

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 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

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

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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.

Table of Contents**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)**

	June 30, 2007	December 31, 2006
Assets		
Cash and due from banks	\$ 182,101	\$ 200,153
Interest-bearing deposits in other banks	25,419	16,350
Federal funds sold and securities purchased under resell agreements	83,627	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
Securities available for sale, at fair value	512,586	549,368
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		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
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
Totals	\$ 7,902,537	\$ 7,671,274

See accompanying notes to unaudited consolidated financial statements

Table of Contents**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

Table of Contents**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
Noninterest expense:		
Salaries and employee benefits	\$ 25,187	\$ 22,822
Commission based compensation	5,386	4,423
Occupancy and equipment expenses	5,819	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	10,840	10,222
Net income from continuing operations	21,059	19,287
Pre-tax income from discontinued operations, including a gain on disposal of \$1,463 during the three months ended June 30, 2007	1,574	49
Provision for income taxes on discontinued operations	595	19
Income from discontinued operations	979	30
Net income	\$ 22,038	\$ 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:		
Basic	\$ 0.05	\$ 0.00
Diluted	\$ 0.05	\$ 0.00
Earnings per common share:		
Basic	\$ 1.06	\$ 1.03
Diluted	\$ 1.06	\$ 1.02

See accompanying notes to unaudited consolidated financial statements

Table of Contents**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	122,222	108,355
Noninterest income:		
Service charges on deposit accounts	\$ 8,112	\$ 7,711
Investment services income	2,725	1,830
Wealth management income	12,036	10,731
Gain on sale of mortgages	6,866	5,272
Commercial mortgage banking income	796	1,016
Bank owned life insurance	2,225	1,540
Securities losses		(1,250)
Gain on disposition of assets	493	539
Other	8,099	8,421
Total noninterest income	41,352	35,810

See accompanying notes to unaudited consolidated financial statements

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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	