

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.

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**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.

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

						<b>5 Year CAGR (4)</b>
<b>(in thousands, except per share data;</b>						
<b>taxable equivalent)</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>	
<b>INCOME SUMMARY</b>						
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
<b>Total revenue</b>	<b>245,440</b>	<b>196,531</b>	<b>170,622</b>	<b>143,409</b>	<b>128,429</b>	<b>18</b>
Operating expenses <sup>(1)</sup>	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	
<b>Net operating income</b>	<b>56,742</b>	<b>47,156</b>	<b>39,475</b>	<b>32,780</b>	<b>28,315</b>	<b>21</b>
Merger-related charges, net of tax		565	1,357		1,084	
<b>Net income</b>	<b>\$ 56,742</b>	<b>\$ 46,591</b>	<b>\$ 38,118</b>	<b>\$ 32,780</b>	<b>\$ 27,231</b>	<b>31</b>
<b>OPERATING PERFORMANCE <sup>(1)</sup></b>						
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 <sup>(2)(3)</sup>	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	
<b>GAAP PERFORMANCE</b>						
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 <sup>(3)</sup>	8.94	7.34	6.52	6.49	5.40	15
Key performance ratios:						
Return on equity <sup>(2)</sup>	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 <sup>(3)</sup>	5.64	5.78	6.02	6.60	6.18	
<b>ASSET QUALITY</b>						
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	
<b>AVERAGE BALANCES</b>						
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	
<b>AT PERIOD END</b>						
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 6<sup>th</sup> 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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