

UNITED COMMUNITY BANKS INC

Form POS AM

February 10, 2012

As filed with the Securities and Exchange Commission
on February 10, 2012

File No. 333-159958; 333-165831

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

POST-EFFECTIVE AMENDMENT NO. 4
TO FORM S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

UNITED COMMUNITY BANKS, INC.
(Exact name of issuer as specified in its charter)

Georgia
(State or other jurisdiction of
incorporation or organization)

58-1807304
(I.R.S. Employer
Identification Number)

United Community Banks, Inc.
125 Highway 515 East
Blairsville, Georgia 30512
(706) 781-2265

Jimmy C. Tallent
125 Highway 515 East
Blairsville, Georgia 30512
(706) 781-2265

(Address, including zip code, and telephone number,
including area code, of registrant's principal executive
offices)

(Name, address, including zip code, and telephone number,
including area code, of agent for service)

Copies to:

James W. Stevens
Kilpatrick Townsend & Stockton LLP
1100 Peachtree Street, Suite 2800
Atlanta, Georgia 30309-4530
(404) 815-6500

Approximate date of commencement of proposed sale to the public: From time to time after this registration statement becomes effective.

If the only securities being registered on this form are being offered pursuant to dividend or interest reinvestment plans, please check the following box.

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a registration statement pursuant to General Instruction I.D. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box.

If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer

Accelerated Filer

Non-accelerated Filer

Smaller Reporting Company

(Do not check if smaller reporting company)

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Commission acting pursuant to said Section 8(a) may determine.

EXPLANATORY NOTE

This Post-Effective Amendment No. 4 (the “Amendment”) relates to the registrant’s Registration Statement on Form S-1 (File No. 333-159958; 333-165831) (the “Registration Statement”), which includes the prospectus that forms a part of such Registration Statement (the “Prospectus”), which has been supplemented from time to time by one or more supplements to the Prospectus (each, a “Prospectus Supplement”). This Amendment is being filed to update the information incorporated herein by reference and to incorporate into the Prospectus changes made in Post-Effective Amendment No. 3 to the Registration Statement.

No additional filing fees are required for purposes of this Amendment as all filing fees in connection with the registration of the securities hereunder were previously paid at the time of all filings related to the Registration Statement.

PROSPECTUS

65,000 SHARES OF SERIES C CONVERTIBLE PREFERRED STOCK

WARRANT TO PURCHASE \$65 MILLION
OF COMMON STOCK EQUIVALENT JUNIOR PREFERRED STOCK

This prospectus relates to the offer and sale of up to 65,000 shares of our Series C Convertible Preferred Stock, \$1.00 par value per share (the “Series C Preferred Stock”) and a warrant (the “Warrant”) to purchase shares of our Common Stock Equivalent Junior Preferred Stock, \$1.00 par value per share (the “Junior Preferred Stock”), in an aggregate amount of up to \$65 million. The Series C Preferred Stock is convertible into our Common Stock, \$1.00 par value per share (the “Common Stock”), and our Junior Preferred Stock. The Series C Preferred Stock and the Warrant will originally be issued by us pursuant to the Securities Purchase Agreement, dated as of April 1, 2010, between us and Fletcher International, Ltd. (“Fletcher”), a copy of which was filed as Exhibit 1.2 to the Form 8-K filed by us on April 1, 2010, as amended by the Amendment to Securities Purchase Agreement, dated as of June 11, 2010, a copy of which was filed as Exhibit 1.1 to the Form 8-K filed by us on June 14, 2010. In this prospectus, we refer to the shares of Series C Preferred Stock and the Warrant as the “Securities”.

We will issue the Series C Preferred Stock at a purchase price of \$1,000 per share, for an aggregate offering price of \$65 million. The Warrant is being granted for no additional consideration.

None of the Series C Preferred Stock, the Warrant or the Junior Preferred Stock is listed on an exchange, and we do not intend to list any such securities on any exchange. Our Common Stock is listed on the Nasdaq Global Select Market under the symbol “UCBI”. On February 9, 2012, the last reported sale price of our Common Stock on the Nasdaq Global Select Market was \$ 9.08 per share. You are urged to obtain current market quotations of the Common Stock.

Investing in our Securities involves a high degree of risk. See the section entitled “Risk Factors” beginning on page 3 and the section entitled “Risk Factors” in our most recent Annual Report on Form 10-K/A and Quarterly Reports on Form 10-Q/A filed with the Securities and Exchange Commission, which are incorporated herein by reference.

Neither the Securities and Exchange Commission nor any state securities commission or other regulatory body has approved or disapproved of the Securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense. An investment in Securities of United Community Banks, Inc. is not insured by the Federal Deposit Insurance Corporation or any other government agency.

The date of this prospectus is February 10, 2012

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ABOUT THIS PROSPECTUS

You should rely only on the information contained or incorporated by reference in this prospectus. We have not authorized anyone to provide you with information that is different from such information. If anyone provides you with different or inconsistent information, you should not rely on it. We are offering to sell Securities only in jurisdictions where offers and sales are permitted. The information contained in this prospectus is accurate only as of the date on its cover page regardless of the time of delivery of this prospectus or any sale of the Securities. In case there are differences or inconsistencies between this prospectus and the information incorporated by reference, you should rely on the information in the document with the latest date.

We are issuing the Securities only in jurisdictions where such issuances are permitted. The distribution of this prospectus and the issuance of the Securities in certain jurisdictions may be restricted by law. Persons outside the United States who come into possession of this prospectus must inform themselves about, and observe any restrictions relating to, the issuance of the Securities and the distribution of this prospectus outside the United States. This prospectus does not constitute, and may not be used in connection with, an offer to sell, or a solicitation of an offer to buy, the Securities offered by this prospectus by any person in any jurisdiction in which it is unlawful for such person to make such an offer or solicitation.

It is important for you to read and consider all of the information contained in this prospectus in making your investment decision. To understand the offering fully and for a more complete description of the offering you should read this entire document carefully, including particularly the “Risk Factors” section beginning on page 3. You also should read and consider the information in the documents to which we have referred you in the sections entitled “Where You Can Find More Information” and “Incorporation of Certain Information by Reference”.

As used in this prospectus, unless the context requires otherwise, the terms “we”, “us”, “our”, “United” or “the Company” refer to United Community Banks, Inc. and its subsidiaries on a consolidated basis.

PROSPECTUS SUMMARY

The following summary highlights selected information contained elsewhere in this prospectus and in the documents incorporated by reference in this prospectus and does not contain all the information you will need in making your investment decision. You should read carefully this entire prospectus and the documents incorporated by reference in this prospectus before making your investment decisions. This prospectus provides you with a general description of United, the Securities issuable under this prospectus and the offering.

Business

We are the third largest bank holding company headquartered in Georgia, with total consolidated assets of \$6.89 billion, total loans of \$4.11 billion, total deposits of \$6.01 billion and shareholders' equity of \$583 million as of September 30, 2011. We conduct substantially all of our operations through our wholly-owned Georgia bank subsidiary, United Community Bank (the "Bank"), which operates with decentralized management that is currently organized as 27 separate "community banks" at 106 locations in north Georgia, the Atlanta metropolitan statistical area (or MSA), the Gainesville, Georgia MSA, coastal Georgia, western North Carolina and eastern Tennessee. While we enjoy the efficiencies of a single bank charter, each of our "community banks" is led by a local president and management team who collectively have significant experience in and ties to their respective communities. Our community banks offer a full range of retail and corporate banking services, including checking, savings and time deposit accounts, secured and unsecured lending, wire transfers, brokerage services and other financial services.

For a complete description of our business, financial condition, results of operations and other important information, we refer you to our filings with the Securities and Exchange Commission (the "SEC") that are incorporated by reference in this prospectus, including our Annual Report on Form 10-K/A for the year ended December 31, 2010 and our Quarterly Reports on Form 10-Q/A for the periods ended March 31, 2011, June 30, 2011 and September 30, 2011. For instructions on how to find copies of these documents, see "Where You Can Find More Information".

Recent Developments

On February 10, 2012, United filed an amended Annual Report on Form 10-K/A for the year ended December 31, 2010, which was originally filed with the SEC on March 16, 2011. Concurrently with such filing, United also filed amended Quarterly Reports on Form 10-Q/A for the periods ended March 31, 2011, June 30, 2011 and September 30, 2011, which were originally filed with the SEC on May 4, 2011, August 9, 2011 and November 8, 2011, respectively. The amended Annual Report on Form 10-K/A and amended Quarterly Reports on Form 10-Q/A are referred to herein collectively as the "Restatements".

This Restatements were filed to reflect United's establishment of a full deferred tax asset valuation allowance as of December 31, 2010 and the effects thereof on certain related disclosures contained in the original filings, including (i) United's previously reported income tax expense, other comprehensive income in shareholders' equity and net income and loss, tangible book value, tangible equity and tangible common equity to asset ratios, and regulatory capital ratios, (ii) United's disclosure in its Annual Report on Form 10-K/A with respect to Item 1A—Risk Factors, "Management's Report on Internal Control Over Financial Reporting" included in Item 8—Financial Statements and Supplementary Data, and Item 9A—Controls and Procedures, and (iii) United's disclosure in its Quarterly Reports on Form 10-Q/A with respect to Item 4—Controls and Procedures.

On June 17, 2011, United filed Articles of Amendment to its Restated Articles of Incorporation, as amended (the "Articles"), to effect a 1-for-5 reverse stock split of its Common Stock and Non-Voting Common Stock, par value \$1.00 per share (the "Non-Voting Common Stock"). Pursuant to the amendment, each 5 shares of United's Common Stock was reclassified into 1 share of Common Stock, and each 5 shares of United's Non-Voting Common Stock was

reclassified into 1 share of Non-Voting Common Stock. The 1-for-5 reclassification is referred to herein as the “Reclassification”. All share amounts and per share information presented herein have been adjusted to reflect the Reclassification as if it had occurred prior to the earlier period shown.

We were incorporated in 1987 as a Georgia corporation. Our principal executive offices are located at 125 Highway 515 East, Blairsville, Georgia 30512, and our telephone number is (706) 781-2265. Our website is <http://www.ucbi.com>. Information on our website is not incorporated into this prospectus by reference and is not a part hereof.

About the Offering

On April 1, 2010, United Community Banks, Inc.'s wholly-owned subsidiary, United Community Bank, or the Bank, entered into an asset purchase and sale agreement (the "Asset Purchase Agreement") with Fletcher International Inc. and certain affiliates thereof. Pursuant to the Asset Purchase Agreement, an asset sale transaction was completed on April 30, 2010 with the Bank transferring nonperforming commercial and residential loans and foreclosed properties having a carrying value of \$103 million in exchange for cash of \$20.6 million and mortgage loans for \$82.4 million (the "Asset Sale").

Also on April 1, 2010, United Community Banks, Inc. and Fletcher entered into a securities purchase agreement (the "Securities Purchase Agreement") pursuant to which Fletcher agreed to purchase from us, and we agreed to issue and sell to Fletcher, 65,000 shares of the Series C Preferred Stock, at a purchase price of \$1,000 per share, for an aggregate purchase price of \$65 million (which is sometimes referred to as the "commitment amount"). Fletcher is required to purchase the Series C Preferred Stock by July 3, 2012, subject to limited extensions upon certain events specified in the Securities Purchase Agreement. The Series C Preferred Stock will bear interest at an annual rate equal to the lesser of 8% or LIBOR + 4%. If all conditions precedent to Fletcher's obligations to purchase the Series C Preferred Stock have been satisfied and Fletcher has not purchased all of the Series C Preferred Stock by July 3, 2012, it must pay us 5% of the commitment amount not purchased by such date.

The Securities Purchase Agreement provides that we shall not effect any conversion or redemption of the Series C Preferred Stock, and Fletcher shall not have the right to convert or redeem any portion of the Series C Preferred Stock, into Common Stock to the extent such conversion or redemption would result in aggregate issuances to Fletcher of in excess of 9.75% (which may be reduced by Fletcher) of the number of shares of Common Stock that would be outstanding after giving effect to such conversion or redemption. In the event that the Company cannot effect a conversion or redemption of the Series C Preferred Stock into Common Stock due to the limit described in the immediately preceding sentence, the conversion or redemption shall be effected into shares of Junior Preferred Stock (on a one one-hundredth of a shares of Junior Preferred Stock for each share of Common Stock that otherwise would have been issuable); provided, however, that in no event shall the Company effect any conversion or redemption of the Series C Preferred Stock or exercise of the Warrant to the extent such conversion, redemption or exercise would result in aggregate issuances to Fletcher of in excess of thirty-three and thirty-three one hundredths percent (33.33%) of our total equity, which means the value as reflected on the balance sheet of all shares of our common, preferred and other equity capital outstanding as of the date of determination.

The Series C Preferred Stock is convertible by Fletcher at any time into Common Stock, or Junior Preferred Stock, at \$26.25 per share of Common Stock or one-hundredth of a share of Junior Preferred Stock. After May 26, 2015, on any date on which the average closing stock price for our Common Stock for the twenty-five business days ending on and including the third business day before such date exceeds \$60.20, subject to adjustment (the "Conversion Price"), by one hundred percent (100%), we will have the option to convert all of the then outstanding Series C Preferred Stock into Common Stock or Junior Preferred Stock at \$60.20 per share of Common Stock or one-hundredth of a share of Junior Preferred Stock, subject to certain adjustments. Each share of Junior Preferred Stock is convertible into one hundred shares of our Common Stock.

Concurrently with the payment of the \$10 million deposit under the Asset Purchase Agreement by Fletcher, we granted the Warrant to Fletcher to purchase Junior Preferred Stock. The Warrant amount was initially equal to \$15 million and was increased to \$30 million upon the completion of the Asset Sale. An additional \$35 million will be issued under the Warrant on a dollar for dollar basis by the aggregate dollar amount of the Series C Preferred Stock purchased under the Securities Purchase Agreement in excess of \$30 million. The \$30 million Warrant price is equivalent to \$21.25 per share of Common Stock. The \$35 million Warrant price is equivalent to \$30.10 per share of Common Stock. The Warrant may only be exercised by net share settlement (cashless exercise) and is exercisable for

nine years from May 26, 2010, subject to limited extension upon certain events specified in the warrant agreement.

This prospectus relates to the potential issuance of the Series C Preferred Stock and the Warrant from time to time as described above. None of the Series C Preferred Stock, the Warrant or the Junior Preferred Stock is listed on an exchange, and we do not intend to list any such securities on any exchange. As of February 10, 2012, no shares of Series C Preferred Stock were issued and outstanding.

RISK FACTORS

An investment in our Securities involves a significant degree of risk. You should carefully consider the risks described below before you invest in our Securities. These risks and uncertainties are not the only risks we face. It is possible that risks and uncertainties not listed below may arise or become material in the future and affect our business. You should read this section together with the other information presented in this prospectus.

Risks Associated with Our Business and Related to Regulatory Events

For the risks associated with our business and industry, as well as the risks related to legislative and regulatory events, see the section entitled “Risk Factors” in our Annual Report on Form 10-K/A for the year ended December 31, 2010, as updated by our Quarterly Reports on Form 10-Q/A for the periods ended June 30, 2011 and September 30, 2011, each of which is incorporated in this prospectus by reference.

Risks Related to the Ownership of the Securities

It is unlikely that an active trading market for the Series C Preferred Stock or Warrant will develop.

The Series C Preferred Stock and Warrant will not be liquid investments because no public trading market currently exists for such Securities and it is unlikely that a market will develop. Potential purchasers of the Series C Preferred Stock or Warrant should consider carefully the limited liquidity of such investment before purchasing any shares of Series C Preferred Stock or the Warrant. We are not obligated, and do not intend, to apply for the listing of the Series C Preferred Stock or Warrant on any securities exchange. Even if a trading market for the Series C Preferred Stock or Warrant were to develop, it may not continue, and a purchaser of such Securities may not be able to sell such Securities at or above the price at which they were purchased.

We rely on dividends we receive from our subsidiary and are subject to restrictions on our ability to declare or pay dividends.

As a bank holding company, our ability to pay dividends depends primarily on the receipt of dividends from our wholly-owned bank subsidiary. Dividend payments from the bank are subject to legal and regulatory limitations, generally based on retained earnings, imposed by bank regulatory agencies. The ability of the bank to pay dividends is also subject to financial condition, regulatory capital requirements, capital expenditures and other cash flow requirements. As of September 30, 2011, pursuant to these restrictions, the bank did not have the ability to pay dividends to us without prior regulatory approval.

Future dividend payments are restricted by the terms of Treasury’s equity investment in us and an informal memorandum of understanding.

Beginning during the third quarter of 2008, we began to pay stock dividends in lieu of cash dividends to preserve capital and strengthen our tangible common equity levels. Under the terms of the Capital Purchase Program (the “CPP”) of the United States Department of the Treasury (“Treasury”), until the earlier of December 5, 2011 or the date on which the Fixed Rate Cumulative Perpetual Preferred Stock, Series B (the “Series B Preferred Stock”) we sold to Treasury under the CPP has been redeemed in whole or Treasury has transferred all of the Series B Preferred Stock to third parties, we are prohibited from increasing dividends on our Common Stock from the last quarterly cash dividend per share (\$.45) declared on our Common Stock prior to December 5, 2008, as adjusted for subsequent stock dividends and other similar actions, and from making certain repurchases of equity securities, including the Series C Preferred Stock, Junior Preferred Stock or our Common Stock, without Treasury’s consent.

Furthermore, as long as the Series B Preferred Stock is outstanding, dividend payments and repurchases or redemptions relating to certain equity securities, including the Series C Preferred Stock, Junior Preferred Stock or our Common Stock, are prohibited until all accrued and unpaid dividends are paid on such Series B Preferred Stock, subject to certain limited exceptions. See “Item 1. Business—Payment of Dividends” in United’s Annual Report on Form 10-K/A for the year ended December 31, 2010, which is incorporated herein by reference.

In addition, pursuant to an informal memorandum of understanding we entered into with Federal Reserve Bank of Atlanta (the “Federal Reserve”) and the Georgia Department of Banking and Finance, we may not incur additional indebtedness, pay cash dividends, make payments on our trust preferred securities or subordinated indebtedness or repurchase outstanding capital stock, including the Series C Preferred Stock, Junior Preferred Stock or our Common Stock, without prior approval of the Federal Reserve.

The current dividend rates on our outstanding preferred stock are as follows: (i) 6% with respect to our Series A Non-Cumulative Preferred Stock (the “Series A Preferred Stock”); (ii) 5% with respect to our Series B Preferred Stock; and (iii) 9.96% with respect to our Cumulative Perpetual Preferred Stock, Series D (the “Series D Preferred Stock”). The annual dividend accrual for our outstanding preferred stock is \$13,020 on our Series A Preferred Stock, \$9,000,000 on our Series B Preferred Stock and \$1,654,655 on our Series D Preferred Stock. Other than the shares of our Series C Preferred Stock that may be purchased by Fletcher, we do not have any arrangement, agreement or understanding regarding the future issuance of additional preferred stock. Currently, no shares of the Series C Preferred Stock are outstanding.

An investment in the Securities is not an insured deposit.

The Securities are not bank deposits and, therefore, are not insured against loss by the Federal Deposit Insurance Corporation (“FDIC”) or any other public or private entity. Investment in the Securities is inherently risky for the reasons described in this “Risk Factors” section and elsewhere in this prospectus and is subject to the same market forces that affect the capital stock in any company. As a result, if you acquire the Securities, you may lose some or all of your investment.

A WARNING ABOUT FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), about United and its subsidiaries. These forward-looking statements are intended to be covered by the safe harbor for forward-looking statements provided by the Private Securities Litigation Reform Act of 1995. Forward-looking statements are not statements of historical fact, and can be identified by the use of forward-looking terminology such as “believes”, “expects”, “may”, “will”, “could”, “should”, “projects”, “plans”, “goal”, “targets”, “potential”, “seeks”, “intends”, or “anticipates” or the negative thereof or comparable terminology. Forward-looking statements include discussions of strategy, financial projections, guidance and estimates (including their underlying assumptions), statements regarding plans, objectives, expectations or consequences of various transactions, and statements about the future performance, operations, products and services of United and its subsidiaries. We caution our shareholders and other readers not to place undue reliance on such statements.

Our businesses and operations are and will be subject to a variety of risks, uncertainties and other factors. Consequently, actual results and experience may materially differ from those contained in any forward-looking statements. Such risks, uncertainties and other factors that could cause actual results and experience to differ from those projected include, but are not limited to, the risk factors set forth in this prospectus and in our Annual Report on Form 10-K/A for the year ended December 31, 2010 and our Quarterly Reports on Form 10-Q/A for the periods ended June 30, 2011 and September 30, 2011:

our ability to maintain profitability;

our ability to fully realize our deferred tax asset balances, including net operating loss carry-forwards;

the condition of the banking system and financial markets;

the results of our most recent internal stress test may not accurately predict the impact on our financial condition if the economy was to continue to deteriorate;

our ability to raise capital as may be necessary;

our ability to maintain liquidity or access other sources of funding;

changes in the cost and availability of funding;

the success of the local economies in which we operate;

our concentrations of residential and commercial construction and development loans and commercial real estate loans are subject to unique risks that could adversely affect our earnings;

changes in prevailing interest rates may negatively affect our net income and the value of our assets;

the accounting and reporting policies of United;

if our allowance for loan losses is not sufficient to cover actual loan losses;

we may be subject to losses due to fraudulent and negligent conduct of our loan customers, third party service providers or employees;

competition from financial institutions and other financial service providers;

Treasury may change the terms of our Series B Preferred Stock;

risks with respect to future expansion and acquisitions;

conditions in the stock market, the public debt market and other capital markets deteriorate;

the impact of the Dodd-Frank Act and related regulations and other changes in financial services laws and regulations;

the failure of other financial institutions;

a special assessment that may be imposed by the FDIC on all FDIC-insured institutions in the future, similar to the assessment in 2009 that decreased our earnings; and

regulatory or judicial proceedings, board resolutions, informal memorandums of understanding or formal enforcement actions imposed by regulators that occur, or any such proceedings or enforcement actions that is more severe than we anticipate.

All written or oral forward-looking statements attributable to us or any person acting on our behalf made after the date of this prospectus are expressly qualified in their entirety by the risk factors and cautionary statements contained in and incorporated by reference into this prospectus. Unless legally required, we do not undertake any obligation to release publicly any revisions to such forward-looking statements to reflect events or circumstances after the date of this prospectus or to reflect the occurrence of unanticipated events.

RATIO OF EARNINGS TO FIXED CHARGES

The following table sets forth our consolidated ratio of earnings to fixed charges and our ratio of earnings to fixed charges excluding interest on deposits for the periods indicated:

| | Nine Months Ended September 30, | | | Year Ended December 31, | | |
|--------------------------------|---------------------------------|----------|---------|-------------------------|-------|-------|
| | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 |
| Including interest on deposits | 2.74x | (2.84)x | (.90)x | .55x | 1.32x | 1.51x |
| Excluding interest on deposits | 8.24x | (11.82)x | (8.53)x | (2.19)x | 2.85x | 3.66x |

(1) Fixed charges consist of interest expensed and capitalized, amortized premiums, discounts and capitalized expenses related to indebtedness, an estimate of the interest with rental expense, pre-tax earnings required to pay dividends on outstanding preferred stock and pre-tax accretion.

(2) The amount of pre-tax earnings required to achieve one-to-one coverage for the nine months ended September 30, 2011 was \$250.5 million and for the year ended December 31, 2010 was \$448.2 million, excluding interest on deposits.

USE OF PROCEEDS

The gross proceeds from the sale of our Series C Preferred Stock will be \$65 million, assuming all offered shares are purchased. We will not obtain proceeds from the exercise of the Warrant because it is solely exercisable via cashless exercise.

We intend to use the net proceeds from this offering to provide capital to support our subsidiary bank and for general corporate purposes which may include, without limitation, making investments at the holding company level, supporting asset and deposit growth, and engaging in acquisitions or other business combinations. We do not have any specific plans for acquisitions or other business combinations at this time. Our management will retain broad discretion in the allocation of the net proceeds from this offering.

PLAN OF DISTRIBUTION

We are issuing the Series C Preferred Stock and the Warrant described in this prospectus supplement directly to Fletcher or its assignee pursuant to the Securities Purchase Agreement. Neither we nor Fletcher have entered into any agreement with a bank or trust company to serve as warrant agent. Rather, we are acting solely on our behalf with respect to the issuance of the Warrant. The offering price of the Series C Preferred Stock and the conversion value of the Warrant were determined through our negotiations with Fletcher.

DESCRIPTION OF SERIES C PREFERRED STOCK AND JUNIOR PREFERRED STOCK

The following is a brief description of the terms of the Series C Preferred Stock and Junior Preferred Stock. This summary does not purport to be complete in all respects. This description is subject to and qualified in its entirety by reference to our Articles; the Certificate of Designation of the Junior Preferred Stock, a form of which was filed as Exhibit 4.1 to our Fo