

UNITED COMMUNITY BANKS INC  
Form 11-K  
June 27, 2012

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

Washington, D.C. 20549

**FORM 11-K**

x **ANNUAL REPORT PURSUANT TO SECTION 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2011

or

.. **TRANSITION REPORT PURSUANT TO SECTION 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from                      to

Commission file number 001-35095

A. Full title of the Plan and address of the Plan, if different from that of the issuer named below:

**United Community Banks, Inc. Profit Sharing Plan**

B. Name of the issuer of the securities held pursuant to the plan and the address of the principal executive office:

**United Community Banks, Inc.**

**125 Highway 515 East, PO Box 398**

**Blairsville, GA 30514**

**UNITED COMMUNITY BANKS, INC.**

**PROFIT SHARING PLAN**

**Financial Statements and Supplemental Schedule**

**December 31, 2011 and 2010**

**(with Report of Independent Registered Public Accounting Firm)**

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Benefits Administrative Committee Members

United Community Banks, Inc. Profit Sharing Plan

Blairsville, Georgia

We have audited the accompanying statements of net assets available for benefits of United Community Banks, Inc. Profit Sharing Plan as of December 31, 2011 and 2010, and the related statement of changes in net assets available for benefits for the year ended December 31, 2011. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the auditing 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 audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of United Community Banks, Inc. Profit Sharing Plan as of December 31, 2011 and 2010, and the changes in net assets available for benefits for the year ended December 31, 2011, in conformity with accounting principles generally accepted in the United States of America.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental Schedule of Assets (Held at End of Year) as of December 31, 2011, is presented for the purpose of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by the United States Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ Porter Keadle Moore, LLC

Atlanta, Georgia

June 27, 2012

## UNITED COMMUNITY BANKS, INC. PROFIT SHARING PLAN

## Statements of Net Assets Available for Benefits

December 31, 2011 and 2010

	2011	2010
<b>Assets:</b>		
Investments at fair value:		
Common stock of United Community Banks, Inc.	\$ 3,942,045	\$ 4,439,261
Collective investment fund	6,779,630	
Shares of registered investment company mutual funds	55,001,256	61,151,264
Total investments	65,722,931	65,590,525
<b>Receivables:</b>		
Employer contribution	110,982	
Participant contributions	163,178	
Accrued dividends	11,964	23,245
Due from brokers for securities sold	48,101	35,146
Total receivables	334,225	58,391
Cash	20,691	94,654
Total assets	66,077,847	65,743,570
<b>Liabilities:</b>		
Due to brokers for securities purchased	284,550	45,860
Other payables	20,389	62,647
Total liabilities	304,939	108,507
Net assets available for benefits, at fair value	65,772,908	65,635,063
Adjustment from fair value to contract value for fully benefit-responsive investment contracts	(144,224)	
<b>Net assets available for benefits</b>	<b>\$ 65,628,684</b>	<b>\$ 65,635,063</b>

See accompanying notes to financial statements.

**UNITED COMMUNITY BANKS, INC. PROFIT SHARING PLAN**

**Statement of Changes in Net Assets Available for Benefits**

**For the Year Ended December 31, 2011**

<b>Additions to net assets attributed to:</b>	
Investment loss:	
Interest and dividends	\$ 749,432
Net depreciation in fair value of investments	(3,095,647)
<b>Total investment loss</b>	<b>(2,346,215)</b>
Contributions:	
Employer match	2,860,714
Employee deferrals	4,405,692
Employee rollovers and other	278,956
<b>Total contributions</b>	<b>7,545,362</b>
<b>Total additions</b>	<b>5,199,147</b>
<b>Deductions from net assets attributed to:</b>	
Distributions paid to participants	4,888,636
Administrative expenses	289,188
Other	27,702
<b>Total deductions</b>	<b>5,205,526</b>
<b>Decrease in net assets available for benefits</b>	<b>(6,379)</b>
<b>Net assets available for plan benefits:</b>	
Beginning of year	65,635,063
End of year	\$ 65,628,684

See accompanying notes to financial statements.

**UNITED COMMUNITY BANKS, INC. PROFIT SHARING PLAN**

**Notes to Financial Statements**

**(1) Description of the Plan**

The following description of United Community Banks, Inc. Profit Sharing Plan (the Plan ) provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan s provisions.

General

The Plan is a defined contribution plan and was formed to provide benefits exclusively for the employees of United Community Banks, Inc. and its subsidiaries (the Company ). Employees are eligible to participate in the Plan on the next immediate enrollment date following employment, but are eligible to participate in the matching portion of the Plan after the completion of one year of service with the Company as defined in the Plan documents. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 ( ERISA ).

Contributions

Employees of the Company participating in the Plan are entitled to make pre-tax contributions to the Plan in amounts ranging from 2% to 75% of their annual base salary and commissions, subject to mandated maximum limitations. The Company matches 100% of participant contributions up to 5% of the participant s annual base salary and commissions for those who have completed at least one year of service and have elected to make deferred contributions. The Company may also make an additional discretionary contribution in any Plan year. Contributions are subject to certain limitations.

Participant Accounts

Each participant s account is credited with the participant s contribution, the Company s contribution, and Plan earnings. The benefit to which a participant is entitled is the benefit that is available in the participant s vested account.

Vesting

Participants are immediately vested in their contributions to the Plan plus actual earnings thereon. Participants vest in the Company s contributions according to the following schedule:

Years of Service	Percentage
Less Than 1	0%
2	33%
3	66%
More Than 3	100%

Participants automatically become 100% vested upon death or disability while still an active employee of the Company. Upon termination of employment, amounts not vested will be forfeited with such forfeitures reducing administrative expenses paid from the Plan.

Payment of Benefits

Upon retirement, a participant is entitled to receive 100% of the vested account balance in a lump-sum distribution or periodic payments over a predetermined period. Upon the death of a participant, the designated beneficiary is entitled to receive 100% of the participant s account in a lump-sum distribution or periodic payments over a predetermined period. In addition, disabled participants are entitled to 100% of their account balance. Plan participants who are terminated for reasons other than retirement, death or disability are entitled to receive only the vested portion of their account. The Plan also allows for certain hardship withdrawals prior to termination of employment. Benefits are recorded when paid.

Administrative Expenses

The Plan pays substantially all administrative expenses.





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UNITED COMMUNITY BANKS, INC. PROFIT SHARING PLAN

Notes to Financial Statements, continued

**(1) Description of the Plan, continued**

Forfeited Accounts

At December 31, 2011 and 2010, forfeited non-vested accounts approximated \$9,000 and \$7,000, respectively. These amounts will be used to reduce future administrative expenses.

Plan Termination

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. The participants affected by the termination or discontinuance of contributions will immediately become 100% vested in their accounts.

**(2) Summary of Significant Accounting Policies and Recent Accounting Pronouncements**

Basis of Accounting

The financial statements of the Plan have been prepared using the accrual method of accounting and present the net assets available for benefits and changes in those assets of the Plan. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of net assets available for plan benefits and changes therein, and disclosure of contingent assets and liabilities. Accordingly, actual results may differ from those estimates.

Investment Valuation

The Financial Accounting Standards Board's (FASB) Accounting Standards Codification Topic 820 (ASC 820) *Fair Value Measurements and Disclosures* defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. ASC 820 applies to reported balances that are required or permitted to be measured at fair value under existing accounting pronouncements. ASC 820 emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurements, ASC 820 establishes a fair value hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Levels 1 and 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy).

Fair Value Hierarchy

Level 1 Valuation is based upon quoted prices (unadjusted) in active markets for identical assets or liabilities that the Plan has the ability to access.

Level 2 Valuation is based upon quoted prices for similar assets and liabilities in active markets, as well as inputs that are observable for the asset or liability (other than quoted prices), such as interest rates, foreign exchange rates, and yield curves that are observable at commonly quoted intervals.

Level 3 Valuation is generated from model-based techniques that use at least one significant assumption based on unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity. In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and

considers factors specific to the asset or liability.

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UNITED COMMUNITY BANKS, INC. PROFIT SHARING PLAN

Notes to Financial Statements, continued

**(2) Summary of Significant Accounting Policies and Recent Accounting Pronouncements, continued**

The Plan's investments are reported at fair value. The relevant accounting standard for defined contribution plans defines the circumstances in which an investment contract is considered fully benefit responsive and provides certain reporting and disclosure requirements for fully benefit responsive investment contracts. As required by the standards, investments in the accompanying Statements of Net Assets Available for Benefits include fully benefit responsive investment contracts recognized at fair value in the Plan's Statements of Net Assets Available for Benefits with a corresponding adjustment to reflect this investment at contract value.

The Company's common stock trades on the Nasdaq Global Select Market ( Nasdaq ), and its value is based on a quoted market price. Investments in mutual funds held are stated at fair value based on quoted market prices of the underlying fund securities. The fair value of the underlying assets of the collective investment fund is based upon the fair value of the underlying assets of the trust according to the Trustee's valuation. The contract value of participation units owned in the common collective trust fund are based on quoted redemption values, as determined by the Trustee on the last business day of the Plan year.

In accordance with ASC 820, the Plan's investments in the Company's common stock and mutual funds are classified as Level 1 recurring items since their valuation is based upon quoted market prices in active markets for identical assets. The Plan's investment in the collective investment fund is classified as a Level 2 recurring item since its valuation includes discounting the related cash flows based on current yields of similar instruments with comparable durations considering the credit-worthiness of the issuer. At December 31, 2011 and 2010 the Plan held investments in the Company's common stock amounting to \$3,942,045 and \$4,439,261, respectively. This investment represented 6% and 7% of total investments at December 31, 2011 and 2010, respectively. A significant decline in the market value of the Company's common stock would significantly affect the net assets available for benefits.

The Plan provides for investments in various investment securities, which are exposed to various risks such as interest rate, credit and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the statements of net assets available for plan benefits.

The net gain or loss from investment activity includes realized and unrealized gains and losses from investment activity as well as earnings on investments. Unrealized gains and losses are calculated as the difference between the current value of securities as of the end of the plan year and either the current value at the end of the preceding year or the actual cost if such investments were purchased during the current year. Realized gains or losses on sales of investments are calculated as the difference between sales proceeds and the current value of investments at the beginning of the year or the actual cost if such investments were purchased during the year. Earnings on investments include interest and dividends received on the Company's common stock and mutual fund shares.

Securities transactions are recorded on the trade date. Interest income is recorded on an accrual basis when it is earned. Dividend income is recorded on the ex-dividend date.

Recent Accounting Pronouncements

In September 2011, the FASB issued Accounting Standards Update No. 2011-09, *Disclosures about an Employer's Participation in a Multiemployer Plan* ( ASU No. 2011-09 ). ASU No. 2011-09 is intended to provide more information about an employer's financial obligations to a multiemployer pension plan and, therefore help financial statement users better understand the financial health of all significant plans in which the employer participates. It is effective for public entities for fiscal years ending after December 15, 2011, with a one year deferral for non-public entities. United does not participate in a multiemployer plan, so this revised standard does not apply to the Company.

## UNITED COMMUNITY BANKS, INC. PROFIT SHARING PLAN

## Notes to Financial Statements, continued

**(3) Investments**

The following table represents investments at December 31, 2011 and 2010:

	2011	2010
United Community Banks, Inc. common stock (563,955 and 455,309 shares at December 31, 2011 and 2010, respectively)	\$ 3,942,045	\$ 4,439,261
Collective investment fund:		
Federated Capital Preservation Fund	\$ 6,779,630	\$
Mutual funds:		
Federated Govt Obligations Fund	\$	\$ 6,833,516
Eagle Small Cap Growth I Fund	1,701,811	1,736,728
American Independence Stock Fund	3,035,954	2,957,832
NestEgg 2050 Fund	44,554	14,945
NestEgg 2040 Fund	5,974,612	6,419,220
NestEgg 2030 Fund	6,063,935	6,604,788
NestEgg 2020 Fund	10,169,642	10,041,561
NestEgg 2010 Fund	3,625,346	3,768,919
Harbor International Fund	2,381,286	2,545,668
Goldman Sachs Mid Cap Value Fund	2,565,460	2,561,316
Morgan Stanley Mid Cap Growth Fund	3,764,646	3,776,839
Northern Small Cap Value Fund	1,687,917	1,602,397
T Rowe Price Growth Stock Fund	3,458,810	3,380,531
Vanguard 500 Index Fund	2,347,771	2,121,066
PIMCO Total Return Bond Fund	7,379,321	6,785,938
American Century Inflation Adjust Bond Fund	800,191	
Total mutual funds	\$ 55,001,256	\$ 61,151,264

During 2011, the Plan's investments (including investments bought, sold, and held during the year) depreciated in value as detailed below:

	Year Ended December 31, 2011
Net change in investments at fair value as determined by quoted market price:	
Collective investment fund	\$ 144,224
Mutual funds	(1,746,435)
United Community Banks, Inc. common stock	(1,493,436)
Net change in fair value	\$ (3,095,647)

## UNITED COMMUNITY BANKS, INC. PROFIT SHARING PLAN

## Notes to Financial Statements, continued

**(3) Investments, continued**

Single investments representing more than 5% of the Plan's net assets as of December 31, 2011 and/or 2010, are separately identified.

	December 31	
	2011	2010
United Community Banks, Inc. common stock	\$ 3,942,045	\$ 4,439,261
Federated Capital Preservation Fund	6,779,630	
NestEgg 2040 Fund	5,974,612	6,419,220
NestEgg 2030 Fund	6,063,935	6,604,788
NestEgg 2020 Fund	10,169,642	10,041,561
NestEgg 2010 Fund	3,625,346	3,768,919
Federated Govt Obligations Fund		6,833,516
PIMCO Total Return Bond Fund	7,379,321	6,785,938
T Rowe Price Growth Stock Fund	3,458,810	3,380,531
Morgan Stanley Mid Cap Growth Fund	3,764,646	3,776,839

**(4) Tax Status**

The Plan obtained its latest determination letter on October 4, 2002, in which the Internal Revenue Service stated that the Plan, as then designed, was in compliance with the applicable requirements of the Internal Revenue Code ( IRC ). The Plan was amended effective September 15, 2009; however, the Plan sponsor and the Plan's tax counsel believe the Plan is currently designed and being operated in compliance with the applicable requirements of the IRC. Therefore, no provision for income taxes has been included in the Plan's financial statements.

**(5) Party-In-Interest Transactions**

During the course of the year, the Plan enters into certain party-in-interest transactions with the Company and INTRUST Bank, N.A. (the Trustee ). The Company, as the Plan sponsor, may declare cash dividends on its common stock on a quarterly basis throughout the year. In 2011, the Plan did not receive cash dividends on its investment in the Company's stock. Additionally, the Company may provide a discretionary contribution to the Plan's participants, which is based on the diluted earnings per share of the Company. No discretionary contribution was made for the 2011 plan year.

The Plan regularly purchases shares of the Company's common stock directly from the Company based on the average of the high and low price for the Company's common stock as reported by Nasdaq on the date of transaction. During 2011 and 2010, the Plan purchased 124,705 and 89,833 shares, respectively, directly from the Company.

The Trustee functions as the trustee, custodian and record keeper for the Plan. The cost for these services totaled \$289,188 for 2011 and is presented on the statement of changes in net assets available for benefits as administrative expenses. The fees for 2011 for trustee and custodial services amounted to \$242,783 and for record keeping amounted to \$46,405.

## UNITED COMMUNITY BANKS, INC. PROFIT SHARING PLAN

## Notes to Financial Statements, continued

**(6) Fair Value Measurements**

The following tables set forth by level within the fair value hierarchy a summary of the Plan's investments measured at fair value on a recurring basis at December 31, 2011 and 2010.

December 31, 2011	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
UCBI common stock	\$ 3,942,045	\$	\$	\$ 3,942,045
Small cap equity funds	3,389,729			3,389,729
Mid cap equity funds	6,330,107			6,330,107
Large cap equity funds	8,842,534			8,842,534
International equity funds	2,381,286			2,381,286
Balanced funds	25,878,088			25,878,088
Taxable bond funds	800,191			800,191
Pooled fixed income funds	7,379,321			7,379,321
Collective investment fund		6,779,630		6,779,630
<b>Total</b>	<b>\$ 58,943,301</b>	<b>\$ 6,779,630</b>	<b>\$</b>	<b>\$ 65,722,931</b>

December 31, 2010	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
UCBI common stock	\$ 4,439,261	\$	\$	\$ 4,439,261
Money market fund	6,833,515			6,833,515
Small cap equity funds	3,339,125			3,339,125
Mid cap equity funds	6,338,155			6,338,155
Large cap equity funds	8,459,430			8,459,430
International equity funds	2,545,668			2,545,668
Balanced funds	23,080,514			23,080,514
Other equity funds	3,768,919			3,768,919
Pooled fixed income funds	6,785,938			6,785,938
<b>Total</b>	<b>\$ 65,590,525</b>	<b>\$</b>	<b>\$</b>	<b>\$ 65,590,525</b>

## UNITED COMMUNITY BANKS, INC. PROFIT SHARING PLAN

## Schedule H, Part IV, Line 4:

## Schedule of Assets (Held at End of Year)

December 31, 2011

Employer Identification Number: 58-0554454

Plan Number: 001

(a)	Identity of issuer or similar party (b)	Description of assets (c)	Cost (d)	Fair Value (e)
*	United Community Banks, Inc.	Common stock 563,955 shares	N/A	\$ 3,942,045
	Federated Investors, Inc.	Federated Capital Preservation Fund 663,541 shares	N/A	6,779,630
	American Independence Financial	NestEgg 2050 Fund 4,172 shares	N/A	44,554
	American Independence Financial	NestEgg 2040 Fund 677,394 shares	N/A	5,974,612
	American Independence Financial	NestEgg 2030 Fund 686,742 shares	N/A	6,063,935
	American Independence Financial	NestEgg 2020 Fund 1,039,841 shares	N/A	10,169,642
	American Independence Financial	NestEgg 2010 Fund 381,214 shares	N/A	3,625,346
	American Independence Financial	American Independence Stock Fund 230,696 shares	N/A	3,035,954
	American Century	American Century Inflation Adjust Bond Fund 62,809 shares	N/A	800,191
	Vanguard Funds	Vanguard 500 Index Fund 24,545 shares	N/A	2,347,771
	PIMCO Funds	PIMCO Total Return Bond Fund 678,870 shares	N/A	7,379,321
	Goldman Sachs	Goldman Sachs Mid Cap Value Fund 76,421 shares	N/A	2,565,460
	T Rowe Price	T Rowe Price Growth Stock Fund 108,665 shares	N/A	3,458,810
	Morgan Stanley	Morgan Stanley Mid Cap Growth Fund 114,357 shares	N/A	3,764,646
	Northern Trust Investments	Northern Small Cap Value Fund 112,603 shares	N/A	1,687,917
	Eagle Fund Distributors, Inc.	Eagle Small Cap Growth I Fund 44,550 shares	N/A	1,701,811
	Harbor Funds	Harbor International Fund 45,401 shares	N/A	2,381,286

\* Party-in-interest

N/A Due to Plan being fully participant directed, such values are not required.

**SIGNATURE**

The Plan. Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

United Community Banks, Inc.

Profit Sharing Plan

By: /s/ John Goff

Title: Senior Vice President and Trust Officer

INTRUST BANK, N.A.

Date: June 27, 2012



**EXHIBIT INDEX**

Exhibit No.	Description
23	Consent of Independent Registered Public Accounting Firm