

UNITED COMMUNITY BANKS INC

Form 10-K/A

March 06, 2006

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K/A**

Amendment No. 1

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

For the Fiscal Year Ended December 31, 2005

Commission File Number 0-21656

UNITED COMMUNITY BANKS, INC.

(Exact name of registrant as specified in its charter)

Georgia

58-1807304

(State or other jurisdiction of
incorporation)

(I.R.S. Employer Identification No.)

63 Highway 515, Blairsville, Georgia

30512

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code: **(706) 781-2265**

Securities registered pursuant to Section 12(b) of the Act: None

Name of exchange on which registered: None

Securities registered pursuant to Section 12(g) of the Act:

Common Stock, \$1.00 par value

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Sections 13 or 15(d) of the Act.

Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Sections 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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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

Large accelerated filer Accelerated filer Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

Aggregate market value of the voting stock held by non-affiliates of the Registrant: \$814,107,000 (based on shares held by non-affiliates at \$26.02 per share, the closing stock price on the Nasdaq stock market on June 30, 2005).

As of January 31, 2006, 40,080,244 shares of common stock were issued and outstanding, including 372,000 shares deemed outstanding pursuant to prime plus 1/4% convertible subordinated payable-in-kind debentures due

December 31, 2006 and presently exercisable options to acquire 1,252,868 shares.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's Proxy Statement for the Annual Meeting of Shareholders to be held on April 26, 2006 are incorporated herein into Part III by reference.

EXPLANATORY NOTE

United Community Banks, Inc. is filing this amendment on Form 10-K/A to its Form 10-K for the year ended December 31, 2005 to replace the table in Item 6. Selected Financial Data titled Selected Financial Information For the Years Ended December 31. The compound annual growth rate in the far right column of the original table had been calculated incorrectly.

United Community Banks, Inc. is filing an unofficial PDF copy of the entire Form 10-K, as amended, with this amendment.

ITEM 6. SELECTED FINANCIAL DATA
UNITED COMMUNITY BANKS, INC.
Selected Financial Information
For the Years Ended December 31,

| | | | | | | 5 Year CAGR (4) |
|--|------------------|------------------|------------------|------------------|------------------|------------------------------------|
| (in thousands, except per share data; | | | | | | |
| taxable equivalent) | 2005 | 2004 | 2003 | 2002 | 2001 | |
| INCOME SUMMARY | | | | | | |
| Interest revenue | \$ 338,818 | \$ 239,386 | \$ 209,338 | \$ 195,932 | \$ 210,036 | |
| Interest expense | 127,426 | 74,794 | 70,600 | 76,357 | 100,874 | |
| Net interest revenue | 211,392 | 164,592 | 138,738 | 119,575 | 109,162 | 17% |
| Provision for loan losses | 12,100 | 7,600 | 6,300 | 6,900 | 6,000 | |
| Fee revenue | 46,148 | 39,539 | 38,184 | 30,734 | 25,267 | 20 |
| Total revenue | 245,440 | 196,531 | 170,622 | 143,409 | 128,429 | 18 |
| Operating expenses ⁽¹⁾ | 155,401 | 122,568 | 107,900 | 91,124 | 83,906 | 16 |
| Income before taxes | 90,039 | 73,963 | 62,722 | 52,285 | 44,523 | 21 |
| Income taxes | 33,297 | 26,807 | 23,247 | 19,505 | 16,208 | |
| Net operating income | 56,742 | 47,156 | 39,475 | 32,780 | 28,315 | 21 |
| Merger-related charges, net of tax | | 565 | 1,357 | | 1,084 | |
| Net income | \$ 56,742 | \$ 46,591 | \$ 38,118 | \$ 32,780 | \$ 27,231 | 31 |
| OPERATING PERFORMANCE ⁽¹⁾ | | | | | | |
| Earnings per common share: | | | | | | |
| Basic | \$ 1.47 | \$ 1.31 | \$ 1.15 | \$ 1.02 | \$.89 | 16 |
| Diluted | 1.43 | 1.27 | 1.12 | .99 | .87 | 16 |
| Return on tangible equity ⁽²⁾⁽³⁾ | 18.99% | 19.74% | 19.24% | 17.88% | 18.19% | |
| Return on assets | 1.04 | 1.07 | 1.06 | 1.11 | 1.10 | |
| Efficiency ratio | 60.15 | 60.05 | 60.89 | 60.66 | 62.52 | |
| Dividend payout ratio | 19.05 | 18.32 | 17.39 | 16.34 | 14.98 | |
| GAAP PERFORMANCE | | | | | | |
| Per common share: | | | | | | |
| Basic earnings | \$ 1.47 | \$ 1.29 | \$ 1.11 | \$ 1.02 | \$.86 | 26 |
| Diluted earnings | 1.43 | 1.25 | 1.08 | .99 | .84 | 25 |
| Cash dividends declared (rounded) | .28 | .24 | .20 | .17 | .13 | 23 |
| Book value | 11.80 | 10.39 | 8.47 | 6.89 | 5.98 | 19 |
| Tangible book value ⁽³⁾ | 8.94 | 7.34 | 6.52 | 6.49 | 5.40 | 15 |
| Key performance ratios: | | | | | | |
| Return on equity ⁽²⁾ | 13.46% | 14.39% | 14.79% | 16.54% | 16.08% | |
| Return on assets | 1.04 | 1.05 | 1.02 | 1.11 | 1.05 | |
| Net interest margin | 4.14 | 4.00 | 3.99 | 4.33 | 4.51 | |
| Dividend payout ratio | 19.05 | 18.60 | 18.02 | 16.34 | 15.50 | |
| Equity to assets | 7.63 | 7.45 | 7.21 | 7.01 | 6.81 | |

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| | | | | | | |
|--|--------------|--------------|--------------|--------------|--------------|----|
| Tangible equity to assets ⁽³⁾ | 5.64 | 5.78 | 6.02 | 6.60 | 6.18 | |
| ASSET QUALITY | | | | | | |
| Allowance for loan losses | \$ 53,595 | \$ 47,196 | \$ 38,655 | \$ 30,914 | \$ 27,124 | |
| Non-performing assets | 12,995 | 8,725 | 7,589 | 8,019 | 9,670 | |
| Net charge-offs | 5,701 | 3,617 | 4,097 | 3,111 | 4,578 | |
| Allowance for loan losses to loans | 1.22% | 1.26% | 1.28% | 1.30% | 1.35% | |
| Non-performing assets to total assets | .22 | .17 | .19 | .25 | .35 | |
| Net charge-offs to average loans | .14 | .11 | .15 | .14 | .25 | |
| AVERAGE BALANCES | | | | | | |
| Loans | \$ 4,061,091 | \$ 3,322,916 | \$ 2,753,451 | \$ 2,239,875 | \$ 1,854,968 | 19 |
| Investment securities | 989,201 | 734,577 | 667,211 | 464,468 | 489,332 | 11 |
| Earning assets | 5,109,053 | 4,119,327 | 3,476,030 | 2,761,265 | 2,419,080 | 17 |
| Total assets | 5,472,200 | 4,416,835 | 3,721,284 | 2,959,295 | 2,585,290 | 17 |
| Deposits | 4,003,084 | 3,247,612 | 2,743,087 | 2,311,717 | 2,010,105 | 16 |
| Stockholders' equity | 417,309 | 329,225 | 268,446 | 207,312 | 176,144 | 25 |
| Common shares outstanding: | | | | | | |
| Basic | 38,477 | 36,071 | 34,132 | 32,062 | 31,691 | |
| Diluted | 39,721 | 37,273 | 35,252 | 33,241 | 32,624 | |
| AT PERIOD END | | | | | | |
| Loans | \$ 4,398,286 | \$ 3,734,905 | \$ 3,015,997 | \$ 2,381,798 | \$ 2,007,990 | 20 |
| Investment securities | 990,687 | 879,978 | 659,891 | 559,390 | 470,176 | 14 |
| Earning assets | 5,470,718 | 4,738,389 | 3,796,332 | 3,029,409 | 2,554,530 | 18 |
| Total assets | 5,865,756 | 5,087,702 | 4,068,834 | 3,211,344 | 2,749,257 | 18 |
| Deposits | 4,477,600 | 3,680,516 | 2,857,449 | 2,385,239 | 2,116,499 | 18 |
| Stockholders' equity | 472,686 | 397,088 | 299,373 | 221,579 | 194,665 | 24 |
| Common shares outstanding | 40,020 | 38,168 | 35,289 | 31,895 | 32,266 | |

(1) Excludes pre-tax merger-related and restructuring charges totaling \$.9 million, or \$.02 per diluted common share, recorded in 2004; \$ 2.1 million, or \$.04 per diluted common share, recorded in 2003; and \$ 1.6 million, or \$.03 per diluted common share, recorded in 2001.

(2) Net income available to

common
stockholders,
which excludes
preferred stock
dividends,
divided by
average realized
common equity
which excludes
accumulated
other
comprehensive
income (loss).

- (3) Excludes effect
of acquisition
related
intangibles and
associated
amortization.
 - (4) Compound
annual growth
rate.
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SIGNATURES

Pursuant to the requirements of Section 13 or 15(a) of the Securities Exchange Act of 1934, United has duly caused this Report on Form 10-K, as amended, to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Blairsville, State of Georgia, on the 6th of March, 2006.

**UNITED COMMUNITY BANKS, INC.
(Registrant)**

By: /s/ *Jimmy C. Tallent*
Jimmy C. Tallent
President and Chief Executive Officer
(Principal Executive Officer)

By: /s/ *Rex S. Schuette*
Rex S. Schuette
Executive Vice President and Chief
Financial Officer (Principal Financial
Officer)

By: /s/ *Alan H. Kumler*
Alan H. Kumler
Senior Vice President, Controller and
Chief Accounting Officer (Principal
Accounting Officer)

*

/s/ *Jimmy C. Tallent*

Jimmy C. Tallent
President, Chief Executive Officer and Director
(Principal Executive Officer)

Robert L. Head, Jr.
Chairman of the Board

*

W. C. Nelson, Jr.
Vice Chairman of the Board

*

A. William Bennett

Director

*

Robert Blalock
Director

*

Guy W. Freeman
Director

*

Thomas C. Gilliland
Director

*

Charles E. Hill
Director

*

Hoyt O. Holloway
Director

*

Clarence W. Mason, Sr.
Director

*

Tim Wallis
Director

*By: */s/ Jimmy C. Tallent*

Jimmy C. Tallent
Attorney-in-fact

EXHIBIT INDEX

| Exhibit No. | Description |
|-------------|-------------|
|-------------|-------------|

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