4 million and up 10.7% from the prior year, continues as a primary strength of the company's balance sheet. The bank is required to maintain minimum amounts of capital to total risk weighted assets as defined by the banking regulators. At 3/31/94, the institution's Tier 1, Tier 2 and total capital ratios exceeded the "well capitalized" standards developed under the referenced regulatory guidelines.

The company implemented mark to market accounting guidelines for its securities portfolio as of 1/1/94. At 3/31/94, \$648,000 in consolidated, unrealized holding gains, net of deferred tax, was reflected in equity accounts on available-for-sale securities.

Dividends paid by the corporation are provided from dividends received from the bank. Under regulations controlling national banks, the payment of dividends by the bank without prior approval from the Comptroller of the Currency is limited to the current year's net profits and retained net earnings of the two preceding years, or a total available dividend of \$9,822,775. Also under regulations controlling national banks, the bank is limited in the amount it may lend the corporation and such loans are required to be on a fully secured basis.

Aggregate cash reserves of \$18,000 were maintained at 3/31/94 to satisfy federal regulatory requirements.

While net interest income showed significant improvement in the dollars contributed, both components of net interest income are significantly lower than for the prior year (cost of deposits as well as return on earning assets reflect lower yields). Average earning assets are approximately \$68 million greater than for the prior year while average interest earning deposits are approximately \$52 million greater than for the prior year. Strong loan growth as well as the contribution of First State Bank of Tuscaloosa, Alabama, are major contributing factors. NBC Capital Corporation's acquisition of First State Bank was effective 1/1/94 and is accounted for as a purchase, using push down accounting.

PART II - OTHER INFORMATION

Item 1 Not Applicable
Item 2 Not Applicable
Item 3 Not applicable
Item 4 Not Applicable
Item 5 Not Applicable
Item 6 Not Applicable

The Financial information furnished herein has not been audited by independent accountants, however, in the opinion of management, all adjustments are of a normal recurring nature necessary for a fair presentation of the results of operations for the three month period ending March 31, 1994 have been included.

NBC CAPITAL CORPORATION

SIGNATURE

Pursuant to the requirements 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.

NBC CAPITAL CORPORATION
Registrant

May 11, 1994
Date

/s/ Martha W. Taylor
Martha W. Taylor
Treasurer and Assistant Secretary