

ALABAMA NATIONAL BANCORPORATION

Form 10-Q

November 09, 2004

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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 QUARTER ENDED SEPTEMBER 30, 2004

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)

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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 an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The registrant has 16,981,496 shares of common stock, par value \$1.00 per share, outstanding at November 8, 2004.

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FORWARD-LOOKING INFORMATION

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), 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, 2003. 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)**

	September 30, 2004	December 31, 2003
	<hr/>	<hr/>
Assets		
Cash and due from banks	\$ 144,110	\$ 123,086
Interest-bearing deposits in other banks	16,313	10,019
Federal funds sold and securities purchased under resell agreements	39,844	16,534
Trading securities, at fair value	494	109
Investment securities (fair values of \$533,526 and \$271,536)	533,492	271,035
Securities available for sale, at fair value	637,301	539,192
Loans held for sale	22,634	16,415
Loans and leases	3,403,695	2,662,358
Unearned income	(3,398)	(2,918)
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Loans and leases, net of unearned income	3,400,297	2,659,440
Allowance for loan and lease losses	(45,903)	(36,562)
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Net loans and leases	3,354,394	2,622,878
Property, equipment and leasehold improvements, net	94,792	77,291
Goodwill	145,169	30,964
Other intangible assets, net	12,139	4,623
Cash surrender value of life insurance	63,898	59,425
Receivable from investment division customers	34,394	12,966
Other assets	45,132	35,575
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Total assets	\$ 5,144,106	\$ 3,820,112
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Liabilities and Stockholders' Equity		
Deposits:		
Noninterest bearing	\$ 599,117	\$ 404,755
Interest bearing	3,035,607	2,348,994
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Total deposits	3,634,724	2,753,749
Federal funds purchased and securities sold under repurchase agreements	460,493	358,393
Treasury, tax and loan accounts	895	1,431
Accrued expenses and other liabilities	49,279	41,577
Payable for securities purchased for investment division customers	33,692	11,967
Short-term borrowings	40,000	41,150
Long-term debt	403,792	332,427
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Total liabilities	4,622,875	3,540,694

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Commitments and contingencies (Note B)

Common stock, \$1 par; 27,500,000 shares authorized; 16,975,772 and 12,838,844 shares issued at September 30, 2004 and December 31, 2003, respectively	16,976	12,839
Additional paid-in capital	340,400	126,370
Retained earnings	163,690	140,028
Accumulated other comprehensive income, net of tax	165	181
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Total stockholders' equity	521,231	279,418
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Total liabilities and stockholders' equity	\$ 5,144,106	\$ 3,820,112
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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 September 30,	
	2004	2003
Interest income:		
Interest and fees on loans and leases	\$ 48,320	\$ 37,578
Interest on securities	11,981	7,428
Interest on deposits in other banks	18	26
Interest on trading securities	9	27
Interest on federal funds sold and securities purchased under resell agreements	244	198
Total interest income	60,572	45,257
Interest expense:		
Interest on deposits	11,924	10,355
Interest on federal funds purchased and securities sold under repurchase agreements	1,394	815
Interest on short-term borrowings	186	315
Interest on long-term debt	3,454	2,674
Total interest expense	16,958	14,159
Net interest income	43,614	31,098
Provision for loan and lease losses	1,624	1,396
Net interest income after provision for loan and lease losses	41,990	29,702
Noninterest income:		
Securities gains		4
Gain (loss) on disposition of assets	(68)	914
Service charges on deposit accounts	4,537	3,623
Investment services income	2,685	4,555
Securities brokerage and trust income	4,056	3,995
Gain on sale of mortgages	2,852	5,478
Bank owned life insurance	637	684
Insurance commissions	833	797
Other	3,034	1,822
Total noninterest income	18,566	21,872

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 September 30,	
	2004	2003
Noninterest expense:		
Salaries and employee benefits	19,630	16,874
Commission based compensation	4,357	6,062
Occupancy and equipment expenses	4,085	3,326
Amortization of intangibles	858	285
Other	9,278	9,078
Total noninterest expense	38,208	35,625
Income before provision for income taxes	22,348	15,949
Provision for income taxes	7,642	5,368
Net income	\$ 14,706	\$ 10,581
Weighted average common shares outstanding:		
Basic	16,765	12,935
Diluted	17,013	13,161
Earnings per common share:		
Basic	\$ 0.88	\$ 0.82
Diluted	\$ 0.86	\$ 0.80
Cash dividends per common share	\$ 0.3125	\$ 0.285

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 nine months ended September 30,	
	2004	2003
Interest income:		
Interest and fees on loans and leases	\$ 132,632	\$ 108,041
Interest on securities	31,833	23,878
Interest on deposits in other banks	46	86
Interest on trading securities	44	76
Interest on federal funds sold and securities purchased under resell agreements	544	531
Total interest income	165,099	132,612
Interest expense:		
Interest on deposits	33,403	32,495
Interest on federal funds purchased and securities sold under repurchase agreements	3,354	2,435
Interest on short-term borrowings	765	1,313
Interest on long-term debt	9,659	7,911
Total interest expense	47,181	44,154
Net interest income	117,918	88,458
Provision for loan and lease losses	4,130	3,911
Net interest income after provision for loan and lease losses	113,788	84,547
Noninterest income:		
Securities gains		43
Gain (loss) on disposition of assets	(31)	881
Service charges on deposit accounts	12,868	10,436
Investment services income	9,865	16,087
Securities brokerage and trust income	12,352	12,018
Gain on sale of mortgages	8,885	13,427
Bank owned life insurance	2,047	2,052
Insurance commissions	2,570	2,435
Other	6,938	4,774
Total noninterest income	55,494	62,153

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 nine months ended September 30,	
	2004	2003
Noninterest expense:		
Salaries and employee benefits	56,301	48,732
Commission based compensation	13,906	18,285
Occupancy and equipment expenses	11,450	9,696
Amortization of intangibles	2,182	762
Other	26,152	23,978
Total noninterest expense	109,991	101,453