

UNITED COMMUNITY BANKS INC
Form S-3
April 16, 2012

As filed with the Securities and Exchange Commission on April 16, 2012

File No.
333-_____

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

FORM S-3

REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

UNITED COMMUNITY BANKS, INC.

(Exact name of issuer as specified in its charter)

Georgia
(State or other jurisdiction of
incorporation or organization)

58-1807304
(I.R.S. Employer
Identification Number)

United Community Banks, Inc.
125 Highway 515 East
Blairsville, Georgia 30512
(706) 781-2265

Jimmy C. Tallent
125 Highway 515 East
Blairsville, Georgia 30512
(706) 781-2265

(Address, including zip code, and telephone number,
including area code, of registrant's principal executive
offices)

(Name, address, including zip code, and telephone number,
including area code, of agent for service)

Copies to:
James W. Stevens
Kilpatrick Townsend & Stockton LLP
1100 Peachtree Street, Suite 2800
Atlanta, Georgia 30309-4530
(404) 815-6500

Approximate date of commencement of proposed sale to the public: From time to time after this registration statement becomes effective.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a registration statement pursuant to General Instruction I.D. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box.

If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box.

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 the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

- Large accelerated filer
 - Accelerated filer
 - Non-accelerated filer
 - Smaller reporting company
- (Do not check if smaller reporting company)

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Price per Security	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
Fixed Rate Cumulative Perpetual Preferred Stock, Series B, \$1.00 par value per share	180,000	\$1,000.00	\$180,000,000.00	\$20,628.00
Warrant to Purchase Common Stock, \$1.00 par value per share, and underlying shares of Common Stock	219,908.4 (2)	\$61.39 (3)	\$13,500,213.51	\$1,547.12
Total:			\$193,500,213.51	\$22,175.12

(1) Calculated pursuant to Rule 457(a) under the Securities Act of 1933, as amended, and includes such additional number of shares of Fixed Rate Cumulative Perpetual Preferred Stock, Series B, of a currently indeterminable amount, as may from time to time become issuable by reason of stock splits, stock dividends or similar transactions.

(2) In addition to the Fixed Rate Cumulative Perpetual Preferred Stock, Series B, there are being registered hereunder (a) a warrant for the purchase of 219,908.4 shares of Common Stock with an exercise price of \$61.39 per share, (b) the 219,908.4 shares of Common Stock issuable upon exercise of such warrant and (c) such additional number of shares of Common Stock, of a currently indeterminable amount, as may from time to time become issuable by reason of stock splits, stock dividends and certain anti-dilution provisions set forth in such warrant, which shares of Common Stock are registered hereunder pursuant to Rule 416 under the Securities Act of 1933, as amended.

(3) Calculated pursuant to Rule 457(i) under the Securities Act of 1933, as amended, with respect to the per share exercise price of the warrant of \$61.39.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until this registration statement shall become effective on such date as the Securities and Exchange Commission acting pursuant to said Section 8(a) may determine.

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED _____, 2012

PROSPECTUS

180,000 SHARES OF FIXED RATE CUMULATIVE PERPETUAL PREFERRED STOCK, SERIES B
WARRANT TO PURCHASE 219,908.4 SHARES OF COMMON STOCK
219,908.4 SHARES OF COMMON STOCK

This prospectus relates to the potential resale from time to time by selling securityholders of some or all of the shares of our Fixed Rate Cumulative Perpetual Preferred Stock, Series B, \$1.00 par value per share (the “Series B Preferred Stock”), a warrant (the “Warrant”) to purchase 219,908.4 shares of our voting common stock, \$1.00 par value per share (the “Common Stock”), and any shares of the Common Stock issuable from time to time upon exercise of the Warrant. In this prospectus, we refer to the shares of Series B Preferred Stock, the Warrant and the shares of Common Stock issuable upon exercise of the Warrant, collectively, as the “Securities”. We originally issued the Series B Preferred Stock and the Warrant to the United States Department of the Treasury (“Treasury”) on December 5, 2008 as part of Treasury’s Troubled Asset Relief Capital Purchase Program (the “CPP”) in a transaction exempt from the registration requirements under the Securities Act of 1933, as amended (the “Securities Act”).

Treasury and its successors, including transferees (the “Selling Securityholders”), may offer the Securities from time to time directly or through underwriters, broker-dealers or agents and in one or more public or private transactions and at fix prices, prevailing market prices, at prices related to prevailing market prices or at negotiated prices. If the Securities are sold through underwriters, broker-dealers or agents, the Selling Securityholders will be responsible for underwriting discounts or commissions or agents’ commissions.

Dividends on the Series B Preferred Stock are payable quarterly in arrears on each February 15, May 15, August 15 and November 15. The initial dividend rate is 5% per annum through December 5, 2013, and will increase to 9% per annum from and after December 6, 2013 if not otherwise redeemed earlier for cash by us. We may redeem the Series B Preferred Stock at any time, in whole or in part, at our option, subject to prior approval by the appropriate federal banking agency, for cash, at a redemption price equal to 100% of the liquidation preference amount per share of the Series B Preferred Stock plus any accrued and unpaid dividends to but excluding the date of redemption.

We will not receive any proceeds from the sale of the Securities by the Selling Securityholders.

Neither the Series B Preferred Stock nor the Warrant is listed on an exchange. Unless requested by Treasury, we do not intend to list the Series B Preferred Stock on any exchange. We do not intend to list the Warrant on any exchange.

Our Common Stock is listed on the Nasdaq Global Select Market under the symbol “UCBI”. On April 13, 2012, the last reported sale price of our Common Stock on the Nasdaq Global Select Market was \$8.39 per share. You are urged to obtain current market quotations of the Common Stock.

Investing in our securities involves a high degree of risk. We urge you to carefully read the sections entitled “Risk Factors” beginning on page 2 and in our most recent Annual Report on Form 10-K filed with the Securities and Exchange Commission, which is incorporated herein by reference.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense. An investment in securities of United Community Banks, Inc. is not insured by the Federal Deposit Insurance Corporation or any other government agency.

The date of this prospectus is _____, 2012

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ABOUT THIS PROSPECTUS

You should rely only on the information contained or incorporated by reference in this prospectus or in any prospectus supplement or free writing prospectus we may authorize to be delivered to you. We have not authorized anyone to provide you with information that is different from such information. If anyone provides you with different or inconsistent information, you should not rely on it. We are offering to sell the Securities only in jurisdictions where offers and sales are permitted. The information contained in this prospectus, any prospectus supplement or any free writing prospectus is accurate only as of the date on its cover page regardless of the time of delivery or any sale of the Securities. In case there are differences or inconsistencies between this prospectus and the information incorporated by reference, you should rely on the information in the document with the latest date.

We are issuing the Securities only in jurisdictions where such issuances are permitted. The distribution of this prospectus and the issuance of the Securities in certain jurisdictions may be restricted by law. Persons outside the United States who come into possession of this prospectus must inform themselves about, and observe any restrictions relating to, the issuance of the Securities and the distribution of this prospectus outside the United States. This prospectus does not constitute, and may not be used in connection with, an offer to sell, or a solicitation of an offer to buy, the Securities offered by this prospectus by any person in any jurisdiction in which it is unlawful for such person to make such an offer or solicitation.

It is important for you to read and consider all of the information contained in this prospectus in making your investment decision. To understand the offering fully and for a more complete description of the offering you should read this entire document carefully, including particularly the “Risk Factors” section beginning on page 2. You also should read and consider the information in the documents to which we have referred you in the sections entitled “Where You Can Find More Information” and “Incorporation of Certain Information by Reference”.

As used in this prospectus, unless the context requires otherwise, the terms “we”, “us”, “our”, “United” or “the Company” refer to United Community Banks, Inc. and its subsidiaries on a consolidated basis.

PROSPECTUS SUMMARY

The following summary highlights selected information contained elsewhere in this prospectus and in the documents incorporated by reference in this prospectus and does not contain all the information you will need in making your investment decision. You should read carefully this entire prospectus and the documents incorporated by reference in this prospectus before making your investment decisions. This prospectus provides you with a general description of United, the Securities issuable under this prospectus and the offering. The registration statement containing this prospectus, including exhibits to the registration statement, provides additional information about us and the Securities.

Business

We are the third largest bank holding company headquartered in Georgia, with total consolidated assets of \$6.98 billion, total loans of \$4.11 billion, total deposits of \$6.10 billion and shareholders' equity of \$575 million as of December 31, 2011. We conduct substantially all of our operations through our wholly-owned Georgia bank subsidiary, United Community Bank (the "bank"), which operates with decentralized management that is currently organized as 27 separate "community banks" at 106 locations in north Georgia, the Atlanta metropolitan statistical area (or MSA), the Gainesville, Georgia MSA, coastal Georgia, western North Carolina and eastern Tennessee. While we enjoy the efficiencies of a single bank charter, each of our "community banks" is led by a local president and management team who collectively have significant experience in and ties to their respective communities. Our community banks offer a full range of retail and corporate banking services, including checking, savings and time deposit accounts, secured and unsecured lending, wire transfers, brokerage services and other financial services.

For a complete description of our business, financial condition, results of operations and other important information, we refer you to our filings with the Securities and Exchange Commission (the "SEC") that are incorporated by reference in this prospectus, including our Annual Report on Form 10-K for the year ended December 31, 2011. For instructions on how to find copies of these documents, see "Where You Can Find More Information".

We were incorporated in 1987 as a Georgia corporation. Our principal executive offices are located at 125 Highway 515 East, Blairsville, Georgia 30512, and our telephone number is (706) 781-2265. Our website is <http://www.ucbi.com>. Information on our website is not incorporated into this prospectus by reference and is not a part hereof.

About the Offering

This prospectus relates to the potential resale from time to time by the Selling Securityholders of some or all of the shares of our Series B Preferred Stock, the Warrant to purchase 219,908.4 shares of our Common Stock, and any shares of Common Stock issuable from time to time upon exercise of the Warrant. The Series B Preferred Stock and the Warrant were originally issued by us pursuant to the Letter Agreement, dated December 5, 2008, and the related Securities Purchase Agreement – Standard Terms, between us and Treasury (the "Purchase Agreement") in a transaction exempt from the registration requirements under the Securities Act. The exercise price of the Warrant is \$61.39 per share of Common Stock for which the Warrant may be exercised. The Warrant is exercisable at any time on or before December 5, 2018.

Neither the Series B Preferred Stock nor the Warrant is listed on an exchange. Unless requested by Treasury, we do not intend to list the Series B Preferred Stock on any exchange. We do not intend to list the Warrant on any exchange.

RISK FACTORS

Investing in our securities involves a high degree of risk. You should carefully review the risks and uncertainties described in the section entitled “Risk Factors” in our most recent Annual Report on Form 10-K, as updated by any subsequent Quarterly Reports on Form 10-Q or Current Reports on Form 8-K that we have filed or will file with the SEC and which are incorporated by reference into this prospectus. The risks described in these documents are not the only ones we face, but those that we currently consider to be material. There may be other unknown or unpredictable economic, business, competitive, regulatory or other factors that could have material adverse effects on our future results. Past financial performance may not be a reliable indicator of future performance and historical trends should not be used to anticipate results or trends in future periods. Please also read carefully the section below entitled “A Warning About Forward Looking Statements”.

Risks Associated with Our Business and Related to Regulatory Events

For the risks associated with our business and industry, as well as the risks related to legislative and regulatory events, see the section entitled “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2011, which is incorporated in this prospectus by reference.

Risks Related to the Ownership of the Securities

It is unlikely that an active trading market for the Series B Preferred Stock or Warrant will develop.

The Series B Preferred Stock and the Warrant will not be liquid investments because no public trading market currently exists for such Securities and it is unlikely that a market will develop. Potential purchasers of the Series B Preferred Stock or the Warrant should consider carefully the limited liquidity of such investment before purchasing any shares of Series B Preferred Stock or the Warrant. We do not intend to apply for the listing of the Series B Preferred Stock or the Warrant on any Securities exchange. Even if a trading market for the Series B Preferred Stock or the Warrant were to develop, it may not continue, and a purchaser of such Securities may not be able to sell such Securities at or above the price at which they were purchased.

We rely on dividends we receive from our subsidiary and are subject to restrictions on our ability to declare or pay dividends.

As a bank holding company, our ability to pay dividends depends primarily on the receipt of dividends from our wholly-owned bank subsidiary. Dividend payments from the bank are subject to legal and regulatory limitations, generally based on retained earnings, imposed by bank regulatory agencies. The ability of the bank to pay dividends is also subject to financial condition, regulatory capital requirements, capital expenditures and other cash flow requirements. As of December 31, 2011, pursuant to these restrictions, the bank does not have the ability to pay dividends to us without prior regulatory approval.

Future dividend payments are restricted by the terms of Treasury’s equity investment in us and an informal memorandum of understanding.

Beginning in the third quarter of 2008, we began to pay stock dividends in lieu of cash dividends to preserve capital and strengthen our tangible common equity levels. Under the terms of the CPP, as long as the Series B Preferred Stock is outstanding, dividend payments and repurchases or redemptions relating to certain equity securities, including the Common Stock, are prohibited until all accrued and unpaid dividends are paid on the Series B Preferred Stock, subject to certain limited exceptions. See “Item 1. Business—Payment of Dividends” in United’s Annual Report on Form 10-K for the year ended December 31, 2011, which is incorporated herein by reference.

In addition, pursuant to an informal memorandum of understanding we entered into with Federal Reserve Bank of Atlanta and the Georgia Department of Banking and Finance, we may not incur additional indebtedness, pay cash dividends, make payments on our trust preferred securities or subordinated indebtedness or repurchase outstanding capital stock, including the Common Stock, without prior approval of the Federal Reserve Bank of Atlanta.

Our compensation expense may increase substantially after Treasury's sale of the Securities.

As a result of our participation in the CPP, among other things, we are subject to Treasury's current standards for executive compensation and corporate governance for the period during which Treasury holds the Securities. These standards were most recently set forth in the Interim Final Rule on TARP Standards for Compensation and Corporate Governance, published June 15, 2009. If Treasury elects to sell all of the Series B Preferred Stock and the Warrant, these executive compensation and corporate governance standards will no longer be applicable and our compensation expense for our executive officers and other senior employees may increase substantially.

An investment in the Securities is not an insured deposit.

The Securities are not bank deposits and, therefore, are not insured against loss by the Federal Deposit Insurance Corporation (“FDIC”) or any other public or private entity. Investment in the Securities is inherently risky for the reasons described in this “Risk Factors” section and elsewhere in this prospectus and is subject to the same market forces that affect the capital stock in any company. As a result, if you acquire the Securities, you may lose some or all of your investment.

We are subject to extensive regulation, and ownership of the Series B Preferred Stock may have regulatory implications for holders thereof.

We are subject to extensive federal and state banking laws, including the Bank Holding Company Act of 1956, as amended (the “BHCA”), and federal and state banking regulations, that impact the rights and obligations of owners of the Series B Preferred Stock, including, for example, our ability to declare and pay dividends on and to redeem the Series B Preferred Stock. Although we do not believe the Series B Preferred Stock is considered a “voting security” currently, if it were to become a voting security for the purposes of the BHCA, whether because the Company has missed six dividend payments and holders of the Series B Preferred Stock have the right to elect directors as a result, or for other reasons, a holder of 25% or more of the Series B Preferred Stock, or a holder of a lesser percentage of our Series B Preferred Stock that is deemed to exercise a “controlling influence” over us, may become subject to regulation under the BHCA. In addition, if the Series B Preferred Stock becomes a “voting security”, then (a) any bank holding company or foreign bank that is subject to the BHCA may need approval to acquire or retain more than 5% of the then outstanding Series B Preferred Stock, and (b) any holder (or group of holders acting in concert) may need regulatory approval to acquire or retain 10% or more of the Series B Preferred Stock. A holder or group of holders may also be deemed to control us if they own one-third or more of our total equity, both voting and non-voting, aggregating all shares held by the investor across all classes of stock. Holders of the Series B Preferred Stock should consult their own counsel with regard to regulatory implications.

Treasury is a federal agency and your ability to bring a claim against Treasury under the federal securities laws in connection with a purchase of the Securities may be limited.

The doctrine of sovereign immunity, as limited by the Federal Tort Claims Act (the “FTCA”), provides that claims may not be brought against the United States of America or any agency or instrumentality thereof unless specifically permitted by act of Congress. The FTCA bars claims for fraud or misrepresentation. At least one federal court, in a case involving a federal agency, has held that the United States may assert its sovereign immunity to claims brought under the federal securities laws. In addition, Treasury and its officers, agents, and employees are exempt from liability for any violation or alleged violation of the anti-fraud provisions of Section 10(b) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) by virtue of Section 3(c) thereof. Accordingly, any attempt to assert such a claim against the officers, agents or employees of Treasury for a violation of the Securities Act or the Exchange Act resulting from an alleged material misstatement in or material omission from this prospectus supplement, the accompanying prospectus, the registration statement of which this prospectus supplement and the accompanying prospectus or the documents incorporated by reference in this prospectus supplement and the accompanying prospectus are a part or resulting from any other act or omission in connection with the offering of the Preferred Shares by Treasury would likely be barred.

A WARNING ABOUT FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act about United and its subsidiaries. These forward-looking statements are intended to be covered by the safe harbor for forward-looking statements provided by the Private Securities Litigation Reform Act of 1995. Forward-looking statements are not statements of historical fact, and can be identified by the use of forward-looking terminology such as “believes”, “expects”, “may”, “will”, “could”, “should”, “projects”, “plans”, “goals”, “potential”, “estimates”, “pro forma”, “seeks”, “intends”, or “anticipates” or the negative thereof or comparative terminology. Forward-looking statements include discussions of strategy, financial projections, guidance and estimates (including their underlying assumptions), statements regarding plans, objectives, expectations or consequences of various transactions, and statements about the future performance, operations, products and services of United and its subsidiaries. We caution our shareholders and other readers not to place undue reliance on such statements.

Our businesses and operations are and will be subject to a variety of risks, uncertainties and other factors. Consequently, actual results and experience may materially differ from those contained in any forward-looking statements. Such risks, uncertainties and other factors that could cause actual results and experience to differ from those projected include, but are not limited to, the risk factors set forth in this prospectus and in our Annual Report on Form 10-K for the year ended December 31, 2011:

our ability to maintain profitability;

our ability to fully realize our deferred tax asset balances, including net operating loss carry-forwards;

the condition of the banking system and financial markets;

the results of our most recent internal stress test may not accurately predict the impact on our financial condition if the economy was to continue to deteriorate;

our ability to raise capital as may be necessary;

our ability to maintain liquidity or access other sources of funding;

changes in the cost and availability of funding;

the success of the local economies in which we operate;

our concentrations of residential and commercial construction and development loans and commercial real estate loans are subject to unique risks that could adversely affect our earnings;

changes in prevailing interest rates may negatively affect our net income and the value of our assets;

the accounting and reporting policies of United;

if our allowance for loan losses is not sufficient to cover actual loan losses;

we may be subject to losses due to fraudulent and negligent conduct of our loan customers, third party service providers or employees;

competition from financial institutions and other financial service providers;

Treasury may change the terms of the Series B Preferred Stock;

risks with respect to future expansion and acquisitions;

conditions in the stock market, the public debt market and other capital markets deteriorate;

the impact of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 and related regulations and other changes in financial services laws and regulations;

the failure of other financial institutions;

a special assessment that may be imposed by the FDIC on all FDIC-insured institutions in the future, similar to the assessment in 2009 that decreased our earnings; and

regulatory or judicial proceedings, board resolutions, informal memorandums of understanding or formal enforcement actions imposed by regulators that occur, or any such proceedings or enforcement actions that is more severe than we anticipate.

All written or oral forward-looking statements attributable to us or any person acting on our behalf made after the date of this prospectus are expressly qualified in their entirety by the risk factors and cautionary statements contained in and incorporated by reference into this prospectus. Unless legally required, we do not undertake any obligation to release publicly any revisions to such forward-looking statements to reflect events or circumstances after the date of this prospectus or to reflect the occurrence of unanticipated events.

RATIOS OF EARNINGS TO FIXED CHARGES

The following table sets forth our consolidated ratio of earnings to fixed charges and our ratio of earnings to fixed charges excluding interest on deposits for the periods indicated:

	Year Ended December 31,									
	2011		2010		2009		2008		2007	
Including Interest on Deposits	(1.94	)x	(2.84	)x	(.90	)x	.55	x	1.32	x
Excluding Interest on Deposits	(5.95	)x	(11.82	)x	(8.53	)x	(2.19	)x		