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

MID AMERICA BANCORP/KY/
CIK:**711083**| IRS No.: **611012933** | State of Incorp.:**KY** | Fiscal Year End: **1231**
Type: **10-Q** | Act: **34** | File No.: **001-10602** | Film No.: **94527944**
SIC: **6022** State commercial banks

Mailing Address
500 WEST BROADWAY
LOUISVILLE KY 40202

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500 W BROADWAY
LOUISVILLE KY 40202
5025893351

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

FORM 10-Q

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

For quarter ended March 31, 1994

OR

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

Commission File Number 1-10602

MID-AMERICA BANCORP
(Exact name of registrant as specified in its charter)

KENTUCKY	61-1012933
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer I.D. No.)

500 West Broadway, Louisville, Kentucky 40202
(Address of principal executive offices) (Zip Code)

(502) 589-3351
(Registrant's telephone number, including area code)

NONE
(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 a 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 [ ]

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS
DURING THE PRECEDING FIVE YEARS:
Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes [ ] No [ ]

APPLICABLE ONLY TO CORPORATE ISSUERS:
Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.
May 3, 1994: 8,542,932 shares of common stock, no par value

MID-AMERICA BANCORP

PART I. FINANCIAL INFORMATION

The consolidated financial statements of Mid-America Bancorp (Corporation) and subsidiaries submitted herewith are unaudited. However, in the opinion of management, all adjustments (consisting only of adjustments of a normal recurring nature) necessary for a fair presentation of the results for the interim periods have been made.

ITEM 1. FINANCIAL STATEMENTS

The following consolidated financial statements of the Corporation and subsidiaries are submitted herewith:

Consolidated balance sheets - March 31, 1994 and December 31, 1993
Consolidated statements of income - three months ended March 31, 1994 and 1993
Consolidated statements of changes in shareholders' equity - three months ended March 31, 1994 and 1993
Consolidated statements of cash flows - three months ended March 31, 1994 and 1993
Notes to consolidated financial statements

MID-AMERICA BANCORP AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(In thousands except share and per share data) (Unaudited)
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ASSETS	March 31 1994	December 31 1993
<S>	<C>	<C>
Cash and due from banks	$64,967	$62,937
Federal funds sold	5,200	9,000
Securities purchased under agreements to resell	45,000	75,000
Securities available for sale (Note 3)	125,473	109,202
Investment securities (Note 3)	191,057	225,096
Loans, net of unearned income of $35,838 (1994) and $44,044 (1993)	674,016	657,568
Allowance for loan losses (Note 4)	6,657	6,578
Loans, net	667,359	650,990
Premises and equipment	18,808	17,821
Other assets	18,156	18,977
TOTAL ASSETS	$1,136,020	$1,169,023
LIABILITIES		
Deposits:		
Non-interest bearing	$100,501	$118,591
Interest bearing	611,303	610,858
Total deposits	711,804	729,449
Securities sold under agreements to repurchase	182,815	183,288
Federal funds purchased	7,200	12,500
Advances from the Federal Home Loan Bank	78,992	80,106
Accrued expenses and other liabilities	34,708	44,090
TOTAL LIABILITIES	1,015,519	1,049,433
SHAREHOLDERS' EQUITY		
Preferred stock, no par value; authorized - 750,000 shares; issued - none	--	--
Common stock, no par value, stated value $2.77 per share; authorized - 10,000,000 shares; issued - 8,542,732 shares (1994) and 8,510,125 shares (1993)	23,698	23,607
Additional paid-in capital	91,819	91,535
Retained earnings	5,817	4,448
Unrealized depreciation on securities available for sale, net of tax (Note 3)	(833)	--
TOTAL SHAREHOLDERS' EQUITY	120,501	119,590
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$1,136,020	$1,169,023

See notes to consolidated financial statements.
/TABLE

MID-AMERICA BANCORP AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(In thousands except per share data) (Unaudited)
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	Three months ended	
INTEREST INCOME:	March 31, 1994	March 31, 1993
<S>	<C>	<C>
Interest and fees on loans	$14,156	$13,151
Interest on trading account securities	--	626
Interest on securities available for sale	1,334	12
Interest on investment securities:		
U.S.Treasury and agencies	1,550	1,389
States and political subdivisions	61	80
Corporate and other	577	908
Interest on federal funds sold	181	254
Interest on securities purchased under agreements to resell	451	1,001
Total interest income	18,310	17,421
INTEREST EXPENSE:		
Interest on deposits	5,609	6,462

Interest on federal funds purchased and securities sold under agreements to repurchase	1,099	767
Interest on Federal Home Loan Bank advances and other borrowings	1,173	630
Total interest expense	7,881	7,859
Net interest income before provision for loan losses	10,429	9,562
Provision for loan losses (Note 4)	100	100
Net interest income after provision for loan losses	10,329	9,462

/TABLE

MID-AMERICA BANCORP AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME (Cont'd)
(In thousands except per share data) (Unaudited)
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	Three months ended	
	March 31, 1994	March 31, 1993
NON-INTEREST INCOME:		
<S>	<C>	<C>
Income from trust department	383	388
Service charges on deposit accounts	1,042	1,142
Trading account losses	--	(207)
Securities losses	--	(1)
Money order fees	692	565
Other	574	657
Total non-interest income	2,691	2,544
OTHER OPERATING EXPENSES:		
Salaries and employee benefits	5,121	4,380
Occupancy expense	662	613
Furniture and equipment expenses	1,072	1,002
Other (Note 5)	2,429	2,277
Total other operating expenses	9,284	8,272
Income before income taxes	3,736	3,734
Income tax expense	1,089	1,156
NET INCOME	$2,647	$2,578
Per common share (Note 2):		
NET INCOME	$0.31	$0.30
Weighted Average Number of Shares Outstanding	8,649	8,530

See notes to consolidated financial statements.
/TABLE

MID-AMERICA BANCORP AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THREE MONTHS ENDED MARCH 31, 1994 AND 1993
(In thousands except per share data) (Unaudited)
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	Common Stock		Additional Paid-in	Retained	Unrealized depreciation on securities available for	Total Shareholders'
	Shares	Amount	Capital	Earnings	sale, net of tax	Equity
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Balance, January 1, 1993	8,195	$22,734	$86,561	$3,334		$112,629
Net income January through March 1993				2,578		2,578
Cash dividends declared ($.15 per share)				(1,230)		(1,230)
Stock options exercised	11	30	104			134
Balance, March 31, 1993	8,206	22,764	86,665	4,682		114,111

Net income April through December, 1993				8,995		8,995
Cash dividends declared ($.50 per share)				(4,126)		(4,126)
Stock dividends declared	247	685	4,418	(5,103)		--
Stock options exercised	57	158	452			610
Balance, December 31, 1993	8,510	23,607	91,535	4,448		119,590
Net income January through March 1994				2,647		2,647
Unrealized depreciation on securities available for sale, net of tax (note 3)					($833)	(833)
Cash dividends declared ($0.15 per share)				(1,278)		(1,278)
Stock options exercised	33	91	284			375
Balance, March 31, 1994	8,543	$23,698	$91,819	$5,817	($833)	$120,501

See notes to consolidated financial statements.
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MID-AMERICA BANCORP AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOW
(In thousands) (Unaudited)
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	Three months ended	
	March 31, 1994	March 31, 1993
CASH FLOWS FROM OPERATING ACTIVITIES:		
<S>	<C>	<C>
Net income	$2,647	$2,578
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation, amortization and accretion, net	1,351	627
Provision for loan losses	100	100
Loss on sales of securities	--	1
Gain on sales of premises and equipment	(1)	(5)
Loss on trading account securities	--	207
Increase in trading account securities	--	(91,585)
Increase in interest receivable	(794)	(1,258)
Decrease (increase) in other assets	1,717	(384)
Increase in interest payable	83	196
Increase in taxes payable	839	497
Deferred taxes	131	57
Decrease in other liabilities	(9,935)	(6,126)
Net cash used in operating activities	(3,862)	(95,095)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of securities available for sale	(4,032)	--
Proceeds from maturities of securities available for sale	81	22,957
Proceeds from maturities of investment securities	36,499	22,935
Proceeds from sales of investment securities	--	2,652
Purchases of investment securities	(16,792)	(47,459)
Net increase in customer loans	(16,591)	(19,029)
Proceeds from sales of premises and equipment	19	5
Payments for purchases of premises and equipment	(1,605)	(450)
Net cash used in investing activities	(2,421)	(18,389)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net decrease in deposits	(17,645)	(6,437)
Net decrease in securities sold under agreements to repurchase	(473)	(9,714)
Net decrease in federal funds purchased	(5,300)	(6,150)
Advances from the Federal Home Loan Bank	4,000	12,225
Repayment of advances from the Federal Home Loan Bank	(5,114)	(2,486)
Net change in other borrowings	(52)	(30)
Dividends paid	(1,278)	(1,230)
Stock options exercised	375	134
Net cash used in financing activities	(25,487)	(13,688)
Net decrease in cash and cash equivalents	(31,770)	(127,172)
Cash and cash equivalents at January 1	146,937	266,194

Cash and cash equivalents at March 31	$115,167	$139,022

Non-cash transactions during the three months ended March 31, 1994 included a transfer of investment securities to securities available for sale of $13,848.

See notes to consolidated financial statements.
/TABLE

MID-AMERICA BANCORP AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands) (Unaudited)

1. The accounting and reporting policies of Mid-America Bancorp (the Company) and its subsidiaries conform with generally accepted accounting principles and general practices within the banking industry. The accompanying consolidated financial statements should be read in conjunction with the Summary of Significant Accounting Policies footnote which appears in the Company's 1993 Annual Report and Form 10-K filed with the Securities and Exchange Commission.

2. On November 15, 1993, the Board of Directors declared a 3% stock dividend payable to shareholders of record on December 15, 1993. All per share information in the consolidated financial statements reflects the adjusted number of shares.

3. On January 1, 1994, the Company adopted FASB Statement No. 115, "Accounting for Certain Investments in Debt and Equity Securities." The principal effect of adoption of FASB Statement No. 115 is that debt securities classified as available for sale are now reported at fair value, with unrealized gains or losses reported as a separate component of shareholders' equity, on a net of tax basis.

The amortized cost and market value of securities available for sale are summarized as follows:
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	March 31, 1994		December 31, 1993	
	Amortized Cost	Market Value	Amortized Cost	Market Value
<S>	<C>	<C>	<C>	<C>
U.S. Treasury and agencies	$107,818	$106,512	$109,202	$109,477
Other	18,936	18,961	--	--
	$126,754	$125,473	$109,202	$109,477

</TABLE>
The book value and market value of investment securities are summarized as follows:
<TABLE>
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	March 31, 1994		December 31, 1993	
	Book Value	Market Value	Book Value	Market Value
<S>	<C>	<C>	<C>	<C>
U.S. Treasury and agencies	$154,025	$151,855	$174,395	$174,208
Obligations of states and political subdivisions	6,091	6,126	2,956	3,083
Other	30,941	31,039	47,745	48,212
	$191,057	$189,020	$225,096	$225,503

</TABLE>

MID-AMERICA BANCORP AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands) (Unaudited)

4. Allowance for Loan Losses - Changes in the allowance for loan losses are as follows:
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	March 31, 1994	December 31, 1993

<S> <C> <C>

Balance, January 1	$6,578	$6,020
Additions to allowance charged against operations	100	390
Recoveries	59	1,028
Loans charged off	(80)	(860)
Balance, end of period	$6,657	$6,578

</TABLE>

5. Other operating expense consists of the following:
<TABLE>
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	Three Months Ended March 31	
	1994	1993
<S>	<C>	<C>
Operating supplies	$447	$303
Data processing fees	16	73
Professional fees	134	243
Taxes - Bank shares, property and other	324	323
Deposit insurance	401	384
Other	1,107	951
	$2,429	$2,277

</TABLE>

ITEM II. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This item discusses the results of operations for Mid-America Bancorp, and its subsidiaries for the three months ended March 31, 1994 and compares the period with the same periods of the previous year. In addition, the discussion describes the significant changes in the financial condition of the Corporation that have occurred between December 31, 1993 and March 31, 1994. This discussion should be read in conjunction with the consolidated financial statements and accompanying notes presented in Part I, Item 1 of this report.

A. RESULTS OF OPERATIONS

Net income for the quarter ended March 31, 1994 was $2,647,000 or $0.31 per share compared to $2,578,000 or $0.30 per share for the same period last year. The results for the first three months of 1994 were affected by 1.) an increase in net interest income arising primarily from earning asset growth, 2.) an increase in other operating expenses, primarily salaries and employee benefits, and 3.) an increase in non-interest income.

Net interest income

Net interest income is the difference between interest earned on earning assets and interest expensed on interest bearing liabilities. The net interest spread is the difference between the average yield on earning assets and the average rate on interest bearing liabilities. The net yield on earning assets (interest margin) is net interest income divided by average earning assets. The following table summarizes the above for the three months ending March 31, 1994 and 1993.

In thousands except percentages
<TABLE>
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	Three Months Ended March 31	
	1994	1993
<S>	<C>	<C>
Total interest income	$18,310	$17,421
Tax equivalent adjustment	191	247
Tax equivalent interest income	18,501	17,668
Total interest expense	7,881	7,859
Tax equivalent net interest income	$10,620	$9,809
Average rate on earning assets	7.15%	7.58%
Average rate on interest bearing liabilities	3.66%	4.02%

Net interest spread, annualized	3.49%	3.56%
Net interest margin, annualized	4.10%	4.21%
Tax Equivalent Income	18,501	17,668
Average earning assets	$1,049,937	$944,995
Average interest bearing liabilities	$873,120	$793,024

</TABLE>

Net interest income increased $811,000 in the first quarter of 1994 compared to the first quarter in 1993. This increase was attributable to volume increases in earning assets between these two periods. Average earning assets increased 11 % to $1.050 billion. Net interest spread and net interest margin both declined when comparing the three months ended March 31, 1994 to March 31, 1993. A significant factor in the decline in the net interest margin and spread is the decline in the rate earned on the securities portfolio as securities repriced during the low interest rate environment during the last year.

Provision for Loan Losses

The allowance for loan losses is maintained at a level adequate to absorb problem losses. Management determines the adequacy of the allowance based upon reviews of individual credits, evaluation of the risk characteristics of the loan portfolio, including the impact of current economic conditions on the borrowers' ability to repay, past collection and loss experience and such other factors, which, in management's judgement, deserve current recognition. The allowance for loan losses is established by charges to operating earnings.

An analysis of the changes in the allowance for loan losses and selected ratios follows:

Dollars In thousands
<TABLE>
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	Three Months Ended March 31	
	1994	1993
<S>	<C>	<C>
Balance at January 1	$6,578	$6,020
Provision for loan losses	100	100
Loan charge-offs, net of recoveries	21	25
Balance March 31	$6,657	$6,095
Average loans, net of unearned income	$662,292	$589,569
Provision for loan losses to average loans *	0.06%	0.07%
Net loan charge-offs to average loans *	0.01%	0.02%
Allowance for loan losses to average loans	1.01%	1.03%
Allowance for loan losses to period-end loans	0.99%	1.01%

* Amounts annualized
/TABLE

Non-interest Income and Other Operating Expenses

The following table sets forth the major components of non-interest income and other operating expenses for the three months ending March 31, 1994 and 1993:
<TABLE>
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In thousands	Three months ended March 31	
	1994	1993
Non-Interest Income:		
<S>	<C>	<C>
Income from trust department	$ 383	$ 388
Service charges on deposit accounts	1,042	1,142
Money order fees	692	565
Trading account gains (losses)	---	(207)
Securities losses	---	(1)
Other	574	657
Total non-interest income	$2,691	$2,544
Other Operating Expenses:		

Salaries and employee benefits	$5,121	$4,380
Occupancy expenses	662	613
Furniture and equipment expenses	1,072	1,002
Operating supplies	447	303
Data processing	16	73
Professional fees	134	243
Taxes-Bank shares, property and other	324	323
Deposit insurance	401	384
Other	1,107	951
Total other operating expenses	$9,284	$8,272

/TABLE

Non-Interest income increased $147,000 for the three months ended March 31, 1994 compared to the same period in 1993. This increase is partially attributable to trading account losses of $207,000 in the first quarter of 1993. Excluding the effect of trading account losses in the comparison, non-interest income declined 2%. The service charges on deposit accounts and other components of non-interest income declined in the first quarter of 1994 compared to the first quarter of 1993 partially as a result of fee waivers and lower volume during the blizzard of 1994 that shut down our community for nearly one week. Further contributing to the decline in service charges on deposit accounts was the effect of a competitively priced deposit package product which has attracted not only new depositors, but also the conversion of existing depositors from higher priced deposit products. Money order fees continue to increase as the Corporation's Money Order Company continues to increase volume through it's expanded agent base.

Other operating expenses increased $1,012,000 or 12% when comparing the first quarter of 1994 to 1993. The 17% increase in salaries and employee benefits was the largest factor contributing to this overall increase in other operating expanses. The change in salaries and benefits is attributed to the annual increase in salaries effective at the beginning of the year which averaged 7.5% and the effects of the expansion and upgrade of personnel that took place over the last half of 1993. Other categories of expenses have been impacted by increased depreciation related to more money order machines and new equipment related to technology improvements, and increased supply costs associated with the expansion of the loan portfolio and new products.

Income Taxes

The Corporation had income tax expense of $1,089,000 for the first quarter of 1994 compared to $1,156,000 for the same period in 1993. The effective tax rate was 29.1%.

B. FINANCIAL CONDITION

Total Assets

Total assets decreased $33,003,000 from December 31, 1993 to March 31, 1994, while average assets increased $62,767,000 or 6% to $1,136,593,000 for the first quarter of 1994 compared to the last quarter of 1993. The increase in average assets is attributed to the continued growth in the commercial loan portfolio and the securities portfolio. These increases in earning assets were supported by increases in the various categories of deposits, advances from the Federal Home Loan Bank and repurchase agreements.

Nonperforming and Restructured Loans and Assets

Nonperforming and restructured loans, which include nonaccrual, restructured and loans past due over 90 days, totaled $4,349,000 at March 31, 1994 and $3,872,000 at December 31, 1993. This represents .65% of total loans at March 31, 1994 compared to .59% at December 31, 1993.

Nonperforming assets, which include nonperforming loans and other real estate owned, totaled $7,347,000 at March 31, 1994 and $6,842,000 at December 31, 1993. This represents 0.65% of total assets at March 31, 1994 compared to 0.59% at December 31, 1993.

The Corporation considers the level of nonperforming loans in its' evaluation of the adequacy of the allowance for loan losses.

C. LIQUIDITY

Liquidity represents the Corporation's ability to generate cash or otherwise obtain funds at a reasonable price to satisfy commitments to borrowers as well as demands of depositors. The loan and securities portfolios are managed to provide liquidity through maturity or payments related to such assets.

Interest rate sensitivity management is managing the difference or gap between rate sensitive assets and rate sensitive liabilities to minimize the impact of changing interest rates on profitability and allow for adequate liquidity.

The Corporation's adjusted one year cumulative interest sensitivity gap was 7.52% at March 31, 1994 compared to 5.82% at December 31, 1993. The cumulative interest sensitivity gap through 90 days was 7.49% at March 31, 1994 compared to 7.75% at December 31, 1993. This asset and liability structure and interest sensitivity position the Corporation favorably for a rising interest rate environment.

The Corporation's liquidity depends primarily on the dividends paid to it as the sole shareholder of the Mid-America Bank of Louisville.

D. CAPITAL RESOURCES

At March 31, 1994 stockholders' equity totaled $120,501,000, an increase of $911,000 or .8% since December 31, 1993.

The Corporation's risk based capital and leverage ratio exceed minimum requirements.

	Corporation March 31, 1994	Corporation December 31, 1993	Minimum Required
Leverage Ratio	10.65%	10.20%	3.00%
Tier I risk based capital ratio	18.24%	18.24%	4.00%
Total risk based capital ratio	19.25%	19.25%	8.00%

PART II. OTHER INFORMATION

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

27 Financial Data Schedule

(b) Reports on Form 8-K

None

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.

Mid-America Bancorp
(Registrant)

Date: May 10, 1994

By:/s/Steven Small
Steven Small
Executive Vice President and
Chief Financial Officer

Date: May 10, 1994

By:/s/Orson Oliver
Orson Oliver
President

WARNING: THE EDGAR SYSTEM ENCOUNTERED ERROR(S) WHILE PROCESSING THIS SCHEDULE.

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