

SECURITIES AND EXCHANGE COMMISSION

FORM 8-K

Current report filing

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FILER

GFC FINANCIAL CORP

CIK: **883701** | IRS No.: **860695381** | State of Incorporation: **DE** | Fiscal Year End: **1231**
Type: **8-K** | Act: **34** | File No.: **001-11011** | Film No.: **94523009**
SIC: **6153** Short-term business credit institutions

Business Address
*DIAL CORPORATE CTR STE
1159
PHOENIX AZ 85077-1159
6022076900*

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C, 20549

FORM 8-K

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

Date of Report (Date of earliest event reported): April 14, 1994

GFC FINANCIAL CORPORATION
(Exact name of registrant as specified in its charter)

DELAWARE 1-11011 86-0695381

(State or Other Jurisdiction (Commission (I.R.S. Employer
of Incorporation) File Number) Identification No.)

DIAL CORPORATE CENTER, PHOENIX, ARIZONA 85077

(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: 602/207-6900

Item 5. Other Events.

GFC Financial Corporation announced on April 14, 1994 revenues, net income and selected financial data and ratios for the first quarter of 1994 (unaudited).

A copy of the press release issued by GFC Financial Corporation is

attached as Exhibit 28 to this report.

Item 7. Financial Statements and Exhibits.

(c) Exhibits.

<TABLE>

<CAPTION>

Exhibit	Title
<S> 28	<C> Press Release of GFC Financial Corporation dated April 14, 1994

</TABLE>

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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.

GFC FINANCIAL CORPORATION

(Registrant)

Dated: April 14, 1994 By /s/ BRUNO A. MARSZOWSKI

Bruno A. Marszowski, Vice President - Controller
Principal Financial Officer/Authorized Officer

Nancy Archer
602/ 207-2821

Embargo until
8:00 a.m. (E.D.T.)
4/14/94

GFC FINANCIAL CORPORATION
REPORTS 33% INCREASE IN INCOME
FROM CONTINUING OPERATIONS
FOR THE FIRST QUARTER

PHOENIX, Arizona, April 14, 1994 -- GFC Financial Corporation (NYSE:GFC) today reported a 33% increase in income from continuing operations for the quarter ended March 31, 1994 compared to the first quarter of 1993.

Income from continuing operations was \$11.4 million (\$0.56 per common share) compared to \$8.6 million (\$0.39 per common share) for the first quarter of 1993. Earnings per common share for the first quarter of 1993 is net of preferred dividends equivalent to \$0.03 per common share. The 1994 results include income from Ambassador Factors, the factoring and asset based lending company acquired from Fleet Financial Group, Inc. on February 14, 1994.

Net income for the first quarter of 1994 was \$11.4 million (\$0.56 per common share) compared with \$9.9 million (\$0.45 per common share) for the comparable period in 1993. The 1993 results included \$1.3 million of income (\$0.06 per common share) from Verex Assurance, Inc., the company's discontinued mortgage insurance subsidiary, which was sold in July 1993.

Sam Eichenfield, Chairman and Chief Executive Officer of GFC, said, "The acquisition of the Asset Based Finance group in the first quarter of 1993 and the acquisition of Ambassador Factors in the first quarter of 1994 complement the company's core operations and have

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contributed to the growth in funds employed and the resulting improved performance. The pending acquisition of TriCon Capital Corporation ("TriCon"), which was announced on March 4, 1994, will further diversify GFC's asset base and expand our focus on value-added products and services." TriCon is a \$1.8 billion niche-oriented provider of commercial and equipment financing products.

Eichenfield added that portfolio quality remains consistent with nonearning assets at 3.8% of funds employed after adding Ambassador, which typically has a higher nonearning asset level (4.2% of its funds employed at March 31, 1994), up slightly from 3.6% reported at year end.

Interest earned from financing transactions increased to \$72.0 million for the first quarter of 1994 from \$58.3 million in the first quarter of 1993, an increase of 24%. This rise in revenue was driven by a 29% increase in funds employed during the twelve months ended March 31, 1994 resulting from \$1.1 billion of new business being added by the core finance operations during that period, and the acquisition of Ambassador Factors.

The improvement in earnings for the 1994 quarter primarily was due to the increase in interest margins earned which advanced to \$38.9 million for the first quarter of 1994 from \$27.7 million in the first quarter of 1993, a 40% improvement. The higher interest margins, which equate to a 5.7% annualized return on average earning assets compared to 5.1% for the first quarter of 1993, were attributable to the growth of the portfolio, a lower effective cost of debt in 1994 and higher fee income principally generated by Ambassador Factors.

The strong improvement in interest margins was more than enough to offset the \$2 million reduction in gains on sale of assets, higher provisions for possible credit losses and the higher selling, administrative and other operating ("operating") expenses.

The higher operating expenses primarily consisted of higher personnel costs attributable in part to the acquisitions of the Asset Based Finance group in February 1993 and Ambassador Factors in February 1994, and to expenses that are no longer allocated to discontinued operations.

Income taxes were higher due to higher tax rates in effect during the first quarter of 1994 and to higher income before taxes.

GFC Financial Corporation is a major domestic commercial finance company that extends secured financing in selected markets: corporate finance, transportation, communications, commercial real estate and resort finance. GFC Financial also provides asset based lending, consumer rediscounting and factoring.

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GFC FINANCIAL CORPORATION
AND CONSOLIDATED SUBSIDIARIES
SUMMARY OF CONSOLIDATED INCOME
(UNAUDITED)
(Dollars in Thousands, except per share data)

<TABLE>
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	Three Months Ended March 31,	
	1994	1993
<S> Interest earned from financing transactions	<C> \$ 72,004	<C> \$ 58,262
Interest expense	33,133	30,568
Interest margins earned	38,871	27,694
Provision for possible credit losses	3,250	2,701
Gains on sale of assets	3	2,061
Selling, administrative and other operating expenses	17,303	13,638

Income before income taxes	18,321	13,416
Income taxes	6,932	4,871
Income from continuing operations	11,389	8,545
Income from discontinued operations		1,338
Net Income	\$ 11,389	\$ 9,883
Earnings per common share:		
Income from continuing operations before preferred dividends	\$ 0.56	\$ 0.42
Preferred dividends		0.03
Earnings from continuing operations	0.56	0.39
Discontinued operations		0.06
Earnings per common share	\$ 0.56	\$ 0.45
Dividends declared per common share	\$ 0.18	\$ 0.16
Average outstanding common and equivalent shares	20,362,000	20,498,00

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GFC FINANCIAL CORPORATION
SELECTED CONSOLIDATED FINANCIAL DATA AND RATIOS (UNAUDITED)
(Dollars in Thousands, except per share data)

<TABLE>
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	Three Months Ended or at March 31,		Year Ended or at December 31,
	1994 (1)	1993	1993
	<C>	<C>	<C>

<S>
FINANCIAL DATA:

Average funds employed (AFE)	\$3,059,227	\$2,483,672	\$2,637,547
Ending funds employed (EFE)	3,271,882	2,538,820	2,846,571
Average earning assets (2)	2,723,183	2,176,475	2,321,359
Nonaccruing assets	122,707	100,568	102,607
Reserve for possible credit losses	73,057	70,272	64,280
Total debt	2,513,631	2,016,846	2,082,350
Stockholders' equity	511,451	491,421	503,300
New business	254,701	173,935	1,007,794
Write-offs	5,106	2,937	12,575

RATIOS:

Write-offs (annualized) as a % of AFE	0.7%	0.5%	0.5%
Nonaccruing assets as a % of EFE	3.8%	4.0%	3.6%
Reserve for possible credit losses as a % of:			
Ending funds employed	2.2%	2.8%	2.3%
Nonaccruing assets	59.5%	69.9%	62.6%
Interest margins earned (annualized) as a % of average earning assets (2)	5.7%	5.1%	5.4%
Selling, administrative and other operating expenses as a % of interest margins earned	44.5%	49.2%	46.6%
Total debt to equity	4.9	4.1	4.1

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- (1) Includes financial data from Ambassador for the first quarter ended and at March 31, 1994.
- (2) Average earning assets are net of average deferred taxes on leveraged leases and average nonaccruing assets for the periods presented.