

UNITED COMMUNITY BANKS INC

Form 10-Q

May 07, 2012

[Table of Contents](#)

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the Quarterly Period Ended March 31, 2012

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.)

125 Highway 515 East

Blairsville, Georgia
Address of Principal Executive Offices

30512
(Zip Code)

(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

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 57,613,842 shares outstanding as of April 30, 2012

Table of Contents

INDEX

PART I - Financial Information

Item 1. Financial Statements

Consolidated Statement of Operations (unaudited) for the Three Months Ended March 31, 2012 and 2011 3

Consolidated Statement of Comprehensive Income (Loss) (unaudited) for the Three Months Ended March 31, 2012 and 2011 4

Consolidated Balance Sheet at March 31, 2012 (unaudited), December 31, 2011 (audited) and March 31, 2011 (unaudited) 5

Consolidated Statement of Changes in Shareholders' Equity (unaudited) for the Three Months Ended March 31, 2012 and 2011 6

Consolidated Statement of Cash Flows (unaudited) for the Three Months Ended March 31, 2012 and 2011 7

Notes to Consolidated Financial Statements 8

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations 28

Item 3. Quantitative and Qualitative Disclosures About Market Risk 51

Item 4. Controls and Procedures 51

PART II - Other Information

Item 1. Legal Proceedings 51

Item 1A. Risk Factors 51

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds 51

Item 3. Defaults Upon Senior Securities 51

Item 4. Mine Safety Disclosures 51

Item 5. Other Information 51

Item 6. Exhibits 52

Table of Contents**Part I Financial Information****Item 1 Financial Statements****UNITED COMMUNITY BANKS, INC.****Consolidated Statement of Operations (Unaudited)**

	Three Months Ended March 31,	
	2012	2011
<i>(in thousands, except per share data)</i>		
Interest revenue:		
Loans, including fees	\$ 55,759	\$ 61,107
Investment securities, including tax exempt of \$250 and \$259	13,004	13,604
Federal funds sold, reverse repurchase agreements, commercial paper and deposits in banks	1,012	819
Total interest revenue	69,775	75,530
Interest expense:		
Deposits:		
NOW	637	1,324
Money market	641	2,028
Savings	37	77
Time	6,159	11,732
Total deposit interest expense	7,474	15,161
Federal funds purchased, repurchase agreements and other short-term borrowings	1,045	1,042
Federal Home Loan Bank advances	466	590
Long-term debt	2,372	2,780
Total interest expense	11,357	19,573
Net interest revenue	58,418	55,957
Provision for loan losses	15,000	190,000
Net interest revenue after provision for loan losses	43,418	(134,043)
Fee revenue:		
Service charges and fees	7,783	6,720
Mortgage loan and other related fees	2,099	1,494
Brokerage fees	813	677
Securities gains, net	557	55
Loss from prepayment of debt	(482)	
Other	4,609	2,892
Total fee revenue	15,379	11,838
Total revenue	58,797	(122,205)
Operating expenses:		
Salaries and employee benefits	25,225	24,924
Communications and equipment	3,155	3,344
Occupancy	3,771	4,074

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Advertising and public relations	846	978
Postage, printing and supplies	979	1,118
Professional fees	1,975	3,330
Foreclosed property	3,825	64,899
FDIC assessments and other regulatory charges	2,510	5,413
Amortization of intangibles	732	762
Other	3,937	6,429
Total operating expenses	46,955	115,271
Net income (loss) before income taxes	11,842	(237,476)
Income tax expense (benefit)	314	(140)
Net income (loss)	11,528	(237,336)
Preferred stock dividends and discount accretion	3,030	2,778
Net income (loss) available to common shareholders	\$ 8,498	\$ (240,114)
Earnings (loss) per common share Basic / Diluted	\$.15	\$ (13.00)
Weighted average common shares outstanding Basic / Diluted	57,764	18,466

See accompanying notes to consolidated financial statements.

Table of Contents**UNITED COMMUNITY BANKS, INC.****Consolidated Statement of Comprehensive Income (Loss) (Unaudited)**

<i>(in thousands)</i>	Three Months Ended	
	2012	2011
Net income (loss)	\$ 11,528	\$ (237,336)
Other comprehensive loss:		
Unrealized losses on available for sale securities:		
Unrealized holding losses arising during period	(3,340)	(959)
Reclassification adjustment for gains included in net income	(557)	(55)
Amortization of gains included in net income (loss) on available for sale securities transferred to held to maturity	(413)	(663)
Amortization of gains included in net income (loss) on derivative financial instruments accounted for as cash flow hedges	(1,600)	(4,223)
Amortization of prior service cost and actuarial losses included in net periodic pension cost for defined benefit pension plans	154	
Total other comprehensive loss	(5,756)	(5,900)
Comprehensive income (loss)	\$ 5,772	\$ (243,236)

See accompanying notes to consolidated financial statements.

Table of Contents**UNITED COMMUNITY BANKS, INC.****Consolidated Balance Sheet**

<i>(in thousands, except share and per share data)</i>	March 31, 2012 <i>(unaudited)</i>	December 31, 2011 <i>(audited)</i>	March 31, 2011 <i>(unaudited)</i>
ASSETS			
Cash and due from banks	\$ 53,147	\$ 53,807	\$ 153,891
Interest-bearing deposits in banks	139,439	139,609	465,656
Federal funds sold, reverse repurchase agreements, commercial paper and short-term investments	235,000	185,000	470,087
Cash and cash equivalents	427,586	378,416	1,089,634
Securities available for sale	1,898,815	1,790,047	1,638,494
Securities held to maturity (fair value \$318,490, \$343,531 and \$248,361)	303,636	330,203	245,430
Loans held for sale			80,629
Mortgage loans held for sale	24,809	23,881	25,364
Loans, net of unearned income	4,127,566	4,109,614	4,194,372
Less allowance for loan losses	113,601	114,468	133,121
Loans, net	4,013,965	3,995,146	4,061,251
Assets covered by loss sharing agreements with the FDIC	72,854	78,145	125,789
Premises and equipment, net	174,419	175,088	179,143
Bank owned life insurance	80,956	80,599	79,777
Accrued interest receivable	20,292	20,693	21,687
Intangible assets	7,695	8,428	10,684
Foreclosed property	31,887	32,859	54,378
Unsettled securities sales	43,527		
Other assets	73,252	69,915	97,228
Total assets	\$ 7,173,693	\$ 6,983,420	\$ 7,709,488
LIABILITIES AND SHAREHOLDERS' EQUITY			
Liabilities:			
Deposits:			
Demand	\$ 1,101,757	\$ 992,109	\$ 864,708
NOW	1,389,016	1,509,896	1,320,136
Money market	1,123,734	1,038,778	967,938
Savings	214,150	199,007	193,591
Time:			
Less than \$100,000	1,207,479	1,332,394	1,576,505
Greater than \$100,000	796,882	847,152	990,289
Brokered	167,521	178,647	684,581
Total deposits	6,000,539		