

UNITED COMMUNITY BANKS INC  
Form 10-Q  
November 07, 2013

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

FORM 10-Q

- QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended September 30, 2013

OR

- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934

For the Transition Period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 001-35095

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

Georgia (State of Incorporation)	58-1807304 (I.R.S. Employer Identification No.)
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125 Highway 515 East Blairsville, Georgia Address of Principal Executive Offices	30512  (Zip Code)
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(706) 781-2265  
(Telephone Number)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES  NO

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Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

YES  NO

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.

Large accelerated filer

Accelerated filer

Non-accelerated filer  (Do not check if a smaller reporting company)

Smaller Reporting Company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).

YES  NO

Common stock, par value \$1 per share 45,230,240 shares voting and 14,189,006 shares non-voting outstanding as of October 31, 2013.

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## Part I – Financial Information

## Item 1 – Financial Statements

UNITED COMMUNITY BANKS, INC.  
Consolidated Statement of Income (Unaudited)

(in thousands, except per share data)	Three Months Ended		Nine Months Ended	
	September 30, 2013	September 30, 2012	September 30, 2013	September 30, 2012
Interest revenue:				
Loans, including fees	\$50,114	\$53,868	\$151,776	\$163,805
Investment securities, including tax exempt of \$202, \$225, \$624 and \$737	9,872	10,706	29,518	34,772
Deposits in banks and short-term investments	1,007	985	2,793	3,093
Total interest revenue	60,993	65,559	184,087	201,670
Interest expense:				
Deposits:				
NOW	413	447	1,286	1,587
Money market	545	599	1,641	1,901
Savings	37	37	109	112
Time	2,486	4,612	8,636	15,844
Total deposit interest expense	3,481	5,695	11,672	19,444
Short-term borrowings	525	514	1,563	2,463
Federal Home Loan Bank advances	16	26	65	882
Long-term debt	3,003	2,372	8,331	7,119
Total interest expense	7,025	8,607	21,631	29,908
Net interest revenue	53,968	56,952	162,456	171,762
Provision for loan losses	3,000	15,500	62,500	48,500
Net interest revenue after provision for loan losses	50,968	41,452	99,956	123,262
Fee revenue:				
Service charges and fees	8,456	7,696	23,831	23,295
Mortgage loan and other related fees	2,554	2,800	8,212	7,221
Brokerage fees	1,274	709	3,104	2,331
Securities gains, net	-	-	116	7,047
Loss from prepayment of debt	-	-	-	(6,681)
Other	1,860	2,559	8,019	8,797
Total fee revenue	14,144	13,764	43,282	42,010
Total revenue	65,112	55,216	143,238	165,272
Operating expenses:				
Salaries and employee benefits	23,090	22,918	71,416	72,440
Communications and equipment	3,305	3,254	9,819	9,620
Occupancy	3,379	3,539	10,195	10,849

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Advertising and public relations	962	934	2,937	2,868
Postage, printing and supplies	644	954	2,401	2,849
Professional fees	2,650	2,180	7,515	6,107
Foreclosed property	194	3,706	7,678	9,382
FDIC assessments and other regulatory charges	2,405	2,537	7,415	7,592
Amortization of intangibles	427	728	1,623	2,190
Other	3,041	4,033	11,691	12,151
Total operating expenses	40,097	44,783	132,690	136,048
Net income before income taxes	25,015	10,433	10,548	29,224
Income tax expense (benefit)	9,515	(135 )	(246,681 )	629
Net income	15,500	10,568	257,229	28,595
Preferred stock dividends and discount accretion	3,059	3,041	9,166	9,103
Net income available to common shareholders	\$12,441	\$7,527	\$248,063	\$19,492
Earnings per common share				
Basic	\$.21	\$.13	\$4.24	\$.34
Diluted	.21	.13	4.24	.34
Weighted average common shares outstanding				
Basic	59,100	57,880	58,443	57,826
Diluted	59,202	57,880	58,444	57,826

See accompanying notes to consolidated financial statements.

UNITED COMMUNITY  
BANKS, INC.

Consolidated Statement of Comprehensive Income

(Unaudited)

(in thousands)

	Three Months Ended September 30,			Nine Months Ended September 30,		
	Before- tax Amount	Tax (Expense) Benefit	Net of Tax Amount	Before- tax Amount	Tax (Expense) Benefit	Net of Tax Amount
2013						
Net (loss) income	\$ 25,015	\$ (9,515 )	\$ 15,500	\$ 10,548	\$ 246,681	\$ 257,229
Other comprehensive income (loss):						
Unrealized (losses) gains on available-for-sale securities:						
Unrealized holding gains (losses) arising during period	(13,215 )	4,971	(8,244 )	(26,932 )	10,148	(16,784 )
Reclassification adjustment for gains included in net income	-	-	-	(116 )	45	(71 )
Adjustment of valuation allowance for the change in deferred taxes arising from unrealized gains and losses on available-for-sale securities and release of valuation allowance	-	-	-	-	(2,950 )	