

FIRST NATIONAL OF NEBRASKA INC
Form 10-Q
August 14, 2001

FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION

Washington D.C. 20549

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

For the Quarterly Period Ended June 30, 2001, 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 03502

First National of Nebraska, Inc.

(Exact name of registrant as specified in its charter)

Nebraska
(State or other jurisdiction of
incorporation or organization)

1620 Dodge Street Omaha, NE
(Address of principal executive offices)

47-0523079
(I.R.S. Employer
Identification No.)

68197
(Zip Code)

(402) 341-0500

Registrant's telephone number, including area code

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 No .

As of August 6, 2001, the number of outstanding shares of the registrant's common stock (\$5.00 par value) was 334,500.

PART I. FINANCIAL INFORMATION

Item 1. *Financial Statements*

FIRST NATIONAL OF NEBRASKA, INC.

CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

	June 30, 2001	December 31, 2000
	(unaudited) (in thousands except share and per share data)	
Assets		
Cash and due from banks	\$ 376,724	\$ 430,091
Federal funds sold and other short-term investments	355,525	385,360
Total cash and cash equivalents	732,249	815,451
Investment securities:		
Available-for-sale (amortized cost \$285,921 and \$814,458)	287,594	813,398
Held-to-maturity (fair value \$1,164,569 and \$203,127)	1,153,714	201,253
Federal Home Loan Bank stock and other securities, at cost	30,866	24,843
Total investment securities	1,472,174	1,039,494
Loans	6,732,309	6,926,199
Less: Allowance for loan losses	97,890	105,304
Unearned income	22,441	20,591
Net loans	6,611,978	6,800,304
Premises and equipment, net	173,084	164,410
Other assets	477,961	463,655
Total assets	\$9,467,446	\$9,283,314

See Notes to Consolidated Financial Statements.

FIRST NATIONAL OF NEBRASKA, INC.

CONSOLIDATED STATEMENTS OF INCOME

(unaudited)

	Quarter Ended June 30,		Six Months Ended June 30,	
	2001	2000	2001	2000
(in thousands except share and per share data)				
Interest income:				
Interest and fees on loans and lease financing	\$179,406	\$180,999	\$367,859	\$359,168
Interest on securities:				
Taxable interest income	14,252	16,423	28,637	32,886
Nontaxable interest income	431	482	879	967
Interest on federal funds sold and other short-term investments	4,584	2,936	8,378	6,682
Total interest income	198,673	200,840	405,753	399,703
Interest expense:				
Interest on deposits	87,984	82,704	181,165	159,617
Interest on federal funds purchased and securities sold under repurchase agreements	1,348	2,822	2,881	5,400
Interest on Federal Home Loan Bank advances	3,564	3,081	6,233	6,258

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	Quarter Ended June 30,		Six Months Ended June 30,	
Interest on other borrowings	2,006	701	3,657	1,036
Interest on capital notes	1,773	1,867	3,542	3,663
	<u>96,675</u>	<u>91,175</u>	<u>197,478</u>	<u>175,974</u>
Net interest income	101,998	109,665	208,275	223,729
Provision for loan losses	32,633	28,578	62,080	56,650
	<u>69,365</u>	<u>81,087</u>	<u>146,195</u>	<u>167,079</u>
Net interest income after provision for loan losses				
Noninterest income:				
Processing services	61,966	47,024	117,691	87,924
Credit card securitization income	28,423	13,802	43,752	24,369
Deposit services	8,848	8,348	17,064	15,765
Trust and investment services	6,389	5,450	12,127	11,030
Miscellaneous	24,976	15,143	42,250	33,772
	<u>130,602</u>	<u>89,767</u>	<u>232,884</u>	<u>172,860</u>
Total noninterest income				
Noninterest expense:				
Salaries and employee benefits	71,437	62,884	141,139	126,761
Communications and supplies	21,278	20,727	43,362	34,786
Professional services	14,772	7,253	28,361	13,654
Equipment rentals, depreciation and maintenance	14,336	13,732	27,354	26,503
Net occupancy expense of premises	10,611	10,210	22,886	20,322
Processing expense	9,108	8,225	17,008	15,985
Goodwill and other intangibles amortization	5,529	5,161	10,856	10,214
Loan servicing expense	5,538	6,231	8,046	11,687
Miscellaneous	7,119	5,559	13,459	10,741
	<u>159,728</u>	<u>139,982</u>	<u>312,471</u>	<u>270,653</u>
Total noninterest expense				
Income before income taxes	40,239	30,872	66,608	69,286
Income tax expense (benefit):				
Current	(19,920)	13,368	(10,504)	27,807
Deferred	36,316	(1,362)	36,900	(1,381)
	<u>16,396</u>	<u>12,006</u>	<u>26,396</u>	<u>26,426</u>
Total income tax expense				
Net income	<u>\$ 23,843</u>	<u>\$ 18,866</u>	<u>\$ 40,212</u>	<u>\$ 42,860</u>
Basic earnings per common share	<u>\$ 72.10</u>	<u>\$ 56.40</u>	<u>\$ 121.53</u>	<u>\$ 128.13</u>
Diluted earnings per common share	<u>\$ 71.28</u>	<u>\$ 56.40</u>	<u>\$ 120.22</u>	<u>\$ 128.13</u>
Basic common shares outstanding	<u>330,714</u>	<u>334,500</u>	<u>330,873</u>	<u>334,500</u>
Diluted common shares outstanding	<u>334,500</u>	<u>334,500</u>	<u>334,500</u>	<u>334,500</u>
Cash dividends declared per common share	<u>\$ 10.00</u>	<u>\$ 20.00</u>	<u>\$ 27.09</u>	<u>\$ 36.47</u>

See Notes to Consolidated Financial Statements.

FIRST NATIONAL OF NEBRASKA, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

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	Six Months Ended June 30,	
	2001	2000
	(in thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income	\$ 40,212	\$ 42,860
Adjustments to reconcile net income to net cash flows from operating activities:		
Provision for loan losses	62,080	56,650
Depreciation and amortization	27,020	31,071
Provision for deferred taxes	36,900	(1,381)
Origination of mortgage loans for resale	(741,132)	(308,691)
Proceeds from the sale of mortgage loans for resale	672,646	289,382
Other asset and liability activity, net	(82,058)	(7,170)
Net cash flows from operating activities	15,668	102,721