

ORIENTAL FINANCIAL GROUP INC

Form S-1/A

October 10, 2012

Table of Contents

As filed with the Securities and Exchange Commission on October 9, 2012

Registration No. 333-183890

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

AMENDMENT NO. 1 TO

FORM S-1

REGISTRATION STATEMENT UNDER

THE SECURITIES ACT OF 1933

ORIENTAL FINANCIAL GROUP INC.

(Exact name of registrant as specified in its charter)

Commonwealth of Puerto Rico

(State or other jurisdiction of

incorporation or organization

6022

(Primary Standard Industrial Classification

Code Number)

Oriental Center

66-0538893

(I.R.S. Employer

Identification Number)

Professional Office Park

997 San Roberto Street, 10th Floor

Edgar Filing: ORIENTAL FINANCIAL GROUP INC - Form S-1/A

San Juan, Puerto Rico 00926

(787) 771-6800

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

Carlos O. Souffront

General Counsel

Oriental Center

Professional Office Park

997 San Roberto Street, 10th Floor

San Juan, Puerto Rico 00926

(787) 771-6800

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

Copies to:

Leslie N. Silverman
Cleary, Gottlieb, Steen & Hamilton LLP
One Liberty Plaza
New York, New York 10006
(212) 225-2000

Michael J. Zeidel
Skadden, Arps, Slate, Meagher & Flom LLP
Four Times Square
New York, New York 10036
(212) 735-3000

Approximate date of commencement of proposed sale to the public:

As soon as practicable after this registration statement becomes effective.

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, 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: "

Edgar Filing: ORIENTAL FINANCIAL GROUP INC - Form S-1/A

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 post-effective amendment filed pursuant to Rule 462(d) 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: "

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 definitions 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 "

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered(1)	Proposed Maximum Offering Price Per Unit	Proposed Maximum Aggregate Offering Price (1)(2)	Amount of Registration Fee (3)
Common Stock, \$1.00 par value per share			\$36,000,000	\$4,126

(1) Includes shares of Common Stock that the underwriter may purchase from us upon exercise of the overallotment option.

(2) Estimated solely for the purpose of calculating the registration fee in accordance with Rule 457(o) of the Securities Act of 1933, as amended.

(3) Previously paid.

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.

Table of Contents

The information in this preliminary prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell these securities and is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED OCTOBER 9, 2012

PRELIMINARY PROSPECTUS

Shares

ORIENTAL FINANCIAL GROUP INC.

Common Stock

We are offering _____ shares of our common stock. Our common stock is listed on the New York Stock Exchange (NYSE) under the symbol OFG. The last reported sale price of our common stock on the NYSE on October 8, 2012 was \$10.90 per share.

Investing in our common stock involves a high degree of risk. See Risk Factors beginning on page 9 of this prospectus and similar sections in our filings with the Securities and Exchange Commission (SEC) incorporated by reference herein.

The securities offered hereby are not savings accounts, deposits, or other obligations of any bank or non-bank subsidiary of ours and are not insured by the Federal Deposit Insurance Corporation (the FDIC) or any other governmental agency.

Neither the SEC, any state securities commission, the FDIC, the Board of Governors of the Federal Reserve System (the Federal Reserve Board), nor any other regulatory body, has approved or disapproved the issuance of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	PER SHARE	TOTAL
Public offering price	\$	\$
Underwriting discount	\$	\$
Proceeds to us (before expenses)	\$	\$

Delivery of the shares of common stock is expected to be made on or about _____, 2012. We have granted the underwriter an option for a period of 30 days to purchase an additional _____ shares of our common stock solely to cover over-allotments. If the underwriter exercises the option in full, the total underwriting discounts and commissions payable by us will be \$ _____, and the total proceeds to us, before expenses, will

be \$.

Jefferies

Prospectus dated , 2012

Table of Contents

We are responsible for the information contained in this prospectus and in any related free writing prospectus we may prepare or authorize to be delivered to you. We have not authorized anyone to give you any other information, and we take no responsibility for any other information that others may give you. We are not, and the underwriter is not, making an offer of our common stock, par value \$1.00 per share (the Common Stock) in any jurisdiction where the offer is not permitted. You should not assume that the information contained in this prospectus is accurate as of any date other than the date on the front of this prospectus.

For investors outside the United States: Neither we nor the underwriter have taken any action that would permit this offering or possession or distribution of this prospectus in any jurisdiction where action for that purpose is required, other than in the United States. You are required to inform yourselves about and to observe any restrictions relating to this offering and the distribution of this prospectus.

Table of Contents

TABLE OF CONTENTS

	PAGE
<u>PROSPECTUS SUMMARY</u>	1
<u>RISK FACTORS</u>	9
<u>INCORPORATION BY REFERENCE</u>	26
<u>SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS</u>	27
<u>THE BBVAPR ACQUISITION</u>	29
<u>USE OF PROCEEDS</u>	44
<u>MARKET PRICE FOR OUR COMMON STOCK</u>	45
<u>DIVIDEND POLICY</u>	46
<u>CAPITALIZATION</u>	48
<u>DESCRIPTION OF CAPITAL STOCK</u>	50
<u>CERTAIN PUERTO RICO INCOME TAX CONSIDERATIONS</u>	55
<u>CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS</u>	59
<u>UNDERWRITING</u>	63
<u>LEGAL MATTERS</u>	66
<u>EXPERTS</u>	67
<u>FINANCIAL STATEMENTS</u>	F-1
<u>PART II INFORMATION NOT REQUIRED IN PROSPECTUS</u>	II-1
<u>EXHIBIT INDEX</u>	E-1

Table of Contents

PROSPECTUS SUMMARY

The following summary highlights certain information contained elsewhere in this prospectus or in the documents incorporated by reference herein. It may not contain all of the information that is important to you or that you should consider before investing in the Common Stock. For a more complete discussion of the information you should consider before investing in the Common Stock, you should carefully read this entire prospectus and the incorporated documents.

Unless the context suggests otherwise, references in this prospectus to Oriental, the Company, we, us, and our refer to Oriental Financial Group Inc. and its consolidated subsidiaries. References in this prospectus to BBVAPR and the BBVAPR Companies refer collectively to BBVAPR Holding Corporation, its wholly-owned subsidiaries, Banco Bilbao Vizcaya Argentaria Puerto Rico and BBVA Seguros, Inc., and to BBVA Securities of Puerto Rico, Inc. (see Recent Developments). Certain capitalized terms used elsewhere in this prospectus are defined in this summary.

About Oriental Financial Group Inc.

Oriental Financial Group Inc. is a diversified financial holding company headquartered in San Juan, Puerto Rico, offering a full range of financial services through its wholly-owned subsidiaries Oriental Bank and Trust (Oriental Bank or the Bank), Oriental Financial Services Corp. (Oriental Financial Services), Oriental Insurance, Inc. (Oriental Insurance) and Caribbean Pension Consultants, Inc. As of June 30, 2012, we had total assets of \$6.4 billion, total loans (net of allowance for loan and lease losses) of \$1.6 billion, total investment securities of \$3.5 billion, total deposits of \$2.2 billion, and stockholders' equity of \$692 million. We also had \$4.5 billion of trust and brokerage assets managed as of June 30, 2012. We currently operate through a network of 28 financial centers located throughout Puerto Rico and one location in Boca Raton, Florida, which serves as the headquarters of our wholly-owned subsidiary Caribbean Pension Consultants, Inc., a pension and retirement plan administrator.

Oriental provides comprehensive banking and wealth management services to its clients through a complete range of banking and financial solutions, including commercial, consumer and mortgage lending; auto leasing; checking and savings accounts; financial planning, insurance, wealth management, and investment brokerage; and corporate and individual trust and retirement services. Oriental operates through three major business segments: Banking, Wealth Management, and Treasury, and seeks to distinguish itself based on quality service and marketing efforts focused on mid and high net worth individuals and families, including professionals and owners of small and mid-sized businesses, primarily in Puerto Rico. Oriental's long-term goal is to strengthen its banking and wealth management franchise by expanding its lending businesses, increasing the level of integration in the marketing and delivery of banking and wealth management services, maintaining effective asset-liability management, growing non-interest revenues from banking and wealth management services, and improving operating efficiencies.

Oriental's strategy includes:

- n Strengthening its banking and wealth management franchise by expanding its ability to attract deposits and build relationships with individual customers and professionals and mid-market commercial businesses through aggressive marketing and expansion of its sales force;
- n Focusing on greater growth in commercial, consumer and mortgage lending; trust and wealth management services, insurance products; and increasing the level of integration in the marketing and delivery of banking and wealth management services;
- n Matching its portfolio of investment securities with the related funding to achieve favorable spreads, primarily investing in U.S. government agency obligations;
- n Improving operating efficiencies, and continuing to maintain effective asset-liability management; and
- n Implementing a broad ranging effort to instill in employees and make customers aware of Oriental's determination to effectively serve and advise its customer base in a responsive and professional manner.

Table of Contents

Together with a highly experienced group of senior and mid-level executives and the FDIC-assisted acquisition of Eurobank in April 2010, this strategy has resulted in growth in Oriental's commercial, consumer and mortgage lending and wealth management activities over the past seven years, allowing Oriental to distinguish itself in a highly competitive industry.

Oriental Bank and Trust

Our main operating subsidiary is Oriental Bank, a Puerto Rico chartered commercial bank subject to examination by the FDIC and the Office of the Commissioner of Financial Institutions of Puerto Rico (the OCFI).

The Bank offers banking services such as commercial, consumer and mortgage lending, auto leasing, savings and time deposit products, financial planning, and corporate and individual trust services, and capitalizes on its branch network to serve its clients. The Bank also operates an international banking entity subsidiary, Oriental International Bank Inc., which offers the Bank certain Puerto Rico tax advantages, and its services are limited under Puerto Rico law to persons and assets/liabilities located outside Puerto Rico.

Borrowings are the Bank's largest interest-bearing liability component. Borrowings consist mainly of diversified funding sources including repurchase agreements, and advances from the Federal Home Loan Bank of New York. As of June 30, 2012, total borrowings amounted to \$3.4 billion. Deposits are the Bank's second largest category of interest-bearing liabilities. At June 30, 2012, total deposits amounted to \$2.2 billion. Of the Bank's total deposits, approximately 89.6% are retail deposits, approximately 3.8% are institutional deposits, and approximately 6.6% are brokered deposits.

The Bank's lending activities are primarily with clients located in Puerto Rico. The Bank's loan and lease transactions include a diversified number of industries and activities, all of which are encompassed within four main categories: commercial, consumer, mortgage and auto leasing.

Residential mortgage loans comprise the largest component of the Bank's loan portfolio. Such loans represent approximately 66.8% of the gross loan portfolio that was not covered by the FDIC loss sharing arrangements described below at June 30, 2012 (such loan portfolio, the non-covered loan portfolio). The second largest component is commercial loans, which represent approximately 27.3% of the gross non-covered loan portfolio. The remaining components are consumer loans, which represent approximately 3.3% of the gross non-covered loan portfolio, and leasing, which represents approximately 2.5% of the gross non-covered loan portfolio.

Effective April 30, 2010, the Bank assumed all of the retail deposits and other liabilities, and acquired certain assets and substantially all of the operations, of Eurobank from the FDIC, as receiver for Eurobank, pursuant to the terms of a purchase and assumption agreement entered into by the Bank and the FDIC on April 30, 2010. Certain acquired loans are subject to loss sharing arrangements (each, a shared-loss agreement and collectively, the shared-loss agreements), pursuant to which the FDIC will bear 80% of qualifying losses, beginning with the first dollar amount of qualifying losses. The shared-loss agreement applicable to single-family residential mortgage loans provides for FDIC loss sharing to last for ten years, and the shared-loss agreement applicable to commercial and other assets provides for FDIC loss sharing to last for five years, with additional recovery sharing for three years thereafter. The present value of the anticipated future payments by the FDIC pursuant to the loss sharing arrangements, also referred to as the FDIC shared-loss indemnification asset, amounted to \$359.8 million as of June 30, 2012.

Oriental Trust, the Bank's trust department, is a leader in Puerto Rico's retirement planning market. We offer Keogh and 401(k) retirement plans, deferred compensation plans, asset protection trusts, custodial services and other trust services. Our trust department had \$2.4 billion of trust assets managed as of June 30, 2012.

Table of Contents

Oriental Financial Services

Oriental Financial Services is our securities brokerage and investment banking subsidiary with approximately \$2.1 billion of total assets under management as of June 30, 2012. Oriental Financial Services offers its customers a wide array of investment alternatives such as tax-advantaged fixed income securities, mutual funds, and various other equity and fixed income securities. In addition, Oriental Financial Services provides financial planning services to individuals and investment banking services, encompassing both public and corporate finance, to the Puerto Rico government and corporations. It also manages and participates in public offerings of debt and equity securities in Puerto Rico. Oriental Financial Services has a clearing agreement with Pershing LLC pursuant to which Pershing LLC clears and executes the brokerage transactions of Oriental Financial Services' customers on a fully disclosed basis with Oriental Financial Services assuming the obligations of any defaulting customer. Oriental Financial Services is a Puerto Rico corporation and a full service broker-dealer registered with the SEC, the Financial Industry Regulatory Authority (FINRA) and the Commonwealth of Puerto Rico and six other U.S. states and territories.

Oriental Insurance

Oriental Insurance, Inc. is a Puerto Rico corporation and a licensed insurance producer that offers, as agent for unaffiliated insurance companies, annuities and life insurance products, property and casualty insurance, and title insurance for individual and commercial clients. Oriental Insurance's licensed personnel have increasingly partnered with various business groups within the Company to develop new insurance business opportunities and to better serve our clients.

Caribbean Pension Consultants

Caribbean Pension Consultants, Inc. is a Florida corporation headquartered in Boca Raton, Florida. It is engaged in the business of pension and retirement plan administration, focused on 401(k) and Keogh retirement plans in Puerto Rico, the United States, and the Bahamas. Caribbean Pension Consultants, Inc. is one of the largest independent third-party administrators of pension and retirement accounts in Puerto Rico.

Recent Developments

Pending Acquisition of BBVAPR

On June 28, 2012, Oriental and Banco Bilbao Vizcaya Argentaria, S.A. (BBVA) entered into a definitive acquisition agreement (the BBVAPR Acquisition Agreement), pursuant to which BBVA agreed to sell to Oriental, and Oriental agreed to purchase from BBVA, all of the outstanding common stock of each of BBVAPR Holding Corporation (the sole shareholder of Banco Bilbao Vizcaya Argentaria Puerto Rico (BBVAPR Bank)), a Puerto Rico chartered commercial bank, and BBVA Seguros, Inc. (BBVA Seguros), a subsidiary offering insurance services) and BBVA Securities of Puerto Rico, Inc. (BBVA Securities), a registered broker-dealer (the BBVAPR Acquisition). The BBVAPR Companies are privately held companies wholly owned by BBVA. Oriental has no affiliation with the BBVAPR Companies, BBVA or any of its other subsidiaries.

In the BBVAPR Acquisition, Oriental will acquire all of the outstanding common stock of each of BBVAPR Holding Corporation and BBVA Securities for an aggregate purchase price of \$500 million, payable in cash. Oriental intends to use the net proceeds from this offering to fund a portion of the purchase price. Following the BBVAPR Acquisition, Oriental will continue to operate under the Oriental Financial Group name and the acquired branches will be rebranded.

Immediately following the closing of the BBVAPR Acquisition (the Closing), Oriental will merge BBVAPR Bank with and into Oriental Bank, with Oriental Bank continuing as the surviving entity. Oriental also intends to merge BBVA Securities with and into Oriental Financial Services, with Oriental Financial Services as the surviving broker-dealer, and to combine the business of BBVA Seguros and Oriental Insurance.

Oriental expects to retain most of the officers and employees of BBVAPR. In connection with the BBVAPR Acquisition, BBVAPR has offered bonuses to certain of its executives if they remain with BBVAPR through the Closing.

Table of Contents

On July 3, 2012, Oriental closed a private placement of \$84 million of its 8.75% Non-Cumulative Convertible Perpetual Preferred Stock (the Series C Preferred Stock), the proceeds of which Oriental intends to use to finance, in part, the BBVAPR Acquisition. In addition to the foregoing, Oriental agreed in the BBVAPR Acquisition Agreement to use its reasonable best efforts to raise at least an additional \$66 million through the sale of additional equity (the Buyer Capital Raise).

Oriental plans to finance the BBVAPR Acquisition through:

- n the consummation of this offering;
- n a separate public offering of non-convertible non-cumulative perpetual preferred stock that it expects to commence concurrently with, or shortly after, this offering;
- n the net proceeds of the Series C Preferred Stock; and
- n the remaining amount from cash on its balance sheet.

Oriental may issue additional Common Stock in lieu of the issuance of all or a portion of the non-convertible non-cumulative perpetual preferred stock it currently intends to offer. See The BBVAPR Acquisition Additional Financing.

Consummation of the BBVAPR Acquisition is subject to the satisfaction of certain customary conditions, including the receipt of all required regulatory approvals without the imposition of a materially burdensome regulatory condition, as described in the BBVAPR Acquisition Agreement. See The BBVA Acquisition Regulatory Considerations. The consummation of this offering is not contingent on the closing of the BBVAPR Acquisition.

Related Transactions

In connection with the Buyer Capital Raise, Oriental expects to commence concurrently with, or shortly after, this offering a separate public offering of non-convertible non-cumulative perpetual preferred stock. That offering, if made, will be pursuant to a separate prospectus and its expected timing and manner are subject to market and other conditions. The closing of this offering of Common Stock is not conditioned upon the closing of Oriental's offering of the non-convertible non-cumulative perpetual preferred stock.

In addition, in connection with the BBVAPR Acquisition, Oriental plans to dispose of approximately \$1.8 billion of its and BBVAPR's investment securities and repay the corresponding wholesale funding of the portfolio. The planned deleveraging is expected to reduce the sensitivity of Oriental's balance sheet to interest rates and improve Oriental's capital ratios by reducing the size of its balance sheet. See The BBVAPR Acquisition and Capitalization for more information on the expected deleveraging transactions.

Risk Factors

An investment in the Common Stock involves risks. You should carefully consider the information set forth in the section of this prospectus entitled Risk Factors beginning on page 9, as well as other information included or incorporated by reference in this prospectus, before deciding whether to invest in the Common Stock.

Other Information

We were incorporated in Puerto Rico on June 14, 1996. Our principal executive offices are located at Oriental Center, Professional Office Park, 997 San Roberto Street, 10th Floor, San Juan, Puerto Rico 00926. Our telephone number is (787) 771-6800. We maintain a website at www.orientalfg.com where general information about us is available. Investors can obtain copies of our filings with the SEC from this website free of charge, as well as from the SEC website at www.sec.gov. We are not incorporating the contents of our website into this prospectus.

Table of Contents

The Offering

The following summary contains basic information about the offering and our Common Stock and is not intended to be complete. It does not contain all the information that is important to you. For a more complete description of our Common Stock, please refer to the section of this prospectus entitled Description of Capital Stock. Unless expressly provided, the information contained in this prospectus assumes no exercise of the underwriter's option to purchase additional shares.

Issuer	Oriental Financial Group Inc., a Puerto Rico corporation.
Shares we are offering	shares of Common Stock.
Option to purchase additional shares of Common Stock	We have granted the underwriter an option to purchase up to an additional shares of Common Stock.
Common Stock to be issued and outstanding after this offering	shares. ⁽¹⁾
Use of Proceeds	We intend to use the net proceeds from this offering to fund a portion of the purchase price for the pending BBVAPR Acquisition. If there is any excess of net proceeds over the amount of Buyer Capital Raise, we intend to use any such excess net proceeds for general corporate purposes. If the Closing does not occur, the net proceeds will be applied for general corporate purposes. See Use of Proceeds.
Dividend policy	Holders of our Common Stock are only entitled to receive dividends as our board of directors may declare out of funds legally available for such payments. Although we have historically declared cash dividends on our Common Stock, we are not required to do so. We expect to continue to pay dividends, but our ability to pay future dividends at current levels will necessarily depend upon our earnings and financial condition, general market conditions, and restrictions that may be imposed by law and the certificate of designations governing our various series of preferred stock. See Dividend Policy and Description of Capital Stock.
Book-entry form	The Common Stock will be issued in book-entry form and will be represented by permanent global certificates deposited with, or on behalf of, The Depository Trust Company (DTC) and registered in the name of a nominee of DTC. Beneficial interests in any of the

⁽¹⁾ The number of shares of Common Stock outstanding immediately after the closing of this offering is based on 40,730,831 shares of Common Stock outstanding as of June 30, 2012. Unless otherwise indicated, the number of shares of Common Stock presented in this prospectus excludes 44,435 shares reserved for issuance under our 2007 Omnibus Performance Incentive Plan, as amended and restated (the Omnibus Plan), and not subject to any outstanding awards. The number of shares of Common Stock presented in this prospectus also excludes the following shares, which are subject to equity awards granted under our 1996, 1998 or 2000 Incentive Stock Option Plans or our Omnibus Plan:

n 511,615 shares are issuable upon the exercise of options that remain unvested;

n 216,736 shares are issuable upon the lapse of the restricted period of restricted stock units; and

n 423,178 shares are issuable upon the exercise of options that have vested.

Furthermore, unless expressly provided, the number of shares of Common Stock presented in this prospectus excludes any shares of Common Stock issuable on conversion of the Series C Preferred Stock.

Table of Contents

Common Stock will be shown on, and transfers will be effected only through, records maintained by DTC or its nominee and any such interest may not be exchanged for certificated securities, except in limited circumstances.

Puerto Rico Income Tax and U.S. Federal Income Tax Consequences For a description of the Puerto Rico income tax and U.S. federal income tax consequences of the holding and disposition of shares of our Common Stock, see Certain Puerto Rico Income Tax Considerations and Certain U.S. Federal Income Tax Considerations, respectively.

NYSE Symbol for our Common Stock Our Common Stock is listed on the New York Stock Exchange under the symbol OFG.

Table of Contents

Summary Selected Consolidated Historical Financial Information

The table below sets forth a summary of our historical financial and other information for the periods presented. We derived the financial information as of and for each of the years in the three-year period ended December 31, 2011 from our audited consolidated financial statements incorporated by reference in this prospectus. We derived the financial information as of and for the six-month periods ended June 30, 2012 and 2011 from our unaudited consolidated financial statements incorporated by reference in this prospectus. In the opinion of management, all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of the results of operations for the unaudited periods have been made. The selected operating data presented below for the six months ended June 30, 2012 are not necessarily indicative of a full year's operations.

The selected consolidated historical financial information should be read in conjunction with:

- n Our audited consolidated financial statements as of December 31, 2011 and 2010 and for the years ended December 31, 2011, 2010 and 2009 and our unaudited consolidated financial statements as of June 30, 2012 and for the six-month periods ended June 30, 2012 and 2011 and related notes incorporated by reference in this prospectus and the Management's Discussion and Analysis of Financial Conditions and Results of Operations included in our Annual Report on Form 10-K for the year ended December 31, 2011 and our Quarterly Report on Form 10-Q for the quarter ended June 30, 2012, which are incorporated by reference in this prospectus; and

- n The section entitled "Risk Factors" in this prospectus.

Table of Contents

	AS OF AND FOR THE			AS OF AND FOR THE	
	YEAR ENDED DECEMBER 31,			SIX MONTHS ENDED	
	2011	2010	2009	JUNE 30, 2012	JUNE 30, 2011
				(Unaudited)	
	(in thousands except per share data)				
Selected financial condition data:					
Total assets	6,693,675	7,311,006	6,550,833	6,375,648	7,082,547
Total loans, net	1,669,953	1,772,579	1,140,069	1,620,356	1,707,249
Investment securities	3,867,970	4,413,957	4,974,269	3,531,490	4,469,659
Available for sale	2,959,912	3,700,064	4,953,659	2,612,839	3,581,087
Held to maturity	884,026	689,917		895,500	863,779
Deposits	2,395,267	2,588,888	1,745,501	2,222,942	2,385,231
Securities sold under agreement to repurchase and federal funds repurchased	3,056,238	3,456,781	3,557,308	3,053,865	3,459,135
Selected operations data:					
Interest income	297,028	303,801	319,480	130,708	160,236
Interest expense	156,586	168,669	188,722	58,769	80,147
Net interest income	140,442	135,132	130,758	71,939	80,089
Provision for loan and lease losses, net	13,813	22,196	15,650	15,424	8,149
Net interest income after provision for loan and lease losses	126,629	112,936	115,108	56,515	71,940
Non-interest income	30,989	5,198	(1,813)	30,181	24,164
Total non-interest expense	122,302	112,598	83,378	58,092	61,475
Income before income taxes	35,316	5,536	29,917	28,604	34,629
Income tax expense	866	(4,298)	6,972	2,994	5,081
Net income	34,450	9,834	22,945	25,610	29,548
Preferred stock dividends	(4,802)	(5,335)	(4,802)	(2,401)	(2,401)
Deemed dividend on preferred stock beneficial conversion feature		(22,711)			
Income available to common shareholders	29,648				