

VISION BANCSHARES INC

Form 8-K/A

December 22, 2004

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

Washington, D.C. 20549

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**FORM 8-K/A-2**

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**CURRENT REPORT**

**Pursuant to Section 13 or 15(d) of The Securities Exchange Act of 1934**

**Date of Report: December 22, 2004**

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**Vision Bancshares, Inc.**

(Name of Small Business Issuer in Its Charter)

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**Alabama**  
(State of Incorporation)

**000-50719**  
(Commission File Number)

**63-1230752**  
(IRS Employer Identification No.)

**2201 West 1<sup>st</sup> Street**

**Gulf Shores, Alabama 36542**

**(251) 967-4212**

(Address and Telephone Number of Registrant's Principal Executive Offices)

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- .. Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - .. Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - .. Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - .. Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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**Item 9.01 Financial Statements and Exhibits**

(a) Financial Statements of Businesses Acquired

The following financial statements are filed with respect to the acquisition of BankTrust of Florida by Vision Bancshares, Inc. previously reported on Form 8-K and Form 8-K/A dated October 20, 2004 and October 21, 2004, respectively.

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**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereto duly authorized.

Dated: December 22, 2004

**VISION BANCSHARES, INC.**

/s/ William E. Blackmon

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By: William E. Blackmon  
Its: Chief Financial Officer

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**VISION BANCSHARES AND SUBSIDIARIES**  
**COMBINED WITH BANKTRUST OF FLORIDA**  
**PRO FORMA CONDENSED BALANCE SHEET**

**SEPTEMBER 30, 2004**

**(Unaudited)**

**(Dollars in Thousands)**

The following unaudited pro forma condensed balance sheet as of September 30, 2004 has been prepared to reflect the acquisition by Vision of 100% of BankTrust after giving effect to the adjustments described in the notes to the pro forma condensed financial statements. The acquisition will be accounted for as a purchase transaction. These statements should be read in conjunction with the other financial statements and notes thereto included elsewhere in this Current Report on Form 8-K.

	<u>Vision Historical</u>	<u>BankTrust Historical</u>	<u>Pro Forma Adjustments (Notes A and B)</u>	<u>Pro Forma Combined</u>
<b><u>Assets</u></b>				
Cash and due from banks	\$ 9,747	\$ 2,477	\$ (421)(1)	\$
			(7,500)(2)	4,303
Federal funds sold	26,945	4,600		31,545
Investment securities	22,326	5,783		28,109
Loans, net	260,160	33,032		293,192
Premises and equipment	4,644	1,727		6,371
Investment in BankTrust of Florida			7,500(2)	
			(7,500)(3)	
Intangible		58	500(3)	558
Goodwill	125	1,799	1,000(3)	2,924
Other assets	5,341	471		5,812
	<u>\$ 329,288</u>	<u>\$ 49,947</u>	<u>\$ (6,421)</u>	<u>\$ 372,814</u>
<b><u>Liabilities and Equity</u></b>				
Deposits	\$ 280,690	\$ 43,370	\$	\$ 324,060
Federal funds purchased and securities sold under agreements to repurchase				
Other borrowings	5,732			5,732
Other liabilities	1,418	156		1,574
	<u>287,840</u>	<u>43,526</u>		<u>331,366</u>
<b><u>Equity</u></b>				
Common stock	3,024			3,024
Capital surplus	38,957			38,957
Retained earnings (deficit)	(543)			(543)
Other comprehensive income	10			10
Equity of BankTrust of Florida		6,421	(421)(1)	
			(6,000)(2)	

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Total equity	<u>41,448</u>	<u>6,421</u>	<u>(6,421)</u>	<u>41,448</u>
	<u>\$ 329,288</u>	<u>\$ 49,947</u>	<u>\$ (6,421)</u>	<u>\$ 372,814</u>

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**VISION BANCSHARES AND SUBSIDIARIES**  
**COMBINED WITH BANKTRUST OF FLORIDA**  
**PRO FORMA CONDENSED STATEMENT OF INCOME**  
**(Unaudited)**  
**(Dollars in Thousands, Except Per Share Data)**

The following unaudited pro forma condensed statement of income has been prepared to reflect the acquisition by Vision of 100% of BankTrust after giving effect to the adjustments described in the notes to the pro forma condensed financial statements. The acquisition will be accounted for as a purchase transaction. These statements should be read in conjunction with the other financial statements and notes thereto included elsewhere in this Current Report on Form 8-K.

	Nine Months Ended September 30, 2004			
	Vision Historical	BankTrust Historical	Pro Forma Adjustments (Note B)	Pro Forma Combined
Interest income	\$ 11,391	\$ 1,930	\$ (56)(4)	\$ 13,265
Interest expense	3,521	429		3,950
Net interest income	7,870	1,501	(56)	9,315
Provision for loan loss	1,319			1,319
Net interest income after provision for loan losses	6,551	1,501	(56)	7,996
Other income	1,490	383		1,873
Other expense	7,080	1,168		8,248
Income from continuing operations before income taxes	961	716	(56)	1,621
Income taxes	342	265	(19)(5)	588
Income from continuing operations	\$ 619	\$ 451	\$ (37)	\$ 1,033
Income per share from continuing operations - basic				\$ 0.39
Income per share from continuing operations - diluted				\$ 0.38



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**VISION BANCSHARES AND SUBSIDIARIES**  
**COMBINED WITH BANKTRUST OF FLORIDA**  
**PRO FORMA CONDENSED STATEMENT OF INCOME**

(Unaudited)

(Dollars in Thousands, Except Per Share Data)

The following unaudited pro forma condensed statement of income has been prepared to reflect the acquisition by Vision of 100% of BankTrust after giving effect to the adjustments described in the notes to the pro forma condensed financial statements. The acquisition will be accounted for as a purchase transaction. These statements should be read in conjunction with the other financial statements and notes thereto included elsewhere in this Current Report on Form 8-K.

	For Year Ended December 31, 2003			
	Vision Historical	BankTrust Historical	Pro Forma Adjustments (Note B)	Pro Forma Combined
Interest income	\$ 9,931	\$ 2,339	\$ (75)(4)	\$ 12,195
Interest expense	3,275	682		3,957
Net interest income	6,656	1,657	(75)	8,238
Provision for loan loss	1,290			1,290
Net interest income after provision for loan losses	5,366	1,657	(75)	6,948
Other income	1,503	607		2,110
Other expense	7,324	1,755		9,079
Income from continuing operations before income taxes	(455)	509	(75)	(21)
Income taxes	(204)	188	(25)(5)	(41)
Income from continuing operations	\$ (251)	\$ 321	\$ (50)	\$ 20
Income per share from continuing operations - basic and diluted				\$ 0.01

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**VISION BANCSHARES AND SUBSIDIARIES**

**COMBINED WITH BANKTRUST OF FLORIDA**

**NOTES TO PRO FORMA CONDENSED FINANCIAL STATEMENTS**

**(Unaudited)**

- A. The pro forma condensed balance sheet has been prepared assuming the transaction was consummated on September 30, 2004. The pro forma condensed statement of income has been prepared assuming the transaction was consummated at the beginning of the period.
- B. The following pro forma adjustments have been applied to give effect to the transaction previously described in the Form 8-K and Form 8-K/A dated October 20, 2004 and October 21, 2004, respectively.

**Balance Sheet:**

- (1) Payment of \$421,000 in dividends by BankTrust of Florida to its parent, BancTrust Financial Group, Inc., representing amount of equity exceeding \$6,000,000 at date of closing per sale agreement.
- (2) Payment of \$7,500,000 in cash representing 100% of the total consideration in exchange for 100% of the equity of BankTrust of Florida.
- (3) Elimination of Investment in BankTrust and allocation of purchase price as follows:

The excess of purchase price over the fair value of net assets acquired amounting to \$1,500,000 has been allocated to intangibles and goodwill. Upon consummation of this transaction, portions of the excess of the purchase price over the fair value of net assets acquired may be allocated to specific assets based on the fair value of these assets on the day of acquisition.

**Statement of Income:**

- (4) Loss of interest on cash and due from banks used to fund the acquisition using an average rate of 1.00%.
  - (5) Tax effect of pro forma adjustment for reduction in interest income using a tax rate of 34%. No tax effect has been recorded for amortization of goodwill because the Company is acquiring the stock of BankTrust and will not be allowed any tax benefit for the amortization of intangibles.
- C. Based on the assumption that the excess purchase price over the fair value of the net assets acquired will be allocated entirely to goodwill which cannot be amortized, there will be no decrease in net income for each of the next five years unless it is determined that there has been an impairment of goodwill which will result in a decrease in net income.



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**BANKTRUST OF FLORIDA**  
**(Formerly Wewahitchka State Bank)**

**STATEMENT OF FINANCIAL CONDITION**

**SEPTEMBER 30, 2004**

**(Unaudited)**

<u>Assets</u>	
Cash	\$ 757,919
Due from banks	1,718,653
Federal funds sold	4,600,000
Investment securities available for sale	5,783,122
Loans	33,919,840
Less allowance for loan losses	888,009
Loans, net	<u>33,031,831</u>
Premises and equipment, net	1,726,564
Accrued interest receivable	168,518
Deferred tax benefit	42,892
Intangibles	57,619
Goodwill	1,798,567
Other assets	261,657
Total assets	<u>\$ 49,947,342</u>
<u>Liabilities and Stockholder's Equity</u>	
Liabilities:	
Deposits:	
Noninterest-bearing	\$ 9,453,455
Interest bearing	33,916,511
Total deposits	<u>43,369,966</u>
Accrued interest payable	22,013
Other liabilities	134,697
Total liabilities	<u>43,526,676</u>
Stockholder's equity:	
Common stock, \$5 par value: 23,200 shares authorized, issued and outstanding	116,000
Additional paid-in capital	5,434,171
Retained earning	886,096
Accumulated other comprehensive loss	(15,601)
Total stockholder's equity	<u>6,420,666</u>
Total liabilities and stockholder's equity	<u>\$ 49,947,342</u>

**See Notes to Financial Statements.**

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**BANKTRUST OF FLORIDA**  
**(Formerly Wewahitchka State Bank)**

**STATEMENTS OF INCOME**

**NINE MONTHS ENDED SEPTEMBER 30, 2004 AND 2003**

**(Unaudited)**

	<u>2004</u>	<u>2003</u>
Interest income:		
Interest and fees on loans	\$ 1,745,956	\$ 1,509,950
Interest and dividends on investment securities	154,746	120,514
Interest on federal funds sold	29,071	117,805
	<u>1,929,773</u>	<u>1,748,269</u>
Interest expense, interest on deposits	<u>429,441</u>	<u>534,503</u>
Net interest income	1,500,332	1,213,766
Provision for loan losses		
Net interest income after provision for loan losses	<u>1,500,332</u>	<u>1,213,766</u>
Other income:		
Service charges on deposit accounts	207,513	213,276
Gain on sales of securities available for sale		269,677
Other	175,145	49,565
	<u>382,658</u>	<u>532,518</u>
Other expenses:		
Salaries and employee benefits	619,063	698,081
Occupancy and equipment expense	218,459	243,528
Amortization of intangible assets	9,429	9,429
Other operating expenses	320,715	367,808
	<u>1,167,666</u>	<u>1,318,846</u>
Income before income taxes	715,324	427,438
Income tax expense	264,670	158,152
Net income	<u>\$ 450,654</u>	<u>\$ 269,286</u>
Basic and diluted earnings per share	<u>\$ 19.42</u>	<u>\$ 11.61</u>

Average shares outstanding	<b>23,200</b>	23,200
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See Notes to Financial Statements.

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**BANKTRUST OF FLORIDA**  
**(Formerly Wewahitchka State Bank)**

**STATEMENTS OF COMPREHENSIVE INCOME**  
**NINE MONTHS ENDED SEPTEMBER 30, 2004 AND 2003**

**(Unaudited)**

	<u>2004</u>	<u>2003</u>
Net income	<b>\$ 450,654</b>	\$ 269,286
Other comprehensive income (loss), net of tax:		
Unrealized holding gains (losses) arising during the period, net of tax of \$5,353 and \$21,208	<b>8,921</b>	(35,347)
Reclassification adjustment of (gains) losses included in net income, net of tax of \$ - and \$101,129		(168,548)
Other comprehensive income (loss), net	<b>8,921</b>	(203,895)
Comprehensive income	<b>\$ 459,575</b>	\$ 65,391

See Notes to Financial Statements.



**Table of Contents****BANKTRUST OF FLORIDA****(Formerly Wewahitchka State Bank)****STATEMENTS OF CASH FLOWS****NINE MONTHS ENDED SEPTEMBER 30, 2004 AND 2003****(Unaudited)**

	<b>2004</b>	<b>2003</b>
	<u>          </u>	<u>          </u>
<b>OPERATING ACTIVITIES</b>		
Net income	\$ 450,654	\$ 269,286
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	120,478	121,675
Gain on sales of securities available for sale		(269,677)
Decrease in interest receivable	14,742	100,561
Decrease in interest payable	(2,997)	(5,701)
Other operating activities, net	337,508	144,817
	<u>          </u>	<u>          </u>
Net cash provided by operating activities	920,385	360,961
	<u>          </u>	<u>          </u>
<b>INVESTING ACTIVITIES</b>		
Purchase of securities available for sale	<b>(1,000,000)</b>	(8,126,653)
Proceeds from maturities of securities available for sale	<b>2,036,814</b>	1,715,112
Proceeds from sales of securities available for sale		6,907,320
Net increase in loans	<b>(2,837,589)</b>	(2,657,299)
Purchase of premises and equipment	<b>(126,021)</b>	(548,460)
	<u>          </u>	<u>          </u>
Net cash used in investing activities	(1,926,796)	(2,709,980)
	<u>          </u>	<u>          </u>
<b>FINANCING ACTIVITIES</b>		
Net increase in deposits	<b>5,917,154</b>	2,223,922
	<u>          </u>	<u>          </u>
Net cash provided by financing activities	5,917,154	2,223,922
	<u>          </u>	<u>          </u>
Net increase (decrease) in cash and cash equivalents	<b>4,910,743</b>	(125,097)
Cash and cash equivalents at beginning of year	<b>2,165,829</b>	6,220,766
	<u>          </u>	<u>          </u>
Cash and cash equivalents at end of year	<b>\$ 7,076,572</b>	<b>\$ 6,095,669</b>
	<u>          </u>	<u>          </u>

See Notes to Financial Statements.

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**BANKTRUST OF FLORIDA**

**(Formerly Wewahitchka State Bank)**

**NOTES TO FINANCIAL STATEMENTS**

**(Unaudited)**

**NOTE 1. METHOD OF PRESENTATION**

The accompanying unaudited financial statements, which are for interim periods, do not include all disclosures provided in the annual financial statements. These financial statements and the notes thereto should be read in conjunction with the annual financial statements and the notes thereto for the year ended December 31, 2003 included elsewhere in this Form 8-K.

In the opinion of the Bank, the accompanying unaudited financial statements contain all adjustments (which are of a normal recurring nature) necessary for a fair presentation of the financial statements. The results of operations for the nine months ended September 30, 2004 are not necessarily indicative of the results to be expected for the full year.

**NOTE 2. PENDING MERGER**

The parent company of the Bank has entered into a definitive merger agreement with Vision Bancshares, Inc., a multi-bank holding company with headquarters in Gulf Shores, Alabama, whereby Vision Bancshares, Inc. would acquire all of the outstanding common stock of the Bank in exchange for cash. The merger is subject to approval by certain regulatory authorities.

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**BANKTRUST OF FLORIDA**  
**(Formerly Wewahitchka State Bank)**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2003**

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**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

**To the Board of Directors**

**BankTrust of Florida (Formerly Wewahitchka State Bank)**

**Wewahitchka, Florida**

We have audited the accompanying statements of financial condition of **BankTrust of Florida** for the periods ended December 31, 2003 and 2002, and the related statements of income, comprehensive income, stockholder's equity and cash flows for the periods then ended. These financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of BankTrust of Florida as of December 31, 2003 and 2002, and the results of its operations and its cash flows for the year ended December 31, 2003 and the period from April 16, 2002 to December 31, 2002 (approximately nine months), in conformity with United States generally accepted accounting principles.

/s/ MAULDIN & JENKINS, LLC

Albany, Georgia

November 12, 2004

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**BANKTRUST OF FLORIDA**  
**(Formerly Wewahitchka State Bank)**

**STATEMENTS OF FINANCIAL CONDITION**

**DECEMBER 31, 2003 AND 2002**

	December 31,	
	2003	2002
<b>Assets</b>		
Cash	\$ 498,312	\$ 791,863
Due from banks	925,517	978,903
Federal funds sold	742,000	4,450,000
<b>Cash and cash equivalents</b>	<b>2,165,829</b>	<b>6,220,766</b>
Investment securities available for sale	6,805,776	7,649,657
Loans	31,028,450	26,907,544
Less allowance for loan losses	834,208	975,145
<b>Loans, net</b>	<b>30,194,242</b>	<b>25,932,399</b>
Premises and equipment, net	1,711,592	1,311,726
Accrued interest receivable	183,260	247,349
Deferred tax benefit	33,729	82,326
Intangibles	67,048	79,619
Goodwill	1,798,567	1,798,567
Other assets	499,167	573,675
<b>Total assets</b>	<b>\$ 43,459,210</b>	<b>\$ 43,896,084</b>
<b>Liabilities and Stockholder's Equity</b>		
Deposits:		
Noninterest-bearing	\$ 6,865,309	\$ 5,454,588
Interest bearing	30,587,503	32,504,555
<b>Total deposits</b>	<b>37,452,812</b>	<b>37,959,143</b>
Accrued interest payable	25,010	32,571
Other liabilities	20,296	76,042
<b>Total liabilities</b>	<b>37,498,118</b>	<b>38,067,756</b>
<b>Stockholder's Equity</b>		
Common stock, \$5 par value; 23,200 shares authorized, issued and outstanding	116,000	116,000
Additional paid-in capital	5,434,171	5,434,171
Retained earnings	435,443	114,721
Accumulated other comprehensive income (loss)	(24,522)	163,436

Total stockholder's equity	<u>5,961,092</u>	<u>5,828,328</u>
Total liabilities and stockholder's equity	<u>\$ 43,459,210</u>	<u>\$ 43,896,084</u>

See Notes to Financial Statements.

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**BANKTRUST OF FLORIDA**  
**(Formerly Wewahitchka State Bank)**

**STATEMENTS OF INCOME**  
**YEAR ENDED DECEMBER 31, 2003 AND PERIOD FROM**  
**APRIL 16, 2002 TO DECEMBER 31, 2002**

	Year Ended December 31, 2003	Period Ended December 31, 2002
<b>Interest income:</b>		
Interest and fees on loans	\$ 2,040,991	\$ 1,447,001
Interest and dividends on investment securities	266,084	259,013
Interest on federal funds sold	31,822	40,761
<b>Total interest income</b>	<b>2,338,897</b>	<b>1,746,775</b>
<b>Interest expense on deposits</b>	<b>681,571</b>	<b>660,613</b>
<b>Net interest income before provision for loan losses</b>	<b>1,657,326</b>	<b>1,086,162</b>
Provision for loan losses		51,000
<b>Net interest income after provision for loan losses</b>	<b>1,657,326</b>	<b>1,035,162</b>
<b>Other income:</b>		
Service charges on deposit accounts	285,112	204,853
Gain on sales of securities available for sale	269,677	15,894
Other noninterest income	52,071	58,183
<b>Total noninterest income</b>	<b>606,860</b>	<b>278,930</b>
<b>Noninterest expense:</b>		
Salaries and employee benefits	930,490	583,369
Occupancy and equipment expense	334,868	220,390
Amortization of intangible	12,571	8,381
Other operating expenses	477,175	319,855
<b>Total other expenses</b>	<b>1,755,104</b>	<b>1,131,995</b>
<b>Income before income taxes</b>	<b>509,082</b>	