

ALABAMA NATIONAL BANCORPORATION

Form 10-Q

August 08, 2006

Table of Contents

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, 2006

0-25160

(Commission File No.)

ALABAMA NATIONAL BANCORPORATION

(Exact Name of Registrant as Specified in Its Charter)

Delaware
(State of incorporation)

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

205-583-3600

(Registrant's Telephone Number)

63-1114426
(IRS employer identification number)

35203-4009
(Zip Code)

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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 18,655,613 shares of common stock, par value \$1.00 per share, outstanding at August 7, 2006.

Table of Contents

INDEX

ALABAMA NATIONAL BANCORPORATION AND SUBSIDIARIES

	PAGE
<u>PART I. FINANCIAL INFORMATION</u>	
Item 1. <u>Financial Statements (Unaudited)</u>	
<u>Consolidated Statements of Financial Condition June 30, 2006 and December 31, 2005</u>	3
<u>Consolidated Statements of Income For the Three Months Ended June 30, 2006 and 2005; For the Six Months Ended June 30, 2006 and 2005</u>	4
<u>Consolidated Statements of Comprehensive Income For the Three Months Ended June 30, 2006 and 2005; For the Six Months Ended June 30, 2006 and 2005</u>	8
<u>Consolidated Condensed Statements of Cash Flows For the Six Months Ended June 30, 2006 and 2005</u>	10
<u>Notes to the Unaudited Consolidated Financial Statements</u>	11
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	19
Item 3. <u>Quantitative and Qualitative Disclosures about Market Risk</u>	30
Item 4. <u>Controls and Procedures</u>	30
<u>PART II. OTHER INFORMATION</u>	
Item 1A. <u>Risk Factors</u>	31
Item 4. <u>Submission of Matters to a Vote of Security Holders</u>	31
Item 6. <u>Exhibits</u>	32
<u>SIGNATURES</u>	33
<u>FORWARD-LOOKING INFORMATION</u>	

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, 2005. 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, 2006	December 31, 2005
Assets		
Cash and due from banks	\$ 210,442	\$ 189,256
Interest-bearing deposits in other banks	22,616	19,428
Federal funds sold and securities purchased under resell agreements	90,430	70,472
Trading securities, at fair value	987	402
Investment securities (fair values of \$624,923 and \$576,424)	651,789	591,153
Securities available for sale, at fair value	520,797	545,334
Loans held for sale	17,517	14,940
Loans and leases	4,817,025	4,147,739
Unearned income	(4,638)	(3,644)
Loans and leases, net of unearned income	4,812,387	4,144,095
Allowance for loan and lease losses	(60,739)	(52,815)
Net loans and leases	4,751,648	4,091,280
Property, equipment and leasehold improvements, net	134,498	114,159
Goodwill	214,151	148,071
Other intangible assets, net	16,524	9,358
Cash surrender value of life insurance	80,162	74,593
Receivable from investment division customers	14,751	7,166
Other assets	68,144	56,061
Totals	\$ 6,794,456	\$ 5,931,673
Liabilities and Stockholders Equity		
Deposits:		
Noninterest bearing	\$ 795,701	\$ 729,045
Interest bearing	4,060,269	3,614,219
Total deposits	4,855,970	4,343,264
Federal funds purchased and securities sold under repurchase agreements	651,519	545,337
Accrued expenses and other liabilities	51,749	61,361
Payable for securities purchased for investment division customers	14,751	5,886
Short-term borrowings	87,800	34,700
Long-term debt	445,576	369,246
Total liabilities	\$ 6,107,365	\$ 5,359,794
Commitments and contingencies (Note B)		
Common stock, \$1 par; 50,000,000 shares authorized; 18,640,742 and 17,124,316 shares issued at June 30, 2006 and December 31, 2005, respectively	18,641	17,124

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Additional paid-in capital	442,046	347,434
Retained earnings	239,655	216,144
Accumulated other comprehensive loss, net of tax	(13,251)	(8,823)
Total stockholders' equity	687,091	571,879
Total liabilities and stockholders' equity	\$ 6,794,456	\$ 5,931,673

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,	
	2006	2005
Interest income:		
Interest and fees on loans and leases	\$ 91,857	\$ 61,054
Interest on securities	12,924	12,224
Interest on deposits in other banks	146	77
Interest on trading securities	8	5
Interest on federal funds sold and securities purchased under resell agreements	993	713
Total interest income	105,928	74,073
Interest expense:		
Interest on deposits	\$ 33,943	\$ 17,537
Interest on federal funds purchased and securities sold under repurchase agreements	7,255	3,261
Interest on short-term borrowings	724	870
Interest on long-term debt	5,063	3,318
Total interest expense	46,985	24,986
Net interest income	58,943	49,087
Provision for loan and lease losses	1,920	1,991
Net interest income after provision for loan and lease losses	57,023	47,096
Noninterest income:		
Service charges on deposit accounts	\$ 4,011	\$ 4,154
Investment services income	966	858
Wealth management income	5,364	4,920
Gain on sale of mortgages	2,661	3,417
Commercial mortgage banking income	284	
Insurance commissions	928	833
Bank owned life insurance	798	745
Securities (losses) gains	(516)	
Gain on disposition of assets	32	283
Other	4,282	3,019
Total noninterest income	18,810	18,229
<i>See accompanying notes to unaudited consolidated financial statements</i>		

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,	
	2006	2005
Noninterest expense:		
Salaries and employee benefits	\$ 23,478	\$ 20,953
Commission based compensation	4,423	4,011
Occupancy and equipment expenses	5,133	4,342
Amortization of intangibles	1,320	769
Other	11,921	10,640
Total noninterest expense	46,275	40,715
Income before provision for income taxes	29,558	24,610
Provision for income taxes	10,241	8,415
Net income	\$ 19,317	\$ 16,195
Weighted average common shares outstanding:		
Basic	18,806	17,184
Diluted	18,984	17,394
Earnings per common share:		
Basic	\$ 1.03	\$ 0.94
Diluted	\$ 1.02	\$ 0.93
Cash dividends per common share	\$ 0.3750	\$ 0.3375

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,	
	2006	2005
Interest income:		
Interest and fees on loans and leases	\$ 169,095	\$ 116,220
Interest on securities	25,054	24,326
Interest on deposits in other banks	225	125
Interest on trading securities	19	9
Interest on federal funds sold and securities purchased under resell agreements	1,725	1,237
Total interest income	196,118	141,917
Interest expense:		
Interest on deposits	\$ 61,040	\$ 32,395
Interest on federal funds purchased and securities sold under repurchase agreements	13,065	5,629
Interest on short-term borrowings	1,121	1,276
Interest on long-term debt	9,374	6,625
Total interest expense	84,600	45,925
Net interest income	111,518	95,992
Provision for loan and lease losses	3,163	3,535
Net interest income after provision for loan and lease losses	108,355	92,457
Noninterest income:		
Service charges on deposit accounts	\$ 7,711	\$ 8,084
Investment services income	1,830	2,003
Wealth management income	10,731	9,441
Gain on sale of mortgages	5,272	6,087
Commercial mortgage banking income	1,016	
Insurance commissions	1,910	1,628
Bank owned life insurance	1,540	1,399
Securities (losses) gains	(1,250)	72
Gain on disposition of assets	539	711
Other	8,440	5,587
Total noninterest income	37,739	35,012
<i>See accompanying notes to unaudited consolidated financial statements</i>		

Table of Contents**Alabama National BanCorporation and Subsidiaries****Consolidated Statements of Income (Unaudited) (Continued)****(In thousands, except per share data)**

	For the Six Months Ended June 30,	
	2006	2005
Noninterest expense:		
Salaries and employee benefits	\$ 46,776	\$ 41,406
Commission based compensation	8,557	7,505
Occupancy and equipment expenses	9,890	8,481
Amortization of intangibles	2,116	1,594
Other	21,909	20,390
Total noninterest expense	89,248	79,376
Income before provision for income taxes and cumulative effect of accounting change	56,846	48,093
Provision for income taxes	19,704	16,418
Net income before cumulative effect of accounting change	37,142	31,675
Cumulative effect of accounting change (net of tax)	48	
Net income	\$ 37,190	\$ 31,675
Weighted average common shares outstanding:		
Basic	18,074	17,178
Diluted	18,252	17,391
Earnings per common share before cumulative effect of accounting change:		
Basic	\$ 2.05	\$ 1.84
Diluted	\$ 2.03	\$ 1.82
Earnings per common share:		
Basic	\$ 2.06	\$ 1.84
Diluted	\$ 2.04	\$ 1.82
Cash dividends per common share	\$ 0.75	\$ 0.6750

See accompanying notes to unaudited consolidated financial statements

Table of Contents**Alabama National BanCorporation and Subsidiaries****Consolidated Statements of Comprehensive Income (Unaudited)****(In thousands)**

	For the Three Months Ended June 30,	
	2006	2005
Net income	\$ 19,317	\$ 16,195
Other comprehensive income:		
Unrealized (losses) gains on securities available for sale arising during the period	(5,317)	8,398
Reclassification adjustment for net (losses) gains included in net income	(516)	
Other comprehensive (loss) income, before tax	(4,801)	8,398
(Benefit of) provision for income taxes related to items of other comprehensive loss	(1,700)	3,013
Other comprehensive (loss) income	(3,101)	5,385
Comprehensive income	\$ 16,216	\$ 21,580

See accompanying notes to unaudited consolidated financial statements

Table of Contents**Alabama National BanCorporation and Subsidiaries****Consolidated Statements of Comprehensive Income (Unaudited)****(In thousands)**

	For the Six Months Ended June 30,	
	2006	2005
Net income	\$ 37,190	\$ 31,675
Other comprehensive income:		
Unrealized losses on securities available for sale arising during the period	(8,098)	(2,620)
Reclassification adjustment for net (losses) gains included in net income	(1,250)	72
Other comprehensive loss, before tax	(6,848)	(2,692)
Benefit of income taxes related to items of other comprehensive loss	(2,420)	(954)
Other comprehensive loss	(4,428)	(1,738)
Comprehensive income	\$ 32,762	\$ 29,937

See accompanying notes to unaudited consolidated financial statements

Table of Contents**Alabama National BanCorporation and Subsidiaries****Consolidated Condensed Statements of Cash Flows (Unaudited)****(In thousands)**

	For the Six Months	
	ended June 30,	
	2006	2005
Net cash flows provided by operating activities	\$ 24,206	\$ 20,103
Cash flows from investing activities:		
Proceeds from calls and maturities of investment securities	44,030	45,911
Purchases of investment securities	(104,572)	(41,577)
Purchases of securities available for sale	(27,246)	(106,536)
Proceeds from sale of securities available for sale	41,261	11,306
Proceeds from calls and maturities of securities available for sale	29,612	117,139
Net (increase) decrease in interest bearing deposits in other banks	(3,188)	2,238
Net increase in federal funds sold and securities purchased under resell agreements	(13,840)	(617)
Net increase in loans and leases	(285,130)	(354,403)
Purchase acquisitions, net of cash acquired	(1,289)	(325)
Purchases of property, equipment and leasehold improvements	(14,456)	(8,994)
Cash paid for bank owned life insurance		(27)
Proceeds from sale of other real estate owned and fixed assets	1,182	2,796
Net cash used in investing activities	(333,636)	(333,089)
Cash flows from financing activities:		
Net increase in deposits	131,947	249,444
Net increase in federal funds purchased and securities sold under agreements to repurchase	93,347	122,620
Net increase (decrease) in short-term borrowings	47,100	31,508
Repayments of long-term debt	(55,000)	(63,000)
Proceeds from long-term debt	126,000	
Dividends on common stock	(13,421)	(11,487)
Excess tax benefits from share-based compensation	577	
Other	66	229
Net cash provided by financing activities	330,616	329,314
Increase in cash and cash equivalents	21,186	16,328
Cash and cash equivalents, beginning of period	189,256	155,027
Cash and cash equivalents, end of period	\$ 210,442	\$ 171,355
Supplemental schedule of noncash investing and financing activities		
Acquisition of collateral in satisfaction of loans	\$ 294	\$ 935
Adjustment to market value of securities available for sale, net of deferred income taxes	\$ (4,428)	\$ (1,738)
Assets acquired in business combinations	\$ 524,094	\$
Liabilities assumed in business combinations	\$ 411,127	\$

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Common stock issued in connection with business combinations	1,480,394	\$
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See accompanying notes to unaudited consolidated financial statements.

Table of Contents

ALABAMA NATIONAL BANCORPORATION AND SUBSIDIARIES

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

NOTE A - BASIS OF PRESENTATION

The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting only of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three months and six months ended June 30, 2006 are subject to year-end audit and are not necessarily indicative of the results of operations to be expected for the year ending December 31, 2006. These interim financial statements should be read in conjunction with the consolidated financial statements and footnotes thereto included in Alabama National's Form 10-K for the year ended December 31, 2005.

NOTE B - COMMITMENTS AND CONTINGENCIES

Alabama National's subsidiary banks make loan commitments and incur contingent liabilities in the normal course of business, which are not reflected in the consolidated statements of financial condition. As of June 30, 2006, the total unfunded commitments which are not reflected in the consolidated statements of financial condition totaled \$1.5 billion. A majority of these commitments will expire in less than one year.

Alabama National, in the normal course of business, is subject to various pending and threatened litigation. Although it is not possible to determine with certainty Alabama National's potential exposure from pending and threatened litigation, based on current knowledge and consultation with legal counsel, management does not anticipate that the ultimate liability, if any, resulting from such litigation will have a material adverse effect on Alabama National's financial condition or results of operations.

Alabama National has received preliminary tax assessments for certain state taxes from a taxing authority for subsidiaries holding investments outside of the state. Based upon review of the assessments and the relevant tax laws and based on review and consultation with accountants and counsel, management does not anticipate that the ultimate liability, if any, resulting from such assessments will have a material adverse effect on Alabama National's financial condition or results of operations.

NOTE C - RECENTLY ISSUED PRONOUNCEMENTS

In July 2006, the Financial Accounting Standards Board (FASB) released FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes, an interpretation of FASB Statement No. 109 (FIN 48)*. FIN 48 clarifies the accounting and reporting for uncertainties in income tax law. This Interpretation prescribes a comprehensive model for the financial statement recognition, measurement, presentation and disclosure of uncertain tax positions taken or expected to be taken in income tax returns. Alabama National will adopt this Interpretation in the first quarter of 2007. The cumulative effects, if any, of applying this Interpretation will be recorded as an adjustment to retained earnings as of the beginning of the period of adoption. Alabama National has commenced the process of evaluating the expected effect of FIN 48 on its consolidated financial statements and is currently not yet in a position to determine such effects.

In March 2006, the FASB issued FASB Statement No. 156, *Accounting for Servicing of Financial Assets - an amendment of FASB Statement No. 140 (FAS 156)*. FAS 156 clarifies when to separately account for servicing rights, requires separately recognized servicing rights to be initially measured at fair value, and provides the option to subsequently account for those servicing rights (by class) at either fair value or under the amortization method previously required under FASB Statement No. 140, *Accounting for Transfers and Servicing of Financial Assets and Extinguishment of Liabilities*. For Alabama National this Statement is effective for calendar year 2007. No significant impact is expected on the consolidated financial statements at the time of adoption.

Table of Contents

In February 2006, the FASB issued SFAS No. 155, *Accounting for Certain Hybrid Instruments* (SFAS 155), which permits, but does not require, fair value accounting for any hybrid financial instrument that contains an embedded derivative that would otherwise require bifurcation in accordance with SFAS 133. The statement also subjects beneficial interests issued by securitization vehicles to the requirements of SFAS 133. The statement is effective as of January 1, 2007, with earlier adoption permitted. Management is currently evaluating the effect of the statement on Alabama National's results of operations and financial condition.

On December 16, 2004, the FASB issued SFAS 123(R), *Share-Based Payment*, which is a revision of SFAS 123, *Accounting for Stock-Based Compensation*. SFAS 123(R) supersedes APB Opinion 25, *Accounting for Stock Issued to Employees*, and amends SFAS 95, *Statement of Cash Flows*. Generally the approach in SFAS 123(R) is similar to the approach described in SFAS 123. However, SFAS 123(R) requires all share-based payments to employees, including grants of employee stock options, to be recognized in the income statement based on fair values. SFAS 123(R) was originally effective for interim or annual periods beginning after June 15, 2005. However, in April 2005 the Securities and Exchange Commission (SEC) amended this requirement allowing companies to adopt the standard at the beginning of their next fiscal year that begins after June 15, 2005. Alabama National previously used a fair value-based method of accounting for compensation costs and had fully adopted and implemented the expense recognition provisions of SFAS 123. Accordingly, the changes required by SFAS 123(R) did not have a material impact on Alabama National's financial condition or results of operations. See Note J for more information regarding Alabama National's adoption of SFAS 123(R) and the required disclosures.

In March 2005, the SEC issued Staff Accounting Bulletin (SAB) No. 107, *Share-Based Payment*, which provides interpretive guidance on various issues in SFAS 123(R), particularly valuation methodologies and the selection of assumptions. This SAB also discusses the SEC staff's expectations regarding disclosures in Management's Discussion and Analysis related to share-based payment transactions, as well as the interaction of SFAS 123(R) with existing SEC guidance, such as that dealing with disclosure of non-GAAP financial measures.

In May 2005, the FASB issued Statement No. 154, *Accounting Changes and Error Corrections* (SFAS 154), replacing APB Opinion No. 20, *Accounting Changes*, and FASB Statement No. 3, *Reporting Accounting Changes in Interim Financial Statements*. Unless specified in an accounting standard, SFAS 154 requires retrospective application to prior period financial statements for changes in accounting principle and corrections of errors. APB Opinion 20 previously provided that most changes in accounting principle be recognized by including in net income the cumulative effect of changing to the new principle in the period of adoption. Management has adopted the provisions of SFAS 154 effective January 1, 2006. There has been no material effect on Alabama National's results of operations and financial condition.

In August 2005, the FASB issued a revised Exposure Draft, *Accounting for Transfers of Financial Assets*. The proposed statement seeks to clarify the derecognition requirements for financial assets that were developed initially in FASB Statement No. 125, *Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities*, and revised in Statement 140, and to change and simplify the initial measurement of interest related to transferred financial assets held by a transferor. The proposed changes principally apply to securitizations and loan participations.

NOTE D - EARNINGS PER SHARE

The following table reflects the reconciliation of the numerator and denominator of the basic earnings per share computation to the diluted earnings per share computation for the three months and six months ended June 30, 2006 and 2005 (in thousands except per share data).

	For the Three Months Ended		For the Six Months Ended	
	June 30,		June 30,	
	2006	2005	2006	2005
Basic Earnings Per Share:				
Net income available to common shareholders	\$ 19,317	\$ 16,195	\$ 37,190	\$ 31,675
Weighted average basic common shares outstanding	18,806	17,184	18,074	17,178
Basic Earnings Per Share	\$ 1.03	\$ 0.94	\$ 2.06	\$ 1.84
Diluted Earnings Per Share:				
Net income available to common shareholders	\$ 19,317	\$ 16,195	\$ 37,190	\$ 31,675
Weighted average common shares outstanding	18,806	17,184	18,074	17,178
Effect of dilutive securities	178	210	178	213

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Weighted average diluted common shares outstanding	18,984	17,394	18,252	17,391
Diluted Earnings Per Share	\$ 1.02	\$ 0.93	\$ 2.04	\$ 1.82

Table of Contents**NOTE E SEGMENT REPORTING**

Alabama National's reportable segments represent the distinct major product lines it offers and are viewed separately for strategic planning purposes by management. During the 2006 first quarter, the segment formerly known as Securities Brokerage and Trust has been renamed and is called the Wealth Management Division. The components of revenue and expense related to this segment have not changed. In addition, with the acquisition of Byars and Company during 2005, Alabama National has created a new segment called Commercial Mortgage Banking Division. The following table is a reconciliation of the reportable segment revenues, expenses and profit to Alabama National's consolidated totals (in thousands).

	Investment Services Division	Wealth Management Division	Mortgage Lending Division	Commercial Mortgage Banking Division	Insurance Services Division	Retail and Commercial Banking	Corporate Overhead	Elimination Entries	Total
Three Months Ended									
June 30, 2006:									
Interest income	\$	\$ 457	\$ 330	\$	\$ 1	\$ 105,253	\$ (28)	\$ (85)	\$ 105,928
Interest expense		86	211			45,384	1,389	(85)	46,985
Net interest income		371	119		1	59,869	(1,417)		58,943
Provision for loan and lease losses						1,920			1,920
Noninterest income	966	5,277	2,984	284	936	8,326	37		18,810
Noninterest expense	1,171	5,526	2,556	277	889	34,838	1,018		46,275
Net income (loss) before tax	\$ (205)	\$ 122	\$ 547	\$ 7	\$ 48	\$ 31,437	\$ (2,398)	\$	\$ 29,558
Total assets as of June 30, 2006	\$ 15,874	\$ 45,692	\$ 18,084	\$ 124	\$ 4,402	\$ 6,699,092	\$ 11,188	\$	\$ 6,794,456
Three Months Ended									
June 30, 2005:									
Interest income	\$	\$ 372	\$ 379	\$	\$	\$ 73,406	\$ (29)	\$ (55)	\$ 74,073
Interest expense		55	168			23,928	890	(55)	24,986
Net interest income		317	211			49,478	(919)		49,087
Provision for loan and lease losses						1,991			1,991
Noninterest income	858	4,920	3,691		846	7,886	28		18,229
Noninterest expense	1,167	4,637	2,584		868	29,263	2,196		40,715
Net income (loss) before tax	\$ (309)	\$ 600	\$ 1,318	\$	\$ (22)	\$ 26,110	\$ (3,087)	\$	\$ 24,610
Total assets as of June 30, 2005	\$ 7,791	\$ 33,151	\$ 33,107	\$	\$ 3,705	\$ 5,596,711	\$ 11,662	\$	\$ 5,686,127
Six Months Ended June 30, 2006:									
Interest income	\$	\$ 875	\$ 577	\$	\$ 2	\$ 194,882	\$ (57)	\$ (161)	\$ 196,118
Interest expense		162	347			81,785	2,467	(161)	84,600
Net interest income		713	230		2	113,097	(2,524)		111,518
Provision for loan and lease losses						3,163			3,163
Noninterest income	1,830	10,731	5,780	1,016	1,927	16,374	81		37,739

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Noninterest expense	2,233	10,699	4,855	864	1,759	65,439	3,399	89,248
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Net income before tax and cumulative effect	\$ (403)	\$ 745	\$ 1,155	\$ 152	\$ 170	\$ 60,869	\$ (5,842)	\$ 56,846
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Six Months Ended June 30, 2005:

Interest income	\$	\$ 716	\$ 654	\$	\$ 140,698	\$ (58)	\$ (93)	\$ 141,917
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Interest expense		93	245		43,984	1,696	(93)	45,925
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Net interest income		623	409		96,714	(1,754)		95,992
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Provision for loan and lease losses					3,535			3,535
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Noninterest income	2,003	9,441	6,501	1,645	15,362	60		35,012
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Noninterest expense	2,305	8,914	4,773	1,697	57,144	4,543		79,376
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Net income (loss) before tax	\$ (302)	\$ 1,150	\$ 2,137	\$ (52)	\$ 51,397	\$ (6,237)	\$	\$ 48,093
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Table of Contents

Corporate overhead is comprised of compensation and benefits for certain members of management, merger related costs, interest expense on parent company debt, amortization of intangibles and other expenses.

NOTE F MERGERS AND ACQUISITIONS

On April 3, 2006, Alabama National completed the acquisition of Florida Choice Bankshares, Inc. of Mt. Dora, Florida (Florida Choice). Alabama National issued 1,480,394 shares of common stock and \$5.2 million in cash in exchange for all of the outstanding shares of Florida Choice common stock. Each share of Florida Choice stock that was not converted to cash consideration was converted into 0.6079 shares of Alabama National common stock. In addition to the common stock and cash paid to Florida Choice shareholders, Alabama National paid approximately \$11.0 million in cash consideration to Florida Choice option holders who elected to be paid cash for their outstanding options rather than converting into options to purchase Alabama National common stock. Florida Choice Bank became a wholly owned subsidiary bank of Alabama National as a result of the acquisition.

Alabama National s results of operations includes the operations of Florida Choice since the acquisition date. The following table summarizes some details of the acquisition.

	Florida Choice Bankshares, Inc.
Location	Mt. Dora, FL
Merger closing date	4/3/2006
Shares of Alabama National common stock issued	1,480,394
Stock options assumed (as converted)	2,356
Additional cash consideration	\$ 16.1 million
Total purchase price	\$ 113.0 million

The following table summarizes the estimated fair values of the assets acquired and liabilities assumed for Florida Choice. Management continues to finalize the fair value of assets acquired and liabilities assumed in connection with this acquisition.

	Florida Choice (in thousands)
Cash	\$ 16,989
Securities	27,344
Federal funds sold and securities purchased under agreements to resell	6,118
Net loans	378,696
Other assets	19,583
Goodwill	66,080
Core deposit intangible	9,284
 Total assets acquired	 524,094
Deposits	380,759
Federal funds purchased	12,835
Long-term debt	12,760
Other liabilities	4,773
 Total liabilities assumed	 411,127
 Net assets acquired	 \$ 112,967

The acquisition of Florida Choice resulted in the recognition of \$75.7 million of intangible assets. Alabama National allocated \$9.3 million of the total intangible created to core deposits. This allocation was based upon Alabama National s valuation of the core deposits of Florida Choice. The principal factors considered in the valuation included: (1) the rate and maturity structure of the interest bearing liabilities, (2) estimated retention rates for each deposit liability category, (3) the current interest rate environment and (4) estimated noninterest income potential of

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acquired relationships. The core deposit intangible created is being amortized on an accelerated basis not to exceed seven years. The remaining intangible created was allocated to goodwill.

Table of Contents

The following table presents the unaudited pro forma results of operations for Alabama National, as if the Florida Choice acquisition had occurred at January 1, 2005 and 2006. Since Florida Choice was included in the results of Alabama National for the three month period ended June 30, 2006, pro forma results for this period are not necessary. Since no consideration is given to the operational efficiencies and expanded products and services typically offered by the newly acquired banks subsequent to acquisition, the pro forma summary information does not necessarily reflect the results of operations as they would have been, if the respective acquisitions had occurred at the indicated dates (amounts in thousands, except per share data):

	Three Months ended June 30,	Six months ended June 30,	
	2005	2006	2005
Total revenue (1)	\$ 70,382	\$ 153,942	\$ 136,421
Net income	\$ 16,612	\$ 38,070	\$ 32,185
Basic EPS	\$ 0.89	\$ 2.02	\$ 1.73
Diluted EPS	\$ 0.88	\$ 2.00	\$ 1.71

(1) Total revenue consists of net interest income plus noninterest income

On May 24, 2006, Alabama National announced the signing of a definitive agreement providing for the acquisition of The PB Financial Services Corporation (Peachtree), headquartered in Duluth, Georgia. Under the agreement, Peachtree will be merged with and into Alabama National, and Peachtree's bank subsidiary, The Peachtree Bank, will become a wholly owned subsidiary of ANB. Under the terms of the agreement, Alabama National will issue approximately 1.9 million total Alabama National common shares and share equivalents to Peachtree shareholders. Peachtree shareholders will receive approximately 1.054 Alabama National common shares in exchange for each Peachtree share of common stock. Following the acquisition, The Peachtree Bank will continue to operate under its existing name, management, and board of directors. The acquisition is subject to Peachtree shareholder approval and certain other conditions. Alabama National expects the transaction to close sometime in the fourth quarter of 2006.

NOTE G GOODWILL AND OTHER ACQUIRED INTANGIBLES

The changes in the carrying amounts of goodwill attributable to the Retail and Commercial Banking segment and the Insurance Services Division for the six months ended June 30, 2006 are as follows (in thousands):

	Retail and Commercial Banking	Insurance Services Division
Balance, December 31, 2005	\$ 145,378	\$ 2,693
Acquired goodwill	66,080	
Other goodwill adjustments		
Balance, June 30, 2006	\$ 211,458	\$ 2,693

Intangible assets as of June 30, 2006 and December 31, 2005 are as follows (in thousands):

	Gross Carrying Amount	As of June 30, 2006	
		Accumulated Amortization	Net Carrying Value
Amortizing intangible assets			
Core deposit intangibles	\$ 27,414	\$ (12,042)	\$ 15,372
Other customer intangibles	2,064	(912)	1,152

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Total amortizing intangible assets \$ 29,478 \$ (12,954) \$ 16,524

	As of December 31, 2005		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Value
Amortizing intangible assets:			
Core deposit intangibles	\$ 18,130	\$ (10,140)	\$ 7,990
Other customer intangibles	2,064	(696)	1,368
Total amortizing intangible assets	\$ 20,194	\$ (10,836)	\$ 9,358

During the six months ended June 30, 2006 and 2005, Alabama National recognized \$2.1 million and \$1.6 million of other intangible amortization expense, respectively, and during the three months ended June 30, 2006 and 2005, Alabama National recognized \$1.3 million and \$769,000 of other intangible expense, respectively. Based upon recorded intangible assets as of June 30, 2006, aggregate amortization expense for each of the next five years is estimated to be \$5.0 million, \$4.0 million, \$3.0 million, \$2.3 million and \$1.3 million, respectively.

Table of Contents**NOTE H DEFINED BENEFIT PENSION PLAN**

The following table provides certain information with respect to Alabama National's defined benefit pension plans for the periods indicated (amounts in thousands):

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2006	2005	2006	2005
Service cost	\$	\$	\$	\$
Interest cost	93	91	185	182
Expected return on plan assets	(120)	(122)	(239)	(243)
Amortization of net loss	20	8	40	16
Net periodic pension income	\$ (7)	\$ (23)	\$ (14)	\$ (45)

As of June 30, 2006, Alabama National has not made any 2006 contributions to the defined benefit pension plan because the plan is fully funded and Alabama National does not anticipate making any contributions in the year ended December 31, 2006. If needed in the future, Alabama National will contribute any amounts necessary to satisfy funding requirements of the Employee Retirement Income Security Act.

NOTE I SECURITIES

Information pertaining to securities with gross unrealized losses at June 30, 2006, aggregated by investment category and length of time that individual securities have been in a continuous loss position, follows (in thousands):

	Less Than Twelve Months		Over Twelve Months		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
Investment securities						
Debt securities:						
U.S. treasury securities and obligations of U.S. government corporations and agencies	\$ 4,855	\$ 141	\$ 18,334	\$ 892	\$ 23,189	\$ 1,033
Obligations of states and political subdivisions	32,377	890	1,317	45	33,694	935
Mortgage-backed securities issued or guaranteed by U.S. government corporations and agencies	237,732	6,427	311,668	18,562	549,400	24,989
Total investment securities	\$ 274,964	\$ 7,458	\$ 331,319	\$ 19,499	\$ 606,283	\$ 26,957
Securities Available for Sale						
Debt securities:						
U.S. treasury securities and obligations of U.S. government corporations and agencies	\$ 26,779	\$ 743	\$ 142,936	\$ 6,433	\$ 169,715	\$ 7,176
Obligations of states and political subdivisions	20,877	503	5,856	274	26,733	777
Mortgage-backed securities issued or guaranteed by U.S. government corporations and agencies	64,425	1,839	194,122	11,201	258,547	13,040
Total debt securities	112,081	3,085	342,914	17,908	454,995	20,993
Equity securities						
Total securities available for sale	\$ 112,081	\$ 3,085	\$ 342,914	\$ 17,908	\$ 454,995	\$ 20,993

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Management evaluates securities for other-than-temporary impairment no less than quarterly and more frequently when economic or market concerns warrant such evaluation. Consideration is given to (1) length of time and the extent to which fair value has been less than cost, (2) the financial condition and near term prospects of the issuer, and (3) the intent and ability of Alabama National to retain its investment in the issuer for a period sufficient to allow for any anticipated recovery in fair value.

As of June 30, 2006, 379 debt securities have been in a loss position for more than twelve months and 375 debt securities have been in a loss position for less than twelve months. The losses for all securities are a direct result of rising interest rates and the effect that rising rates has on the value of debt securities, and not the credit worthiness of the issuers. Further, Alabama National has the current intent and ability to hold the securities to an expected recovery in market value. Therefore Alabama National has not recognized any other-than-temporary impairments.

Table of Contents**NOTE J SHARE BASED COMPENSATION**

In December 2004, the FASB issued SFAS No. 123 (revised 2004) (SFAS No. 123R), *Share Based Payment*. Alabama National has used a fair value-based method of accounting for share based compensation costs under SFAS No. 123. Accordingly, the adoption of SFAS No. 123R on January 1, 2006, did not have a significant impact to Alabama National's financial condition or results of operations. The primary changes are related to disclosures and the treatment of estimated forfeitures of share based payments.

With the adoption of SFAS No. 123R, Alabama National recorded an increase in net earnings as a cumulative effect of accounting change based on SFAS No. 123R's requirement to apply an estimated forfeiture rate to unvested awards. Previously, Alabama National recorded forfeitures as incurred. As of January 1, 2006, the amount of cumulative effect of accounting change for share forfeitures was \$48 thousand, net of taxes of \$25 thousand.

The primary types of share based compensation consist of the performance shares issued pursuant to the Performance Share Plan (the PSP) and stock options issued pursuant to the 1999 Long Term Incentive Plan (the LTI Plan).

Stock Options

During 1999, Alabama National adopted the LTI Plan which provides for the award of incentive and non-qualified stock options, stock appreciation rights, restricted stock and performance awards eligible to employees of the Company. The total number of shares reserved for distribution under the plan is 300,000 shares. During 2000, Alabama National granted 160,500 non-qualified stock options, which vested over a sixty month period. At June 30, 2006, 173,000 shares remain available for distribution under the LTI Plan. As of December 31, 2004, these options were fully vested and accordingly there has been no additional expense since December 31, 2004 associated with these or any other stock options. Alabama National has not issued any additional share based compensation under the LTI Plan.

In addition to the stock options Alabama National issued in 2000, the Company has assumed various stock option plans of acquired companies. No additional stock options may be awarded under any of the assumed plans.

A summary of Alabama National's stock options for the 2006 six months is presented below:

	Shares	June 30, 2006 Weighted Average Exercise Price	Aggregate Intrinsic Value
Outstanding, January 1	200,182	\$ 21.39	
Assumed in business combination	2,356	24.38	
Exercised	(7,060)	19.15	
Outstanding, June 30	195,478	\$ 21.51	
Options exercisable, June 30	195,478	\$ 21.51	\$ 9,116,415

The following table summarizes information about stock options outstanding at June 30, 2006:

Exercise Price	Number Outstanding	Options Outstanding	
		Remaining Contract Life	Options Exercisable
\$ 14.92	1,408	September 2006	1,408
\$ 15.10	11,895	November 2009	11,895
\$ 15.60	2,184	September 2009	2,184
\$ 16.61	132	March 2012	132
\$ 17.42	1,408	September 2006	1,408

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\$ 17.78	2,752	December 2009	2,752
\$ 18.12	10,597	September 2012	10,597
\$ 18.88	106,700	December 2010	106,700
\$ 18.95	1,408	September 2006	1,408
\$ 20.76	8,013	December 2010	8,013
\$ 24.60	9,767	February 2012	9,767
\$ 26.32	1,368	January 2015	1,368
\$ 26.78	1,408	September 2006	1,408
\$ 27.05	10,349	April 2012	10,349
\$ 30.02	1,408	September 2006	1,408
\$ 34.79	22,329	January 2013	22,329
\$ 35.08	2,352	August 2013	2,352
	195,478		195,478

Table of Contents**Performance Shares**

Alabama National sponsors the PSP to offer long-term incentives in addition to current compensation to certain employees of the Company. The PSP is governed by Alabama National's Compensation Committee, which may prescribe different criteria for different participants in the PSP. Such criteria may be expressed in terms of (i) the growth in net income per share during the award period, (ii) return on average equity in comparison with other banks and bank holding companies, or (iii) other reasonable bases. The vesting period is generally four years. Under the plan 800,000 shares have been reserved for issuance and at June 30, 2006, approximately 635,000 are available to be issued.

The fair value of grants under the PSP is based on the market price of the Company's stock on the grant-date based on the expected share payout. The following table presents a summary of the status of nonvested performance share grants and changes during the six months ended June 30, 2006:

	Shares	Weighted Average Grant-Date Fair Value
Nonvested shares at December 31, 2005	144,836	\$ 50.86
Granted	37,470	64.76
Awarded	(23,855)	33.33
Nonvested shares at June 30, 2006	158,451	\$ 56.79

The number of shares presented in the table above is based on the expected share payout using current performance measurements. The actual share payout may differ from the amount presented above. As of June 30, 2006, there was approximately \$5.0 million of unrecognized compensation cost related to nonvested PSP awards. That cost is expected to be recognized over a weighted average period of 2.4 years. Compensation expense related to the PSP for three months ended June 30, 2006 and 2005 was \$414,000 and \$351,000, respectively. Compensation expense related to the PSP for the six months ended June 30, 2006 and 2005 was \$872,000 and \$807,000, respectively. Tax benefits related to PSP compensation totaled \$143,000 and \$120,000 for the three months ended June 30, 2006 and 2005, respectively. Tax benefits related to PSP compensation totaled \$302,000 and \$275,000 for the six months ended June 30, 2006 and 2005, respectively.

Alabama National recognized an excess windfall tax benefit of \$577,000 and \$263,000 related to the payment of stock-based compensation during the 2006 and 2005 six months, respectively. Alabama National received \$88,000 and \$416,000 in the 2006 and 2005 six months, respectively, for the exercise of stock options.

Table of Contents

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Basis of Presentation

The following is a discussion and analysis of the consolidated financial condition of Alabama National and results of operations as of the dates and for the periods indicated. All significant intercompany accounts and transactions have been eliminated. The accounting and reporting policies of Alabama National conform with generally accepted accounting principles and with general financial services industry practices.

Many of the comparisons of financial data from period to period presented in the following discussion have been rounded from actual values reported in the financial statements. The percentage changes presented herein are based on a comparison of the actual values recorded in the financial statements, not the rounded values.

Alabama National acquired Florida Choice Bankshares, Inc. (Florida Choice) on April 3, 2006, using the purchase method of accounting. Accordingly, the results of operations of Alabama National for the three and six months ended June 30, 2005 do not include the results of Florida Choice. The six months ended June 30, 2006 only include Florida Choice since the date of acquisition.

This information should be read in conjunction with Alabama National's unaudited consolidated financial statements and related notes appearing elsewhere in this report and Management's Discussion and Analysis of Financial Condition and Results of Operations appearing in Alabama National's Annual Report on Form 10-K for the year ended December 31, 2005.

Critical Accounting Policies and Estimates

Alabama National's accounting policies are critical to understanding the results of operations and financial position as reported in the consolidated financial statements. Significant accounting policies utilized by Alabama National are discussed in detail in the notes to the consolidated financial statements and in Management's Discussion and Analysis of Financial Condition and Results of Operations appearing in Alabama National's Annual Report on Form 10-K for the year ended December 31, 2005.

Performance Overview

Alabama National's net income was \$19.3 million for the second quarter of 2006 (the 2006 second quarter), compared to \$16.2 million for the second quarter of 2005 (the 2005 second quarter). Net income for the six months ended June 30, 2006 (the 2006 six months) was \$37.2 million, compared to \$31.7 million for the six months ended June 30, 2005 (the 2005 six months). Net income per diluted common share for the 2006 and 2005 second quarters was \$1.02 and \$0.93, respectively. For the 2006 six months, net income per diluted common share was \$2.04, compared to \$1.82 for the 2005 six months.

The annualized return on average assets for Alabama National was 1.16% for the 2006 second quarter, compared to 1.17% for the 2005 second quarter. For the 2006 six months, the annualized return on average assets for Alabama National was 1.19%, compared to 1.17% for the 2005 six months. The annualized return on average stockholders' equity decreased for the 2006 second quarter to 11.33%, as compared to 11.93% for the 2005 second quarter. The annualized return on average stockholders' equity increased for the 2006 six months to 11.88%, as compared to 11.83% for the 2005 six months. Book value per share at June 30, 2006 was \$36.86, an increase of \$3.46 from year-end 2005. Alabama National declared cash dividends totaling \$0.75 per share on common stock during the 2006 six months, compared to \$0.675 per share declared on common stock during the 2005 six months.

Net Income

The primary reason for the increased net income during the 2006 second quarter and 2006 six months, compared to the same periods in 2005, is an increase in net interest income. Net interest income for the 2006 second quarter totaled \$58.9 million, a 20.1% increase over the \$49.1 million recorded in the 2005 second quarter. During the 2006 six months, net interest income totaled \$111.5 million, a 16.2% increase compared to \$96.0 million recorded in the 2005 six months. Noninterest income increased slightly during the 2006 second quarter and six months. During the 2006 second quarter, total noninterest income was \$18.8 million, an increase of \$0.6 million as compared to the 2005 second quarter. For the 2006 six months, noninterest income was \$37.7 million, an increase of 7.8% from \$35.0 million recorded in the 2005 six months. Contributing to the increased net income, net interest income and increased noninterest income for the 2006 second quarter and 2006 six months is the effect of the Florida Choice acquisition. Florida Choice contributed net income, net interest income and noninterest income of \$1.3 million, \$4.9 million and \$0.3 million, respectively, during the 2006 second quarter and six months.

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Average earning assets for the 2006 second quarter and six months increased by \$960.7 million and \$757.1 million, respectively, as compared to the same periods in 2005. Average interest-bearing liabilities increased by \$890.5 million and \$708.0 million during the 2006 second quarter and six months, respectively, as compared to the same periods in 2005. The average taxable equivalent rate earned on assets was 7.10% and 6.95% for the 2006 second quarter and 2006 six months, respectively, compared to 5.91% and 5.80% for the 2005 second quarter and 2005 six months, respectively. The average rate paid on interest-bearing liabilities was 3.67% and 3.49% for the 2006 second quarter and 2006 six months, respectively, compared to 2.36% and 2.22% for the 2005 second quarter and 2005 six months. The net interest margin was 3.93% for each of the 2006 second quarter and 2006 six months, compared to 3.90% for each of the 2005 second quarter and 2005 six months, respectively. The net interest margin of 3.93% for the 2006 second quarter was identical to the net interest margin recorded in the first quarter of 2006. The 2006 first quarter net interest margin benefited from a loan payoff that resulted in the recognition of a significant amount of interest income that had not been accrued in prior quarters because the loan was on non-accrual status. Absent this recovery, the net interest margin for the 2006 second quarter increased by approximately three basis points over the 2006 first quarter. The yield earned on earning assets, specifically loans, has increased during the last five quarters due to the interest rate increases by the Federal Reserve, but the latest rate increases have also increased deposit costs considerably. Time deposits originated in a lower interest rate environment are repricing at higher current rates. Also, to remain competitive, Alabama National has increased rates on interest-bearing transaction accounts and savings deposits due to continued rate increases by the Federal Reserve.

Net interest income is the difference between the income earned on interest bearing assets and the interest paid on deposits and borrowings used to support such assets. The following tables depict, on a taxable equivalent basis for the 2006 and 2005 second quarter and six months, certain information related to Alabama National's average balance sheet and its average yields on assets and average costs of liabilities. Such yields or costs are derived by dividing income or expense by the average daily balance of the associated assets or liabilities.

Table of Contents**AVERAGE BALANCES, INCOME AND EXPENSES AND RATES**

(Amounts in thousands, except yields and rates)

	Three Months Ended June 30,					
	2006			2005		
	Average Balance	Income/ Expense	Yield/ Cost	Average Balance	Income/ Expense	Yield/ Cost
Assets:						
Earning assets:						
Loans and leases (1)(2)(3)	\$ 4,758,596	\$ 91,978	7.75%	\$ 3,787,893	\$ 61,184	6.48%
Securities:						
Taxable	1,089,534	12,087	4.45	1,119,105	11,639	4.17
Tax exempt (2)	79,355	1,268	6.41	54,335	886	6.54
Cash balances in other banks	12,555	146	4.66	9,836	77	3.14
Funds sold	73,930	993	5.39	82,579	713	3.46
Trading account securities	814	8	3.94	379	5	5.29
Total earning assets (2)	6,014,784	106,480	7.10	5,054,127	74,504	5.91
Cash and due from banks	189,785			169,650		
Premises and equipment	131,942			108,542		
Other assets	402,259			285,830		
Allowance for loan and lease losses	(60,111)			(48,371)		
Total assets	\$ 6,678,659			\$ 5,569,778		
Liabilities:						
Interest-bearing liabilities:						
Interest-bearing transaction accounts	\$ 1,145,632	\$ 7,651	2.68%	\$ 915,333	\$ 3,247	1.42%
Savings deposits	936,041	6,061	2.60	896,612	3,167	1.42
Time deposits	1,950,926	20,231	4.16	1,527,293	11,123	2.92
Funds purchased	634,029	7,255	4.59	483,536	3,261	2.71
Other short-term borrowings	62,783	724	4.63	98,924	870	3.53
Long-term debt	406,217	5,063	5.00	323,410	3,318	4.12
Total interest-bearing liabilities	5,135,628	46,985	3.67	4,245,108	24,986	2.36
Demand deposits	773,744			720,769		
Accrued interest and other liabilities	85,638			59,236		
Stockholders' equity	683,649			544,665		
Total liabilities and stockholders' equity	\$ 6,678,659			\$ 5,569,778		
Net interest spread			3.43%			3.55%
Net interest income/margin on a taxable equivalent basis		59,495	3.97%		49,518	3.93%
Tax equivalent adjustment (2)		552			431	
Net interest income/margin		\$ 58,943	3.93%		\$ 49,087	3.90%

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- (1) Average loans include nonaccrual loans. All loans and deposits are domestic.
- (2) Tax equivalent adjustments are based upon an assumed tax rate of 34%, and do not reflect the disallowance for Federal income tax purposes of interest expense related to certain tax exempt assets.
- (3) Fees in the amount of \$2.9 million and \$2.3 million are included in interest and fees on loans for the three months ended June 30, 2006 and 2005, respectively.

Table of Contents**AVERAGE BALANCES, INCOME AND EXPENSES AND RATES**

(Amounts in thousands, except yields and rates)

	Six Months Ended June 30,					
	Average Balance	2006 Income/ Expense	Yield/ Cost	Average Balance	2005 Income/ Expense	Yield/ Cost
Assets:						
Earning assets:						
Loans and leases (1)(2)(3)	\$ 4,493,694	\$ 169,344	7.60%	\$ 3,690,992	\$ 116,481	6.36%
Securities:						
Taxable	1,079,285	23,627	4.41	1,120,771	23,180	4.17
Tax exempt (2)	67,408	2,162	6.47	54,782	1,736	6.39
Cash balances in other banks	10,137	225	4.48	9,629	125	2.62
Funds sold	69,894	1,725	4.98	87,703	1,237	2.84
Trading account securities	904	19	4.24	345	9	5.26
Total earning assets (2)	5,721,322	197,102	6.95	4,964,222	142,768	5.80
Cash and due from banks	185,844			166,102		
Premises and equipment	123,415			104,582		
Other assets	353,164			281,246		
Allowance for loan and lease losses	(56,883)			(47,847)		
Total assets	\$ 6,326,862			\$ 5,468,305		
Liabilities:						
Interest-bearing liabilities:						
Interest-bearing transaction accounts	\$ 1,087,705	\$ 13,445	2.49%			