ALABAMA NATIONAL BANCORPORATION Form 10-Q August 08, 2007

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## **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 JUNE 30, 2007

0-25160

(Commission File No.)

# ALABAMA NATIONAL BANCORPORATION

(Exact Name of Registrant as Specified in Its Charter)

**Delaware** (State of incorporation)

63-1114426 (IRS employer identification number)

1927 First Avenue North, Birmingham, Alabama (Address of principal executive offices)

35203-4009 (Zip Code)

205-583-3600

(Registrant s Telephone Number)

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 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 x 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 x

The registrant has 20,378,883 shares of common stock, par value \$1.00 per share, outstanding at August 7, 2007.

**FORWARD-LOOKING INFORMATION** 

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#### ALABAMA NATIONAL BANCORPORATION AND SUBSIDIARIES

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Statements contained in this Quarterly Report on Form 10-Q that are not historical facts are—forward-looking statements—within the meaning of the Private Securities Litigation Reform Act of 1995. In addition, Alabama National BanCorporation (Alabama National or the Company), through its senior management, from time to time makes forward-looking public statements concerning its expected future operations and performance and other developments. Such forward-looking statements are necessarily estimates reflecting Alabama National—s best judgment based upon current information and involve a number of risks and uncertainties, and various factors could cause results to differ materially from those contemplated by such forward-looking statements. Such factors could include those identified from time to time in Alabama National—s Securities and Exchange Commission filings and other public announcements, including the factors described in Alabama National—s Annual Report on Form 10-K for the year ended December 31, 2006. With respect to the adequacy of the allowance for loan and lease losses for Alabama National, these factors include the rate of growth in the economy, especially in the Southeast, the relative strength and weakness in the consumer and commercial credit sectors and in the real estate markets and the performance of the stock and bond markets. The forward-looking statements contained in this Quarterly Report speak only as of the date of this report, and Alabama National undertakes no obligation to revise these statements following the date of this Quarterly Report on Form 10-Q.

#### PART I. FINANCIAL INFORMATION

#### **Item 1.** Financial Statements

## **Financial Statements (Unaudited)**

## Alabama National BanCorporation and Subsidiaries

## **Consolidated Statements of Financial Condition**

(In thousands, except share amounts)

Asserts         Stand under from bunks         \$182,101         \$200,153           Cash and due from bunks         25,419         16,350           Federal funds sold and securities purchased under resell agreements         35,007         89,865           Trading securities, at fair values of \$591,943 and \$705,460 at June 30, 2007 and December 31, 2006, respectively)         713,900         716,406           Securities available for sale, at fair value         512,586         549,368           Loans held for sale         39,512         27,652           Loans held for sale         5,710,253         5,461,400           Unearmed income         (4,731)         (5,264)           Loans and leases, net of unearmed income         5,705,522         5,456,136           Allowance for loan and lease losses         70,474         (68,246)           Net loans and leases, net of unearmed income         5,635,048         5,387,890           Net loans and leases, net of unearmed income         5,635,048         5,387,890           Net loans and leases         5,635,048         5,387,890           Property, equipment and leaschold improvements, net         164,722         155,001           Sexet sto be disposed of         311,682         311,883           Other intangible assets, net         107,248         104,992		Ju	ne 30, 2007	Dece	ember 31, 2006
Interest-bearing deposits in other banks   25,419   16,350   Federal funds sold and securities purchased under resell agreements   33,027   89,865   Trading securities, at fair value   3,000   532   Investment securities (fair values of \$691,943 and \$705,460 at June 30,2007 and December 31, 2006, respectively)   713,900   716,406   25006, respectively   713,900   25006,	Assets				
Federal funds sold and securities purchased under resell agreements         33,627         89,865           Trading securities, at fair value         3,000         532           Investment securities, at fair values of \$691,943 and \$705,460 at June 30,2007 and December 31,         713,900         716,406           Sceurities available for sale, at fair value         39,512         27,652           Loans held for sale         39,512         27,652           Loans and leases         5,710,253         5,461,400           Unearred income         (4,731)         (5,264)           Loans and leases, net of unearned income         5,705,522         5,456,136           Allowance for loan and lease losses         5,035,048         5,387,890           Net loans and leases held improvements, net         164,722         155,001           Assets to be disposed of         164,722         155,001           Assets to be disposed of         131,884         16,838           Ondwill         311,882         311,883         16,583           Cash surrender value of life insurance         107,248         104,992           Receivable from investment division customers         103,370         90,236           Totals         7,902,537         7,671,724           Commitments and contingencies (Note B) <t< td=""><td>Cash and due from banks</td><td>\$</td><td>182,101</td><td>\$</td><td>200,153</td></t<>	Cash and due from banks	\$	182,101	\$	200,153
Trading securities, at fair value         3,000         532           Investment securities (fair values of \$691,943 and \$705,460 at June 30, 2007 and December 31, 2006, respectively)         713,900         716,406           Securities available for sale, at fair value         39,512         27,652           Loans held for sale         39,512         27,652           Loans and leases         5,710,253         5,461,400           Unearned income         (4,731)         (5,264)           Loans and leases, net of unearned income         5,705,522         5,456,136           Allowance for loan and lease losses         (70,474)         (68,246)           Net loans and leases         5,635,048         5,387,890           Property, equipment and leaschold improvements, net         164,722         155,001           Assets to be disposed of         3,148         164,722           Goodwill         311,682         311,883           Other intangible assets, net         107,248         104,992           Receivable from investment division customers         6,438         1,114           Other assets         103,370         90,236           Totals         7,902,537         7,671,274           Commitments and contingencies (Note B)         1,009           Liabilities and Stockho	Interest-bearing deposits in other banks		25,419		16,350
Nevestment securities (fair values of \$691,943 and \$705,460 at June 30, 2007 and December 31, 2006, respectively)	Federal funds sold and securities purchased under resell agreements		83,627		89,865
2006, respectively)         713,900         716,406           Securities available for sale, at fair value         512,586         549,368           Loans hald for sale         39,512         27,652           Loans and leases         5,710,253         5,461,400           Uneamed income         6,705,522         5,456,136           Allowance for loan and lease losses         (70,474)         (68,246)           Net loans and leases         5,635,048         5,387,890           Property, equipment and leasehold improvements, net         164,722         155,001           Assets to be disposed of         311,682         311,583           Other intangible assets, net of universement value of life insurance         107,248         104,992           Cash surrender value of life insurance         107,248         104,992           Receivable from investment division customers         6,438         1,114           Other assets         103,370         90,236           Totals         7,902,537         7,671,274           Commitments and contingencies (Note B)         1           Liabilities and Stockholders Equity         5,017,735         849,127           Interest bearing         5,785,510         5,567,603           Total deposits         5,785,510 <td< td=""><td>Trading securities, at fair value</td><td></td><td>3,000</td><td></td><td>532</td></td<>	Trading securities, at fair value		3,000		532
Securities available for sale, at fair value         512,586         549,588           Loans held for sale         39,512         27,652           Loans and leases         5,710,253         5,461,400           Unearned income         (4,731)         (5,264)           Loans and leases, net of unearned income         5,705,522         5,456,136           Allowance for loan and lease losses         (70,474)         (68,246)           Net loans and leases         5,635,048         5,387,890           Property, equipment and leasehold improvements, net         164,722         155,001           Assets to be disposed of         311,682         311,583           Other intangible assets, net         13,849         16,833           Other intangible assets, net         13,848         16,583           Cash surrender value of life insurance         107,248         104,992           Receivable from investment division customers         6,438         1,114           Other assets         103,370         90,236           Totals         7,902,537         7,671,274           Commitments and contingencies (Note B)         1         1           Liabilities and Stockholders Equity         5,075,735         849,127           Interest bearing         5,785,510	Investment securities (fair values of \$691,943 and \$705,460 at June 30, 2007 and December 31,				
Loans held for sale         39,512         27,652           Loans and leases         5,710,253         5,461,400           Unearned income         (4,731)         (5,264)           Loans and leases, net of unearned income         5,705,522         5,456,136           Allowance for loan and lease losses         (70,474)         (68,246)           Net loans and leases         5,635,048         5,387,890           Property, equipment and leasehold improvements, net         164,722         155,001           Assets to be disposed of         311,682         311,583           Other intangible assets, net         13,884         16,832           Cash surrender value of life insurance         107,248         104,992           Receivable from investment division customers         6,438         1,114           Other assets         7,902,537         7,671,274           Commitments and contingencies (Note B)           Liabilities and Stockholders Equity           Liabilities and Stockholders Equity           Peposits:         7,671,274           Noninterest bearing         5,785,510         5,676,775           Noninterest bearing         5,785,510         5,676,797           Total deposits         5,785,510         5,676,797	2006, respectively)		713,900		716,406
Loans and leases         5,710,253         5,461,400           Unearmed income         (4,731)         (5,264)           Loans and leases, net of unearmed income         5,705,522         5,456,136           Allowance for loan and lease losses         (70,474)         (68,246)           Net loans and leases         5,635,048         5,387,890           Property, equipment and leasehold improvements, net         164,722         155,001           Assets to be disposed of         311,682         311,583           Other intagible assets, net         13,884         16,883           Cash surrender value of life insurance         107,248         104,992           Receivable from investment division customers         6,438         1,114           Other assets         103,370         90,236           Totals         7,902,537         7,671,274           Commitments and contingencies (Note B)         5,767,075         8,49,127           Liabilities and Stockholders Equity         5,767,775         8,49,127           Interest bearing         5,767,775         8,49,127           Interest bearing         5,785,510         5,56,050           Federal funds purchased and securities sold under repurchase agreements         611,291         627,297           Liabilities to b	Securities available for sale, at fair value		512,586		549,368
Unearmed income         (4,731)         (5,264)           Loans and leases, net of unearmed income         5,705,522         5,456,136           Allowance for loan and lease losses         (70,474)         (68,246)           Net loans and leases         5,635,048         5,387,890           Property, equipment and leasehold improvements, net         164,722         155,001           Assets to be disposed of         311,682         311,583           Goodwill         311,682         311,583           Other intangible assets, net         107,248         104,992           Receivable from investment division customers         6,438         1,114           Other assets         103,370         90,236           Totals         *7,902,537         *7,671,274           Commitments and contingencies (Note B)         ***  Liabilities and Stockholders Equity         ***  Commitments and contingencies (Note B)           Liabilities and Stockholders Equity         ***  Commitments bearing         ***  Folial deposits         ***  Folial deposits         ***  Folial deposits         5,785,510         5,567,603           Federal funds purchased and securities sold under repurchase agreements         611,291         627,297           Liabilities to be disposed of         ***         1,019           Accrued expenses and other	Loans held for sale		39,512		27,652
Loans and leases, net of unearned income         5,705,522         5,456,136           Allowance for loan and lease losses         (70,474)         (68,246)           Net loans and leases         5,635,048         5,387,890           Property, equipment and leasehold improvements, net         164,722         155,001           Assets to be disposed of         311,682         311,583           Other intangible assets, net         13,884         16,583           Cash surrender value of life insurance         107,248         104,992           Receivable from investment division customers         6,438         1,114           Other assets         103,370         90,236           Totals         7,902,537         7,671,274           Commitments and contingencies (Note B)         5         7,902,537         7,671,274           Commitments and Stockholders Equity         5         849,127           Interest bearing         \$767,775         \$849,127           Interest bearing         \$7,875,510         \$5,676,03           Federal funds purchased and securities sold under repurchase agreements         611,291         627,297           Liabilities to be disposed of         1,019         627,297           Liabilities to be disposed of         1,019         627,297      <	Loans and leases		5,710,253		5,461,400
Allowance for loan and lease losses         (70,474)         (68,246)           Net loans and leases         5,635,048         5,387,890           Property, equipment and leasehold improvements, net         164,722         155,001           Assets to be disposed of         3,549           Goodwill         311,682         311,583           Other intangible assets, net         107,248         104,992           Receivable from investment division customers         6,438         1,114           Other assets         103,370         90,236           Totals         7,902,537         7,671,274           Commitments and contingencies (Note B)         5,790,2537         7,671,274           Liabilities and Stockholders Equity         5         849,127           Increst bearing         767,775         849,127           Increst bearing         5,017,735         4,718,476           Total deposits         5,785,510         5,567,603           Federal funds purchased and securities sold under repurchase agreements         611,291         627,297           Liabilities to be disposed of         5,4955         56,057           Accrued expenses and other liabilities         54,955         56,057           Payable for securities purchased for investment division customers	Unearned income		(4,731)		(5,264)
Net loans and leases         5,635,048         5,387,890           Property, equipment and leasehold improvements, net         164,722         155,001           Assets to be disposed of         311,682         311,583           Goodwill         311,682         311,583           Other intangible assets, net         13,884         16,583           Cash surrender value of life insurance         107,248         104,992           Receivable from investment division customers         6,438         1,114           Other assets         103,370         90,236           Totals         7,902,537         7,671,274           Commitments and contingencies (Note B)         5           Liabilities and Stockholders Equity         5           Deposits         5           Noninterest bearing         767,775         849,127           Interest bearing         5,017,735         4,718,476           Total deposits         5,85,510         5,567,603           Federal funds purchased and securities sold under repurchase agreements         611,291         627,297           Liabilities to be disposed of         5,495         5,605           Accrued expenses and other liabilities         5,495         5,605           Payable for securities purchased for investment di	,		5,705,522		
Property, equipment and leasehold improvements, net         164,722         155,001           Assets to be disposed of         3,549           Goodwill         311,682         311,582           Other intangible assets, net         13,884         16,583           Cash surrender value of life insurance         107,248         104,992           Receivable from investment division customers         6,438         1,114           Other assets         103,370         90,236           Totals         * 7,902,537         * 7,671,274           Commitments and contingencies (Note B)           Liabilities and Stockholders Equity           Deposits:           Noninterest bearing         * 767,775         * 849,127           Interest bearing         5,017,735         4,718,476           Total deposits         5,785,510         5,567,603           Federal funds purchased and securities sold under repurchase agreements         611,291         627,297           Liabilities to be disposed of         1,019         627,297           Lacyted expenses and other liabilities         54,955         56,057           Payable for securities purchased for investment division customers         9,438         1,446           Short-term borrowings	Allowance for loan and lease losses		(70,474)		(68,246)
Assets to be disposed of         3,549           Goodwill         311,682         311,583           Other intangible assets, net         13,884         16,583           Cash surrender value of life insurance         107,248         104,992           Receivable from investment division customers         6,438         1,114           Other assets         103,370         90,236           Totals         *7,902,537         *7,671,274           Commitments and contingencies (Note B)           Liabilities and Stockholders Equity           Deposits:         ***           Noninterest bearing         \$767,775         \$849,127           Interest bearing         5,017,735         4,718,476           ***Total deposits         5,785,510         5,567,603           Federal funds purchased and securities sold under repurchase agreements         611,291         627,297           Liabilities to be disposed of         1,019           Accrued expenses and other liabilities         54,955         56,057           Payable for securities purchased for investment division customers         9,438         1,446           Short-term borrowings         133,372         161,830	Net loans and leases		5,635,048		5,387,890
Goodwill         311,682         311,583           Other intangible assets, net         13,884         16,583           Cash surrender value of life insurance         107,248         104,992           Receivable from investment division customers         6,438         1,114           Other assets         103,370         90,236           Totals         7,902,537         7,671,274           Commitments and contingencies (Note B)           Liabilities and Stockholders Equity           Deposits:         8         767,775         849,127           Interest bearing         5,017,735         4,718,476           Total deposits         5,785,510         5,567,603           Federal funds purchased and securities sold under repurchase agreements         611,291         627,297           Liabilities to be disposed of         1,019           Accrued expenses and other liabilities         54,955         56,057           Payable for securities purchased for investment division customers         9,438         1,446           Short-term borrowings         133,372         161,830	Property, equipment and leasehold improvements, net		164,722		155,001
Other intangible assets, net         13,884         16,583           Cash surrender value of life insurance         107,248         104,992           Receivable from investment division customers         6,438         1,114           Other assets         103,370         90,236           Totals         \$ 7,902,537         \$ 7,671,274           Commitments and contingencies (Note B)           Liabilities and Stockholders Equity           Deposits:           Noninterest bearing         \$ 767,775         \$ 849,127           Interest bearing         5,017,735         4,718,476           Total deposits         5,785,510         5,567,603           Federal funds purchased and securities sold under repurchase agreements         611,291         627,297           Liabilities to be disposed of         611,291         627,297           Accrued expenses and other liabilities         54,955         56,057           Payable for securities purchased for investment division customers         9,438         1,446           Short-term borrowings         133,372         161,830	Assets to be disposed of				3,549
Cash surrender value of life insurance         107,248         104,992           Receivable from investment division customers         6,438         1,114           Other assets         103,370         90,236           Totals         ***7,902,537         ***7,671,274           Commitments and contingencies (Note B)           Liabilities and Stockholders Equity           Deposits:           Noninterest bearing         ***767,775         ***849,127           Interest bearing         5,017,735         4,718,476           Total deposits         5,785,510         5,567,603           Federal funds purchased and securities sold under repurchase agreements         611,291         627,297           Liabilities to be disposed of         1,019           Accrued expenses and other liabilities         54,955         56,057           Payable for securities purchased for investment division customers         9,438         1,446           Short-term borrowings         133,372         161,830	Goodwill		311,682		311,583
Receivable from investment division customers         6,438         1,114           Other assets         103,370         90,236           Totals         \$ 7,902,537         \$ 7,671,274           Commitments and contingencies (Note B)           Liabilities and Stockholders Equity           Deposits:           Noninterest bearing         \$ 767,775         \$ 849,127           Interest bearing         5,017,735         4,718,476           Total deposits         5,785,510         5,567,603           Federal funds purchased and securities sold under repurchase agreements         611,291         627,297           Liabilities to be disposed of         1,019         627,297           Accrued expenses and other liabilities         54,955         56,057           Payable for securities purchased for investment division customers         9,438         1,446           Short-term borrowings         133,372         161,830	Other intangible assets, net		13,884		16,583
Other assets         103,370         90,236           Totals         \$ 7,902,537         \$ 7,671,274           Commitments and contingencies (Note B)           Liabilities and Stockholders Equity           Deposits:           Noninterest bearing         \$ 767,775         \$ 849,127           Interest bearing         5,017,735         4,718,476           Total deposits         5,785,510         5,567,603           Federal funds purchased and securities sold under repurchase agreements         611,291         627,297           Liabilities to be disposed of         1,019           Accrued expenses and other liabilities         54,955         56,057           Payable for securities purchased for investment division customers         9,438         1,446           Short-term borrowings         133,372         161,830	Cash surrender value of life insurance		107,248		104,992
Totals         \$ 7,902,537         \$ 7,671,274           Commitments and contingencies (Note B)           Liabilities and Stockholders Equity           Deposits:           Noninterest bearing         \$ 767,775         \$ 849,127           Interest bearing         5,017,735         4,718,476           Total deposits         5,785,510         5,567,603           Federal funds purchased and securities sold under repurchase agreements         611,291         627,297           Liabilities to be disposed of         1,019           Accrued expenses and other liabilities         54,955         56,057           Payable for securities purchased for investment division customers         9,438         1,446           Short-term borrowings         133,372         161,830	Receivable from investment division customers		6,438		1,114
Commitments and contingencies (Note B)  Liabilities and Stockholders Equity  Deposits:  Noninterest bearing \$767,775 \$849,127 Interest bearing \$5,017,735 \$4,718,476  Total deposits \$5,017,735 \$4,718,476  Total deposits \$5,785,510 \$5,567,603 Federal funds purchased and securities sold under repurchase agreements \$611,291 \$627,297 Liabilities to be disposed of \$1,019 Accrued expenses and other liabilities \$54,955 \$56,057 Payable for securities purchased for investment division customers \$9,438 \$1,446 Short-term borrowings \$133,372 \$161,830	Other assets		103,370		90,236
Liabilities and Stockholders EquityDeposits:\$767,775\$849,127Noninterest bearing5,017,7354,718,476Total deposits5,785,5105,567,603Federal funds purchased and securities sold under repurchase agreements611,291627,297Liabilities to be disposed of1,019Accrued expenses and other liabilities54,95556,057Payable for securities purchased for investment division customers9,4381,446Short-term borrowings133,372161,830	Totals	\$	7,902,537	\$	7,671,274
Liabilities and Stockholders EquityDeposits:\$767,775\$849,127Noninterest bearing5,017,7354,718,476Total deposits5,785,5105,567,603Federal funds purchased and securities sold under repurchase agreements611,291627,297Liabilities to be disposed of1,019Accrued expenses and other liabilities54,95556,057Payable for securities purchased for investment division customers9,4381,446Short-term borrowings133,372161,830	Commitments and contingencies (Note B)				
Deposits:767,775\$ 849,127Interest bearing5,017,7354,718,476Total deposits5,785,5105,567,603Federal funds purchased and securities sold under repurchase agreements611,291627,297Liabilities to be disposed of1,019Accrued expenses and other liabilities54,95556,057Payable for securities purchased for investment division customers9,4381,446Short-term borrowings133,372161,830					
Noninterest bearing         \$ 767,775         \$ 849,127           Interest bearing         5,017,735         4,718,476           Total deposits         5,785,510         5,567,603           Federal funds purchased and securities sold under repurchase agreements         611,291         627,297           Liabilities to be disposed of         1,019           Accrued expenses and other liabilities         54,955         56,057           Payable for securities purchased for investment division customers         9,438         1,446           Short-term borrowings         133,372         161,830	• ·				
Interest bearing5,017,7354,718,476Total deposits5,785,5105,567,603Federal funds purchased and securities sold under repurchase agreements611,291627,297Liabilities to be disposed of1,019Accrued expenses and other liabilities54,95556,057Payable for securities purchased for investment division customers9,4381,446Short-term borrowings133,372161,830		\$	767,775	\$	849,127
Federal funds purchased and securities sold under repurchase agreements611,291627,297Liabilities to be disposed of1,019Accrued expenses and other liabilities54,95556,057Payable for securities purchased for investment division customers9,4381,446Short-term borrowings133,372161,830	<u>.</u>		5,017,735		4,718,476
Liabilities to be disposed of1,019Accrued expenses and other liabilities54,95556,057Payable for securities purchased for investment division customers9,4381,446Short-term borrowings133,372161,830	Total deposits		5,785,510		5,567,603
Liabilities to be disposed of1,019Accrued expenses and other liabilities54,95556,057Payable for securities purchased for investment division customers9,4381,446Short-term borrowings133,372161,830	Federal funds purchased and securities sold under repurchase agreements		611,291		627,297
Payable for securities purchased for investment division customers 9,438 1,446 Short-term borrowings 133,372 161,830					1,019
Payable for securities purchased for investment division customers 9,438 1,446 Short-term borrowings 133,372 161,830			54,955		56,057
Short-term borrowings 133,372 161,830			9,438		1,446
Long-term debt 442,378 402,399	Short-term borrowings		133,372		161,830
	Long-term debt		442,378		402,399

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Total liabilities	\$ 7,036,944	\$ 6,817,651
Common stock, \$1 par; 50,000,000 shares authorized; 20,606,707 and 20,562,467 shares issued at		
June 30, 2007 and December 31, 2006, respectively	20,607	20,562
Additional paid-in capital	575,836	573,756
Retained earnings	291,283	266,668
Treasury stock at cost, 200,000 shares at June 30, 2007	(12,578)	
Accumulated other comprehensive loss, net of tax	(9,555)	(7,363)
Total stockholders equity	865,593	853,623
• •	,	ŕ
Totals	\$ 7,902,537	\$ 7,671,274

See accompanying notes to unaudited consolidated financial statements

## Alabama National BanCorporation and Subsidiaries

## **Consolidated Statements of Income (Unaudited)**

(In thousands, except per share data)

	For the Three Months Ended June 30, 2007 2006	
Interest income:		
Interest and fees on loans and leases	\$ 115,100	\$ 91,857
Interest on securities	13,838	12,924
Interest on deposits in other banks	270	146
Interest on trading securities	10	8
Interest on federal funds sold and securities purchased under resell agreements	907	993
Total interest income	130,125	105,928
Interest expense:		
Interest on deposits	\$ 51,661	\$ 33,943
Interest on federal funds purchased and securities sold under repurchase agreements	7,235	7,255
Interest on short-term borrowings	1,669	724
Interest on long-term debt	5,354	5,063
Total interest expense	65,919	46,985
Net interest income	64,206	58,943
Provision for loan and lease losses	3,273	1,920
Net interest income after provision for loan and lease losses	60,933	57,023
Noninterest income:		
Service charges on deposit accounts	\$ 4,190	\$ 4,011
Investment services income	1,664	966
Wealth management income	6,332	5,364
Gain on sale of mortgages	3,693	2,661
Commercial mortgage banking income	397	284
Bank owned life insurance	1,120	798
Securities losses		(516)
Gain on disposition of assets	104	32
Other	4,157	4,263
Total noninterest income	21,657	17,863

See accompanying notes to unaudited consolidated financial statements

## Alabama National BanCorporation and Subsidiaries

## **Consolidated Statements of Income (Unaudited) (Continued)**

(In thousands, except per share data)

	For the Three Months Ended June 30, 2007 2006		30,	
Noninterest expense:				
Salaries and employee benefits	\$ 25	,187	\$	22,822
Commission based compensation		,386		4,423
Occupancy and equipment expenses		,819		5,025
Amortization of intangibles	1	,282		1,276
Other	13	,017		11,831
Total noninterest expense	50	,691		45,377
Income before provision for income taxes from continuing operations	31	,899		29,509
Provision for income taxes		,840		10,222
Net income from continuing operations		,059		19,287
Pre-tax income from discontinued operations, including a gain on disposal of \$1,463 during the three months ended		57.4		40
June 30, 2007	1	,574		49
Provision for income taxes on discontinued operations		595		19
Income from discontinued operations		979		30
Net income	\$ 22	2,038	\$	19,317
Cash dividends per common share	\$	0.41	\$	0.375
Weighted average common shares outstanding: Basic	20	,714		18,806
Diluted	20	,858		18,984
Earnings per common share from continuing operations:				
Basic	\$	1.02	\$	1.03
Diluted	\$	1.01	\$	1.02
Earnings per common share from discontinued operations:	<b>.</b>	0.05		0.00
Basic	\$	0.05	\$	0.00
Diluted	\$	0.05	\$	0.00
Earnings per common share:				
Basic	\$	1.06	\$	1.03
Diluted	\$	1.06	\$	1.02

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See accompanying notes to unaudited consolidated financial statements

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## Alabama National BanCorporation and Subsidiaries

## **Consolidated Statements of Income (Unaudited)**

## (In thousands, except per share data)

	For the Six Months Ended June 30, 2007 2006	
Interest income:		
Interest and fees on loans and leases	\$ 226,665	\$ 169,095
Interest on securities	27,966	25,054
Interest on deposits in other banks	554	225
Interest on trading securities	24	19
Interest on federal funds sold and securities purchased under resell agreements	1,794	1,725
Total interest income	257,003	196,118
Interest expense:		
Interest on deposits	\$ 100,541	\$ 61,040
Interest on federal funds purchased and securities sold under repurchase agreements	14,819	13,065
Interest on short-term borrowings	3,675	1,121
Interest on long-term debt	10,711	9,374
Total interest expense	129,746	84,600
Net interest income	127,257	111,518
Provision for loan and lease losses	5,035	3,163
	,	
Net interest income after provision for loan and lease losses  Noninterest income:	122,222	108,355
	\$ 8.112	¢ 7.711
Service charges on deposit accounts Investment services income	\$ 8,112 2,725	\$ 7,711 1,830
		,
Wealth management income Gain on sale of mortgages	12,036 6,866	10,731 5,272
	796	1,016
Commercial mortgage banking income  Bank owned life insurance		
Securities losses	2,225	1,540
	493	(1,250) 539
Gain on disposition of assets		
Other	8,099	8,421
Total noninterest income	41,352	35,810

See accompanying notes to unaudited consolidated financial statements

## Alabama National BanCorporation and Subsidiaries

## **Consolidated Statements of Income (Unaudited) (Continued)**

(In thousands, except per share data)

		For the Six Months Ended June 30,		
	2007	2006		
Noninterest expense:				
Salaries and employee benefits	\$ 52,255	\$ 45,407		
Commission based compensation	9,933	8,557		
Occupancy and equipment expenses	11,519			