

VISION BANCSHARES INC

Form 10-Q

May 12, 2006

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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, D.C. 20549

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**FORM 10-Q**

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

For the Quarterly Period Ended March 31, 2006

OR

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

Commission File No. 000-50719

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**VISION BANCSHARES, INC.**

(Exact name of registrant as specified in its charter)

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Alabama  
(State of Incorporation)

2200 Stanford Road

Panama City, Florida 32405

(Address of principal executive offices)

(251) 967-4212

63-1230752  
(IRS Employer Identification No.)

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(Registrant's telephone number)

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Indicate by check mark whether the registrant (1) 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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act (check one).

Large Accelerated Filer  Accelerated Filer  Non-Accelerated Filer   
Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at April 15, 2006
Common Stock, par value \$1.00	6,063,462

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## VISION BANCSHARES, INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

<i>(dollars in thousands)</i>	<b>March 31, 2006 (unaudited)</b>	<b>December 31, 2005</b>
<b>Assets</b>		
Cash and due from banks	\$ 26,771	\$ 13,820
Federal funds sold	28,600	18,202
Cash and cash equivalents	55,371	32,022
Investment securities available for sale	34,133	33,605
Loans held for sale	3,669	2,482
Loans	523,352	499,242
Less: Allowance for loan losses	(6,251)	(5,749)
Loans, net	517,101	493,493
Premises and equipment, net	12,892	12,958
Accrued interest receivable	3,025	2,839
Deferred tax benefit	2,469	2,315
Goodwill	3,407	3,407
Cash Value Life Insurance	2,815	2,789
Core deposit intangible	467	486
Other assets	1,617	1,483
<b>Total Assets</b>	<b>\$ 636,966</b>	<b>\$ 587,879</b>
<b>Liabilities and Stockholders' Equity</b>		
<b>Deposits:</b>		
Noninterest-bearing	\$ 85,217	\$ 82,471
Interest-bearing	455,448	412,276
<b>Total Deposits</b>	<b>540,665</b>	<b>494,747</b>
Advances from Federal Home Loan Bank	19,000	19,000
Other borrowings	7,185	7,283
<b>Total Borrowings</b>	<b>26,185</b>	<b>26,283</b>
Junior subordinated debentures	15,464	15,464
Accrued interest payable	1,173	920
Other liabilities	2,892	2,161
<b>Total Liabilities</b>	<b>586,379</b>	<b>539,575</b>
Noncontrolling interest	974	913
<b>Stockholders' Equity</b>		
Common stock, \$1.00 par value; 10,000,000 shares authorized; 6,063,462 and 6,060,530 shares issued and outstanding at March 31, 2006 and December 31, 2005, respectively	6,063	6,061

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Preferred stock \$1.00 par value; 1,000,000 shares authorized; none issued		
Additional paid-in capital	36,091	36,030
Retained earnings	8,853	6,708
Accumulated other comprehensive loss	(520)	(492)
Less stock owned by and stock receivables from related variable interest entities	(874)	(916)
Total Stockholders Equity	49,613	47,391
Total Liabilities and Stockholders Equity	\$ 636,966	\$ 587,879

See Notes to Consolidated Financial Statements

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## VISION BANCSHARES, INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)

<i>(dollars in thousands)</i>	<b>Three Months Ended March 31,</b>	
	<b>2006</b>	<b>2005</b>
Interest income:		
Interest and fees on loans	\$ 11,570	\$ 6,495
Interest and dividends on investment securities	349	270
Interest on federal funds sold	172	111
<b>Total interest income</b>	<b>12,091</b>	<b>6,876</b>
Interest expense:		
Interest on deposits	3,780	1,861
Interest on borrowings	368	186
Interest on junior subordinated debentures	232	
<b>Total interest expense</b>	<b>4,380</b>	<b>2,047</b>
<b>Net interest income before provision for loan losses</b>	<b>7,711</b>	<b>4,829</b>
Provision for loan losses	500	432
<b>Net interest income after provision for loan losses</b>	<b>7,211</b>	<b>4,397</b>
Noninterest income:		
Service charges on deposits accounts	417	303
Loss on sale of securities		(7)
Secondary mortgage fees	262	156
Other noninterest income	146	90
<b>Total noninterest income</b>	<b>825</b>	<b>542</b>
Noninterest expense:		
Salaries and benefits	2,524	1,839
Occupancy expense	462	332
Equipment expense	246	204
Data processing expense	237	208
Professional fees	176	147
Printing and office supplies	81	73
Advertising expense	131	68
Other noninterest expense	768	550
<b>Total noninterest expense</b>	<b>4,625</b>	<b>3,421</b>
<b>Income before income taxes</b>	<b>3,411</b>	<b>1,518</b>
Income tax expense	1,241	567
Noncontrolling interest	26	35
<b>Net income</b>	<b>\$ 2,144</b>	<b>\$ 916</b>

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Basic earnings per share	\$	0.35	\$	0.15
Diluted earnings per share		0.34		0.14
Average number of shares outstanding		6,062,605		6,050,630
Average number of shares outstanding, diluted		6,371,525		6,349,374

See Notes to Consolidated Financial Statements

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## VISION BANCSHARES, INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS EQUITY

(Unaudited)

<i>(dollars in thousands)</i>	Common Stock			Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Stock Owned and Stock Receivables from Related VIEs	Total Stockholders Equity
	Shares	Par Value	Additional Paid-In Capital				
<b>Balance-December 31, 2004</b>	3,024,004	\$ 3,024	\$ 38,960	\$ 27	\$ (86)	\$ (1,129)	\$ 40,796
Comprehensive income:							
Net income				916			916
Other comprehensive loss:							
Unrealized net holding loss on securities, net of reclassification adjustments and taxes					(252)		(252)
Total comprehensive income							664
Cash received - stock owned by and stock receivables from related VIEs						43	43
Two-for-one stock split	3,024,004	3,024	(3,024)				
Issuance of common stock	4,700	5	33				38
<b>Balance at March 31, 2005</b>	6,052,708	\$ 6,053	\$ 35,969	\$ 943	\$ (338)	\$ (1,086)	\$ 41,541
<b>Balance-December 31, 2005</b>	6,060,530	\$ 6,061	\$ 36,030	\$ 6,708	\$ (492)	\$ (916)	\$ 47,391
Comprehensive income:							
Net income				2,144			2,144
Other comprehensive loss:							
Unrealized net holding loss on securities, net of reclassification adjustments and taxes					(28)		(28)
Total comprehensive income							2,116

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