

COLONIAL BANCGROUP INC

Form 8-K

July 14, 2009

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d)

OF THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported July 13, 2009): July 14, 2009

THE COLONIAL BANCGROUP, INC.

(Exact name of registrant as specified in its charter)

DELAWARE
(State or other jurisdiction of
incorporation or organization)

1-13508
(Commission File Number)

100 Colonial Bank Blvd.

63-0661573
(I.R.S. Employer
Identification No.)

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Montgomery, Alabama 36117

(Address of principal executive offices)

(334) 676-5000

(Registrant's telephone number)

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))

Item 1.01 Entry into a Material Definitive Agreement

On July 13, 2009, The Colonial BancGroup, Inc. ("BancGroup") and Colonial Bank, a wholly owned subsidiary of BancGroup, entered into an Asset Purchase Agreement, (the "Agreement") with Global Consumer Acquisition Corporation ("GCAC") for the sale of 21 branch offices of Colonial Bank located in Nevada. GCAC is expected to acquire the branch network including approximately \$492 million in deposits and approximately \$440 million in loans, of which approximately \$326 million were originated in the Nevada franchise. The deposit premium is \$28 million or 9.33% based on a balance of \$300 million of non-time deposits. If non-time deposits exceed \$310 million the deposit premium will be increased by 9.33% of the amount that the non-time deposits exceed \$310 million. If non-time deposits are less than \$290 million the deposit premium will be decreased by 9.33% of the amount that the non-time deposits are less than \$290 million. A copy of the Agreement is included as Exhibit 10.1 and is incorporated herein by reference.

Completion of the proposed transaction is subject to the approval of GCAC's shareholders and various regulatory agencies. The transaction contemplated by the Agreement is expected to close during the third quarter of 2009, subject to the receipt of all necessary regulatory approvals and the satisfaction of certain other closing conditions as set forth in the Agreement.

GCAC and Colonial Bank have also executed a non-binding letter agreement expressing the parties' good faith intention to identify additional loans satisfactory to GCAC so that the aggregate outstanding principal balance of all loans acquired by GCAC will be at least \$450 million. As consideration for these additional loans, if any, GCAC would assume additional deposit liabilities with aggregate deposit balances of an amount equal to the outstanding principal balance of the additional loans.

The description of the Agreement above is a summary and does not purport to be a complete description of all of the terms of such Agreement, and is qualified in its entirety by reference to the Agreement incorporated herein by reference.

Item 7.01 Regulation FD Disclosure

On July 14, 2009, BancGroup announced it and its wholly owned subsidiary, Colonial Bank, entered into an agreement with Global Consumer Acquisition Corporation to sell Colonial Bank's Nevada branches. The press release is attached hereto as Exhibit 99.1.

Item 9.01 Financial Statements and Exhibits.

The following exhibits are being furnished herewith:

Exhibit No. Exhibit

- | | |
|------|--|
| 10.1 | Asset Purchase Agreement between Colonial Bank, Global Consumer Acquisition Corporation and The Colonial BancGroup, Inc. |
| 99.1 | Press Release Announcing Agreement to Sell Nevada Branches. |

This report and the information incorporated by reference contain forward-looking statements within the meaning of the federal securities laws. Words such as believes, estimates, plans, expects, should, may, might, could, outlook, potential, would, anticipates, the negative of these terms and similar expressions as they relate to BancGroup (including its subsidiaries and its management), are intended to identify forward-looking statements. The forward-looking statements in this report are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in or implied by the statements.

In addition to factors mentioned elsewhere in this report or previously disclosed in BancGroup's Securities and Exchange Commission (the SEC) reports (accessible on the SEC's website at www.sec.gov or on BancGroup's website at www.colonialbank.com), the following factors, among others, could cause actual results to differ materially from forward-looking statements, and future results could differ materially from historical performance. These factors are not exclusive:

losses in our loan portfolio are greater than estimated or expected;

an inability to raise additional capital on terms and conditions that are satisfactory, including the failure to close on BancGroup's pending agreement with investors led by Taylor, Bean & Whitaker Mortgage Corp. (TBW);

imposition of regulatory conditions or requirements on either BancGroup or TBW that could make consummation of the transaction between BancGroup and TBW impracticable;

failure to receive final approval and actual funding from the U.S. Treasury Department's Capital Purchase Program;

failure to comply with the recent regulatory order and additional regulatory measures that could be imposed as a result;

the impact of current economic conditions and the results of our operations on our ability to borrow additional funds to meet our liquidity needs;

economic conditions affecting real estate values and transactions in BancGroup's market and/or general economic conditions, either nationally or regionally, that are less favorable or take longer to recover than expected;

changes in the interest rate environment which expand or reduce margins or adversely affect critical estimates as applied, projected returns on investments and fair values of assets;

continued or sustained deterioration of market and economic conditions or business performance could increase the likelihood that we would have an additional goodwill impairment charge;

deposit attrition, customer loss or revenue loss in the ordinary course of business;

increases in competitive pressure in the banking industry and from non-banks;

costs or difficulties related to the integration of the businesses of BancGroup and institutions it acquires are greater than expected;

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the inability of BancGroup to realize elements of its strategic and operating plans for 2009 and beyond, including a reduction in assets in order to improve capital ratios;

the anticipated savings and revenue enhancements from the Colonial 1st program may not be achieved in their entirety or accomplished within our expected time frame;

natural disasters in BancGroup's primary market areas result in prolonged business disruption or materially impair the value of collateral securing loans;

management's assumptions and estimates underlying critical accounting policies prove to be inadequate or materially incorrect or are not borne out by subsequent events;

the impact of recent and future federal and state legislative and regulatory changes;

current or future litigation, regulatory investigations, proceedings, inquiries or directives;

strategies to manage interest rate risk may yield results other than those anticipated;

changes which may occur in the regulatory environment;

a significant rate of inflation (deflation);

unanticipated litigation or claims;

changes in the securities markets;

acts of terrorism or war; and

details of the recently enacted Emergency Economic Stabilization Act of 2008, the American Recovery and Reinvestment Act of 2009, the Homeowner Affordability and Stability Plan and various announced and unannounced programs implemented by the U.S. Treasury Department and bank regulators to address capital and liquidity concerns in the banking system, are still being finalized and may have a significant effect on the financial services industry and BancGroup.

Many of these factors are beyond BancGroup's control. The reader is cautioned not to place undue reliance on any forward looking statements made by or on behalf of BancGroup. Any such statement speaks only as of the date the statement was made or as of such date that may be referenced within the statement. BancGroup does not undertake any obligation to update or revise any forward-looking statements.

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 hereunto duly authorized.

THE COLONIAL BANCGROUP, INC

By */s/ SARAH H. MOORE*
Sarah H. Moore
Senior Executive Vice President

and Chief Financial Officer

Date: July 14, 2009