UNITED COMMUNITY BANKS INC
Form 424B5
September 23, 2009

Table of Contents

The information in this preliminary prospectus supplement is not complete and may be changed. This preliminary prospectus supplement relates to an effective registration statement under the Securities Act of 1933. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these securities and they are not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Filed Pursuant to Rule 424(b)(5)
Reg No. 333-159958

SUBJECT TO COMPLETION, DATED SEPTEMBER 23, 2009

PRELIMINARY PROSPECTUS SUPPLEMENT
(To Prospectus dated September 22, 2009)

$175,000,000

Common Stock

We are offering shares of our common stock. Our common stock is listed on The Nasdaq Global Select Market under the symbol UCBI. On September 21, 2009, the closing sale price of our common stock was $7.25 per share as reported on The Nasdaq Global Select Market.

Investing in our common stock involves risks. See Risk Factors on page S-8 of this prospectus supplement before you make your investment decision.

	Per Share	Total
Public offering price	$	$ 175,000,000
Underwriting Discount	$	$
Proceeds, before expenses, to United Community Banks, Inc.	$	$

The underwriters have the option to purchase up to additional shares of common stock at the public offering price, less the underwriting discount, within 30 days from the date of this prospectus supplement solely to cover over-allotments, if any.

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.

These securities are not savings accounts, deposits or other obligations of any bank and are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other governmental agency.

The underwriters expect to deliver the common stock on or about , 2009 only in book-entry form through the facilities of The Depository Trust Company.

Sandler O neill + partners, l.p. SunTrust Robinson Humphrey

The date of this prospectus supplement is September , 2009.

TABLE OF CONTENTS

	Page
Prospectus Supplement	
About This Prospectus Supplement	S-ii
A Warning About Forward-Looking Statements	S-ii
Prospectus Supplement Summary	S-1
Risk Factors	S-8
Use of Proceeds	S-18
Price Range of Common Stock and Dividends	S-19
Capitalization	S-20
United States Federal Income Tax Considerations	S-21
Underwriting	S-25
Legal Matters	S-27
Experts	S-27
Where You Can Find More Information	S-28
Prospectus	
Where You Can Find More Information	ii
Incorporation of Certain Documents by Reference	ii
About this Prospectus	1
Risk Factors	1
Business	2
Ratio of Earnings to Fixed Charges	3
Use of Proceeds	3
Description of Common Stock	4
Description of Preferred Stock	5
Description of Debt Securities	6
Description of Warrants	15
Plan of Distribution	16
Legal Matters	17
Experts	17
A Warning about Forward Looking Statements	18

You should rely only on the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. We have not, and the underwriters have not, authorized anyone to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We, and the underwriters, are offering to sell shares of common stock and seeking offers to buy shares of common stock only in jurisdictions where offers and sales are permitted. The information contained in this prospectus supplement and the accompanying prospectus is accurate only as of the date of each document regardless of the time of delivery of this prospectus supplement and the accompanying prospectus or any sale of these securities. In case there are any differences or inconsistencies between this prospectus supplement, the accompanying prospectus and the information incorporated by reference, you should rely on the information in the document with the latest date. Unless the context indicates otherwise, all references in this prospectus supplement and accompanying prospectus to we, our, us, United or the company refer to

United Community Banks, Inc. and its subsidiaries on a consolidated basis.

Table of Contents

ABOUT THIS PROSPECTUS SUPPLEMENT

This prospectus supplement and the accompanying prospectus are part of a registration statement that we filed with the Securities and Exchange Commission using a shelf registration process. Under the shelf registration process, we may offer from time to time shares of common stock, shares of preferred stock, debt securities, warrants or any combination of the foregoing securities of which this offering is a part. In the accompanying prospectus, we provide you with a general description of the securities we may offer from time to time under our shelf registration statement. In this prospectus supplement, we provide you with specific information about the shares of our common stock that we are selling in this offering. Both this prospectus supplement and the accompanying prospectus include important information about us, our common stock and other information you should know before investing. This prospectus supplement also adds, updates and changes information contained in the accompanying prospectus. You should read both this prospectus supplement and the accompanying prospectus as well as additional information described under Incorporation of Certain Documents by Reference on page ii of the accompanying prospectus before investing in our common stock.

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

This prospectus supplement may add to, update or change the information in the accompanying prospectus. If information in this prospectus supplement is inconsistent with information in the accompanying prospectus, this prospectus supplement will apply and will supersede that information in the accompanying prospectus.

A WARNING ABOUT FORWARD-LOOKING STATEMENTS

This prospectus supplement and the accompanying prospectus, including information incorporated by reference into these documents, contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or 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, goal, targets, pc forma, seeks, intends, or anticipates or the negative thereof or comparable 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 supplement, in

the accompanying prospectus, and in our Annual Report on Form 10-K for the year ended December 31, 2008, as updated in our quarterly reports on Form 10-Q, as well as the following:

- our ability to become profitable;
- the results of our most recent internal stress test may not accurately predict the impact on our financial condition if the economy were to continue to deteriorate;
- the condition of the banking system and financial markets;
- our limited ability to raise capital or maintain liquidity;
- we may not be able to raise capital consistent with our capital plan;
- our ability to access other sources of funding;
- changes in the cost and availability of funding;
- our business is subject to the success of the local economies in which we operate;
- our concentration of residential and commercial construction and development loans is 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;
- if our allowance for loan losses is not sufficient to cover actual loan losses, earnings would decrease;
- we may be subject to losses due to fraudulent and negligent conduct of our loan customers, third party service providers or employees;
- the adverse effects on future earnings resulting from non-cash charges for goodwill impairment;
- we may not fully realize our deferred tax asset balances;
- competition from financial institutions and other financial service providers may adversely affect our profitability;
- the United States Department of Treasury (Treasury) may change the terms of our Series B Preferred Stock;
- we may face risks with respect to future expansion and acquisitions;
- conditions in the stock market, the public debt market and other capital markets deteriorate;
- financial services laws and regulations change;
- the failure of other financial institutions;
- a special assessment imposed by the FDIC on all FDIC-insured institutions, which will decrease our earnings in 2009, and any additional special assessments that the FDIC may impose in the future;

we are subject to a board resolution proposed to us by the Federal Reserve Bank of Atlanta, and we may become subject to an informal memorandum of understanding or formal enforcement action; and

unanticipated regulatory or judicial proceedings or enforcement actions occur, or any such proceedings or enforcement actions are more severe that 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 supplement are expressly qualified in their entirety by the risk factors and cautionary statements contained in and incorporated by reference into this prospectus supplement and the accompanying prospectus. 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 supplement or to reflect the occurrence of unanticipated events.

Table of Contents

PROSPECTUS SUPPLEMENT SUMMARY

The summary contains basic information about us and this offering. Because it is a summary, it does not contain all the information that you should consider before investing. To understand this offering fully, you should read the entire prospectus supplement and accompanying prospectus carefully, including the section entitled Risk Factors, our financial statements and the accompanying notes included in our Annual Report on Form 10-K for the year ended December 31, 2008 and Quarterly Reports on Form 10-Q for the periods ended March 31, 2009 and June 30, 2009, which are incorporated herein by reference. Unless otherwise indicated, all share information in this prospectus supplement assumes no exercise of the underwriters over-allotment option.

Our Company

We are the third largest bank holding company headquartered in Georgia with assets of $8.4 billion, loans of $5.5 billion, deposits of $6.8 billion, shareholders equity of $855.3 million and tangible common equity of $429 million as of June 30, 2009. We conduct substantially all of our operations through our wholly-owned Georgia bank subsidiary, United Community Bank, which operates with decentralized management that is currently organized as 27 separate community banks at 110 locations in north Georgia, the Atlanta metropolitan statistical area, the Gainesville metropolitan statistical area, 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.

Recent Developments

Third Quarter Results

With eight days remaining in the third quarter of 2009, our results for that period are not yet available. Although our definitive report of operating results for the third quarter may change, we currently expect to report a net loss in the range of $41 million to $44 million, or 88 cents to 94 cents per diluted share, assuming no goodwill impairment as discussed below, and taxable equivalent net interest revenue of $62 million to $64 million. Our results are primarily being driven by a provision for loan losses expected to range between $90 million and $95 million resulting primarily from a similar level of net charge-offs. Net charge-offs and the provision for loan losses for the second quarter were $58.3 million and $60.0 million, respectively. Non-performing assets are expected to increase slightly over the level for the second quarter of 2009. At the end of the second quarter, non-performing assets totaled $392.6 million, or 4.67% of total assets. To date in the third quarter, we have sold approximately $40 million of non-performing assets and have entered into contracts to sell approximately $26 million more. Our results for the third quarter of 2009 are expected to be positively impacted by an improvement in the net interest margin of 10 to 15 basis points. Our taxable equivalent net interest margin was 3.28% for the second quarter of 2009.

We are in the process of performing an interim goodwill impairment assessment due to our continuing credit losses. Our estimated third quarter net loss does not reflect a possible non-cash charge for impairment of goodwill. As of June 30, 2009, we had $235.6 million in goodwill. Based on our preliminary review, we believe that goodwill impairment charges for the third quarter of 2009, if any, should not exceed $35 million.

Our expectations for the third quarter of 2009 discussed above are estimates only and actual results may differ materially from our current estimates. Factors that could cause our actual results to differ from our current estimates

include, but are not limited to, the factors described in the section entitled Risk Factors beginning on page S-8.

Table of Contents

Internal Analysis of Capital

The Federal Reserve Board recently conducted the Supervisory Capital Assessment Program, or the SCAP, commonly referred to as the stress test, of the near-term capital needs of the nineteen largest U.S. bank holding companies. Although we were not among the bank holding companies that the Federal Reserve reviewed under the SCAP, we have historically conducted internal analyses of our capital position and did so as of June 30, 2009, using most of the same methodologies of the SCAP. Based upon our most recent internal analysis, we believe that, assuming completion of this offering, we would be able to demonstrate that we would meet the SCAP common equity threshold at or above 4% of risk weighted assets under the More Adverse scenario of SCAP. As a result, we have begun to take steps, including this offering, to improve our capital and common equity position.

Regulatory Matters

Our subsidiary bank is currently being examined by the FDIC. The examiners have substantially completed their field work but have not yet prepared the Report of Examination. While as of June 30, 2009 we were categorized as well-capitalized under current regulations, the examiners encouraged us to raise capital in light of our continuing credit weakness and have preliminarily indicated that they expect to recommend that the FDIC enter into some form of informal memorandum of understanding or formal enforcement action with the bank based on the results of the FDIC s examination. Any such recommendation by the examiners is subject to review and must be confirmed or overruled by more senior FDIC officials at the FDIC s Atlanta Regional Office and is subject to further possible review by FDIC officials in Washington. We believe that the successful completion of this offering, coupled with our ongoing efforts to reduce classified assets, through note and asset sales, will limit any enforcement action to an informal memorandum of understanding with the FDIC.

Corporate Information

Executive offices are located at 63 Highway 515, Blairsville, Georgia 30512, and our telephone number is (706) 781-2265. Our website is www.ucbi.com. Information on our website is not incorporated into this prospectus by reference and is not a part hereof.

Table of Contents

The Offering

Common stock offered by United Community Banks, Inc.	shares (or shares if the underwriters exercise in full their over-allotment option to purchase additional shares)
Common stock to be outstanding after this offering	shares (or shares if the underwriters exercise in full their over-allotment option to purchase additional shares)
Net proceeds	The net proceeds, after underwriting discount and estimated expenses, to us from the sale of the common stock offered will be approximately $ million (or approximately $ million if the underwriters exercise their over-allotment option in full).
Use of proceeds	We intend to use the net proceeds from this offering to provide capital to support our subsidiary bank and for general corporate purposes which may include, without limitation, making investments at the holding company level, supporting asset and deposit growth, and engaging in acquisitions or other business combinations. We do not have any specific plans for acquisitions or other business combinations at this time. Our management will retain broad discretion in the allocation of net proceeds from this offering. See Use of Proceeds.
Nasdaq Global Select Market Symbol	UCBI
Risk factors	Investing in our common stock involves risks. Before investing, you should consider carefully the matters set forth under Risk Factors, beginning on page S-9, for a discussion of the risks related to an investment in our common stock.

The number of shares of common stock that will be outstanding after the closing of this offering includes 49,395,111 shares of common stock outstanding as of September 15, 2009, but does not include:

shares of common stock issuable pursuant to the underwriters over-allotment option;

195,177 shares of common stock issuable under our deferred compensation plan;

170,068 shares of common stock that may be issued upon the vesting of restricted stock and restricted stock units;

3,688,818 shares of common stock that may be issued upon the exercise of options outstanding, with a weighted average exercise price of $18.31 per share;

648,350 shares of common stock reserved for issuance upon the exercise of warrants issued in connection with the issuance of trust preferred securities, with a conversion price of $20.00 per share;

2,199,084 shares of common stock reserved for issuance upon the exercise of warrants issued in connection with the issuance of preferred stock to the U.S. Treasury, with a weighted average conversion price of $12.28

per share.

Table of Contents

Summary Selected Consolidated Financial Information

The following tables set forth summary historical operations and financial condition data and summary performance, asset quality and other information at and for the periods indicated. You should read this data in conjunction with our Consolidated Financial Statements and notes thereto incorporated by reference into this prospectus supplement and the accompanying prospectus from our Annual Report on Form 10-K for the year ended December 31, 2008 and Quarterly Reports on Form 10-Q for the periods ended March 31, 2009 and June 30, 2009. Our net operating income (loss) is determined by methods other than in accordance with generally accepted accounting principles, or GAAP. Please see GAAP Reconciliation and Explanation below for a reconciliation of the difference between our non-GAAP net operating income (loss) and our GAAP net income.

	For the Six Months Ended							
	June 30,			For the Years Ended December 31,				
	2009	2008	Change	2008	2007	2006	2005	2004
	(In thousands, except per share data; taxable equivalent)							
Y								
	$ 118,294	$ 128,040	(8)%	$ 238,704	$ 274,483	$ 237,880	$ 196,799	$ 152,9
es[1]	125,000	23,000		184,000	37,600	14,600	12,100	7,6
	25,896	29,302	(12)	53,141	62,651	49,095	46,148	39,5
	19,190	134,342	NM	107,845	299,534	272,375	230,847	184,9
	107,917	97,290	11	206,699	190,061	162,070	140,808	110,9
axes[1]	(88,727)	37,052	NM	(98,854)	109,473	110,305	90,039	73,9
	(33,688)	13,881		(35,404)	40,482	41,490	33,297	26,8
ncome[1]	(55,039)	23,171	NM	(63,450)	68,991	68,815	56,742	47,1
net of tax	7,062							
airment charge	(70,000)							
f tax benefit	(1,797)							
et of tax					(10,998)			
s, net of tax								(5
	(119,774)	23,171	NM	(63,450)	57,993	68,815	56,742	46,5
nds	5,113	8		724	18	19	23	
ilable to s	$ (124,887)	$ 23,163	NM	$ (64,174)	$ 57,975	$ 68,796	$ 56,719	$ 46,5
ORMANCE[1]								
mmon share:								
	$ (1.24)	$ .49	NM	$ (1.35)	$ 1.48	$ 1.66	$ 1.43	$ 1.
	(1.35)%	.56%		(.76)%	.89%	1.09%	1.04%	1.
	74.63	61.97		70.49	56.53	56.35	57.77	57.
)	$ 8.85	$ 11.03	(20)	$ 10.39	$ 10.94	$ 10.57	$ 8.94	$ 7.

ets[3]	8.15%	6.75%		6.69%	6.63%	6.32%	5.64%	5.
ity to assets[3]	5.97	6.75		6.59	6.63	6.32	5.64	5.
NCE								
	$ (2.57)	$ .49	NM	$ (1.35)	$ 1.26	$ 1.70	$ 1.47	$ 1.
)	(2.57)	.49	NM	(1.35)	1.24	1.66	1.43	1.
ed (rounded)		.18		.18	.36	.32	.28	.
red	2 for 130			2 for 130				
	13.87	17.75	(22)	16.95	17.73	14.37	11.80	10.
s:								
	(36.20)%	5.61%		(7.82)%	7.79%	13.28%	13.46%	14.
	(2.93)	.56		(.76)	.75	1.09	1.04	1.
	3.18	3.43		3.18	3.88	4.05	3.85	3.
ratio		36.73		(13.33)	28.57	18.82	19.05	18.
	11.20	10.31		10.25	9.61	8.06	7.63	7.

(footnotes on following page)

Table of Contents

	For the Six Months Ended							
	June 30,			For the Years Ended December 31,				
	2009	2008	Change	2008	2007	2006	2005	2004
	(In thousands, except per share data; taxable equivalent)							
TY								
n losses	$ 145,678	$ 91,035		$ 122,271	$ 89,423	$ 66,566	$ 53,595	$ 47,19
	101,593	21,388		151,152	21,834	5,524	5,701	3,61
oans	287,848	123,786		190,723	28,219	12,458	11,997	8,03
rties	104,754	28,378		59,768	18,039	1,196	998	69
hing	392,602	152,164		250,491	46,258	13,654	12,995	8,72
n losses	2.64%	1.53%		2.14%	1.51%	1.24%	1.22%	1.2
average	3.64	.72		2.57	.38	.12	.14	.1
d ties	6.99	2.55		4.35	.78	.25	.30	.2
ets	4.67	1.84		2.94	.56	.19	.22	.1
ANCES								
	$ 5,635,942	$ 5,945,720	(5)	$ 5,890,889	$ 5,734,608	$ 4,800,981	$ 4,061,091	$ 3,322,91
ties	1,742,231	1,496,377	16	1,489,036	1,277,935	1,041,897	989,201	734,57
	7,485,961	7,484,749	0	7,504,186	7,070,900	5,877,483	5,109,053	4,119,32
	8,239,997	8,300,686	(1)	8,299,330	7,730,530	6,287,148	5,472,200	4,416,83
	6,661,881	6,256,217	6	6,524,457	6,028,625	5,017,435	4,003,084	3,247,61
uity	923,114	856,193	8	850,426	742,771	506,946	417,309	329,22
Basic	48,560	47,105	3	47,369	45,948	40,413	38,477	36,07
Diluted	48,560	47,260	3	47,369	46,593	41,575	39,721	37,27
	$ 5,513,087	$ 5,933,141	(7)	$ 5,704,861	$ 5,929,263	$ 5,376,538	$ 4,398,286	$ 3,734,90
ties	1,816,787	1,430,588	27	1,617,187	1,356,846	1,107,153	990,687	879,97
	8,403,046	8,264,051	2	8,520,765	8,207,302	7,101,249	5,865,756	5,087,70
	6,848,760	6,696,456	2	7,003,624	6,075,951	5,772,886	4,477,600	3,680,51
uity	855,272	837,890	2	989,382	831,902	616,767	472,686	397,08
	48,933	47,096	4	48,009	46,903	42,891	40,020	38,16

(1) Amounts were determined using methods other than in accordance with generally accepted accounting principles (GAAP). A reconciliation to the most closely related financial measure prepared using GAAP is presented in the following table.

(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.

NM Not meaningful.

Table of Contents

GAAP Reconciliation and Explanation

This prospectus supplement contains non-GAAP financial measures determined by methods other than in accordance with GAAP. Such non-GAAP financial measures include, among others the following: operating expense, core earnings, net operating (loss) income and net operating earnings per share. Management uses these non-GAAP financial measures because it believes it is useful for evaluating our operations and performance over periods of time, as well as in managing and evaluating our business and in discussions about our operations and performance. Management believes these non-GAAP financial measures provides users of our financial information with a meaningful measure for assessing our financial results and credit trends, as well as comparison to financial results for prior periods. These non-GAAP financial measures should not be considered as a substitute for operating results determined in accordance with GAAP and may not be comparable to other similarly titled financial measures used by other companies.

The following is a reconciliation of the differences between our non-GAAP financial measures and the most comparable GAAP measures.

	For the Six Months Ended June 30,		For the Years Ended December 31,				
	2009	2008	2008	2007	2006	2005	2004
	(In thousands, except per share data; taxable equivalent)						
Net Interest Revenue Reconciliation							
Net interest revenue taxable equivalent	$ 118,294	$ 128,040	$ 238,704	$ 274,483	$ 237,880	$ 196,799	$ 152,998
Taxable equivalent adjustment	(951)	(1,137)	(2,261)	(1,881)	(1,868)	(1,636)	(1,605)
Net interest revenue (GAAP)	$ 117,343	$ 126,903	$ 236,443	$ 272,602	$ 236,012	$ 195,163	$ 151,393
Fee Revenue Reconciliation							
Operating fee revenue	$ 25,896	$ 29,302	$ 53,141	$ 62,651	$ 49,095	$ 46,148	$ 39,539
Gain from acquisition	11,390						
Fee revenue (GAAP)	$ 37,286	$ 29,302	$ 53,141	$ 62,651	$ 49,095	$ 46,148	$ 39,539
Provision for Loan Loss Reconciliation							
Operating provision for loan loss	$ 125,000	$ 23,000	$ 184,000	$ 37,600	$ 14,600	$ 12,100	$ 7,600
Special provision for fraud related loan loss				18,000			
Provision for loan losses (GAAP)	$ 125,000	$ 23,000	$ 184,000	$ 55,600	$ 14,600	$ 12,100	$ 7,600

Total Revenue Reconciliation							
Total operating revenue	$ 19,190	$ 134,342	$ 107,845	$ 299,534	$ 272,375	$ 230,847	$ 184,937
Taxable equivalent adjustment	(951)	(1,137)	(2,261)	(1,881)	(1,868)	(1,636)	(1,605)
Special provision for fraud related loan loss				(18,000)			
Gain from acquisition	11,390						
Total revenue (GAAP)	$ 29,629	$ 133,205	$ 105,584	$ 279,653	$ 270,507	$ 229,211	$ 183,332
Expense Reconciliation							
Operating expense	$ 107,917	$ 97,290	$ 206,699	$ 190,061	$ 162,070	$ 140,808	$ 110,974
Noncash goodwill impairment charge	70,000						
Severance costs	2,898						
Merger-related charges							870
Operating expense (GAAP)	$ 180,815	$ 97,290	$ 206,699	$ 190,061	$ 162,070	$ 140,808	$ 111,844
(Loss) Income before Taxes Reconciliation							
Operating (loss) income before taxes	$ (88,727)	$ 37,052	$ (98,854)	$ 109,473	$ 110,305	$ 90,039	$ 73,963
Taxable equivalent adjustment	(951)	(1,137)	(2,261)	(1,881)	(1,868)	(1,636)	(1,605)
Gain from acquisition	11,390						
Noncash goodwill impairment charge	(70,000)						
Severance costs	(2,898)						
Special provision for fraud related loan loss				(18,000)			
Merger-related charges							(870)
(Loss) income before taxes (GAAP)	$ (151,186)	$ 35,915	$ (101,115)	$ 89,592	$ 108,437	$ 88,403	$ 71,488
Income Tax (Benefit) Expense Reconciliation							
Operating income tax (benefit) expense	$ (33,688)	$ 13,881	$ (35,404)	$ 40,482	$ 41,490	$ 33,297	$ 26,807
Taxable equivalent adjustment	(951)	(1,137)	(2,261)	(1,881)	(1,868)	(1,636)	(1,605)
Gain from acquisition, tax expense	4,328						
Severance costs	(1,101)						
Special provision for fraud related loan loss				(7,002)			
Merger-related charges							(305)

Income tax (benefit) expense (GAAP)	$ (31,412)	$ 12,744	$ (37,665)	$ 31,599	$ 39,622	$ 31,661	$ 24,897

Table of Contents

	For the Six Months Ended June 30,		For the Years Ended December 31,				
	2009	2008	2008	2007	2006	2005	2004
	(In thousands, except per share data; taxable equivalent)						
(Loss) Earnings Per Common Share Reconciliation							
Operating (loss) earnings per common share	$ (1.24)	$ 0.49	$ (1.35)	$ 1.48	$ 1.66	$ 1.43	$ 1.27
Gain from acquisition	0.15						
Noncash goodwill impairment charge	(1.44)						
Severance costs	(0.04)						
Special provision for fraud related loan loss				(0.24)			
Merger-related charges							(0.02)
(Loss) earnings per common share (GAAP)	$ (2.57)	$ 0.49	$ (1.35)	$ 1.24	$ 1.66	$ 1.43	$ 1.25
Book Value Reconciliation							
Tangible book value	$ 8.85	$ 11.03	$ 10.39	$ 10.94	$ 10.57	$ 8.94	$ 7.34
Effect of goodwill and other intangibles	5.02	6.72	6.56	6.79	3.80	2.86	3.05
Book value (GAAP)	$ 13.87	$ 17.75	$ 16.95	$ 17.73	$ 14.37	$ 11.80	$ 10.39
Return on Assets Reconciliation							
Operating return on assets	(1.35)%	.56%	(.76)%	.89%	1.09%	1.04%	1.07%
Gain from acquisition	.17						
Noncash goodwill impairment charge	(1.71)						
Severance costs	(.04)						
Special provision for fraud related loan loss				(.14)			
Merger-related charges							(.02)
Efficiency ratio (GAAP)	(2.93)%	.56%	(.76)%	.75%	1.09%	1.04%	1.05%
Efficiency Ratio Reconciliation							
	74.63%	61.97%	70.49%	56.53%	56.35%	57.77%	57.65%

Operating efficiency ratio							
Gain from acquisition	(9.12)						
Noncash goodwill impairment charge	48.41						
Severance costs	2.00						
Merger-related charges							.45
Efficiency ratio (GAAP)	115.92%	61.97%	70.49%	56.53%	56.35%	57.77%	58.10%
Average Equity to Assets Reconciliation							
Tangible common equity to assets	5.97%	6.75%	6.59%	6.63%	6.32%	5.64%	5.78%
Effect of preferred equity	2.18		.10				
Tangible equity to assets	8.15	6.75	6.69	6.63	6.32	5.64	5.78
Effect of goodwill and other intangibles	3.05	3.56	3.56	2.98	1.74	1.99	1.67
Equity to assets (GAAP)	11.20%	10.31%	10.25%	9.61%	8.06%	7.63%	7.45%
Net charge-offs reconciliation							
Operating net charge-offs	$ 101,593	$ 21,388	$ 151,152	$ 21,834	$ 5,524	$ 5,701	$ 3,617
Fraud related charge-offs				18,000			
Net charge-offs (GAAP)	$ 101,593	$ 21,388	$ 151,152	$ 39,834	$ 5,524	$ 5,701	$ 3,617
Net charge-offs to average loans reconciliation							
Operating net charge-offs to average loans	3.64%	.72%	2.57%	.38%	.12%	.14%	.11%
Effect of fraud related charge-offs				.31			
Net charge-offs to average loans	3.64%	.72%	2.57%	.69%	.12%	.14%	.11%

RISK FACTORS

An investment in our common stock involves risk. You should carefully consider the risks described below and all other information contained in this prospectus supplement, the accompany prospectus and the documents incorporated by reference before you decide to buy our common stock. It is possible that risks and uncertainties not listed below may arise or become material in the future and affect our business.

Risks Associated with Our Business and Industry

We have incurred significant operating losses and cannot assure you that we will be profitable.

We incurred a net operating loss of $55.0 million, or $1.24 per share, for the six months ended June 30, 2009, and $63.5 million, or $1.35 per share, for the year ended December 31, 2008, in each case due primarily to credit losses and associated costs, including a significant provision for loan losses. Although we have taken a significant number of steps to reduce our credit exposure, we likely will continue to have a higher than normal level of non-performing assets and substantial charge-offs through 2009 and into 2010, which would continue to adversely impact our overall financial condition and results of operations.

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

We recently conducted an internal analysis of our capital position. Our analysis was based on the tests that were recently administered to the nation s nineteen largest banks by Treasury in connection with its Supervisory Capital Assessment Program. Under the stress test, we applied many of the same methodologies but less severe loss assumptions than Treasury applies in its program to estimate our credit losses, resources available to absorb those losses and any necessary additions to capital that would be required under the more adverse stress test scenario. As a result, our estimates for loan losses are lower than those suggested by the SCAP assumptions.

We have also calculated our loss estimates based on the SCAP test, and while we believe we have appropriately applied Treasury s assumptions in performing this internal stress test, results of this test may not be comparable to the results of stress tests performed and publicly released by Treasury, and the results of this test may not be the same as if the test had been performed by Treasury.

The results of these stress tests involve many assumptions about the economy and future loan losses and default rates, and may not accurately reflect the impact on our financial condition if the economy does not improve or continues to deteriorate. Any continued deterioration of the economy could result in credit losses significantly higher, with a corresponding impact on our financial condition and capital, than those predicted by our internal stress test.

Our industry and business have been adversely affected by conditions in the financial markets and economic conditions generally and recent efforts to address difficult market and economic conditions may not be effective.

Since mid-2007, and particularly during the second half of 2008, the financial markets and economic conditions generally have been materially and adversely affected by significant declines in the values of nearly all asset classes and by a serious lack of liquidity. This was initially triggered by declines in home prices and the values of subprime mortgages, but spread to all residential construction, particularly in metro Atlanta, and residential mortgages as property prices declined rapidly and affected nearly all asset classes. The effect of the market and economic downturn also spread to other areas of the credit markets and in the availability of liquidity. The magnitude of these declines led

to a crisis of confidence in the financial sector as a result of concerns about the capital base and viability of certain financial institutions. These declines have caused many financial institutions to seek additional capital, to reduce or eliminate dividends, to merge with other financial institutions and, in some cases, to fail. In addition, customer delinquencies, foreclosures and unemployment have also increased significantly.

The Emergency Economic Stabilization Act of 2008 (the EESA) and American Recovery and Reinvestment Act of 2009 (the ARRA) were signed into law in response to the financial crisis affecting the banking system, financial markets and economic conditions generally. Pursuant to the EESA, Treasury announced the Capital Purchase Program (CPP) under TARP pursuant to which it has purchased preferred stock in participating financial institutions. The ARRA included a wide variety of programs intended to stimulate the economy and provide for extensive infrastructure, energy, health, and education needs. In addition, ARRA, and Treasury guidance issued thereafter, imposed certain new executive compensation and corporate expenditure limits on all TARP recipients until the institution has repaid Treasury.

The EESA and ARRA have been followed by numerous actions by the U.S. Congress, Federal Reserve Board, Treasury, the FDIC, the SEC and others to address the current crisis. These measures include homeowner relief that encourages loan restructuring and modification; the establishment of significant liquidity and credit facilities for financial institutions and investment banks; the lowering of the federal funds rate; regulatory action against short selling practices; a temporary guaranty program for money market funds; the establishment of a commercial paper funding facility to provide back-stop liquidity to commercial paper issuers; and coordinated international efforts to address illiquidity and other weaknesses in the banking sector. We are not yet certain, however, of the actual impact that EESA, including TARP and the CPP, the ARRA, and the other initiatives described above will have on the banking system and financial markets or on us.

The current economic pressure on consumers and businesses and lack of confidence in the financial markets has adversely affected our business, financial condition and results of operations and may continue to result in credit losses and write-downs in the future. The failure of government programs and other efforts to help stabilize the banking system and financial markets and a continuation or worsening of current economic conditions could materially and adversely affect our business, financial condition, results of operations, access to credit or the trading price of our common stock.

Our ability to raise additional capital could be limited and could affect our liquidity and could be dilutive to existing shareholders.

We may be required or choose to raise additional capital, including for strategic, regulatory or other reasons. Current conditions in the capital markets are such that traditional sources of capital may not be available to us on reasonable terms if we needed to raise additional capital. In such case, there is no guarantee that we will be able to successfully raise additional capital at all or on terms that are favorable or otherwise not dilutive to existing shareholders.

Capital resources and liquidity are essential to our businesses and could be negatively impacted by disruptions in our ability to access other sources of funding.

Capital resources and liquidity are essential to our businesses. We depend on access to a variety of sources of funding to provide us with sufficient capital resources and liquidity to meet our commitments and business needs, and to accommodate the transaction and cash management needs of our customers. Sources of funding available to us, and upon which we rely as regular components of our liquidity and funding management strategy, include traditional and brokered deposits, inter-bank borrowings, Federal Funds purchased and Federal Home Loan Bank advances. We also raise funds from time to time in the form of either short-or long-term borrowings or equity issuances.

Our capital resources and liquidity could be negatively impacted by disruptions in our ability to access these sources of funding. With increased concerns about bank failures, traditional deposit customers are increasingly concerned about the extent to which their deposits are insured by the FDIC. Customers may withdraw deposits from our subsidiary bank in an effort to ensure that the amount that they have on deposit is fully insured. In addition, the cost of brokered and other out-of-market deposits and potential future regulatory limits on the interest rate we pay for

brokered deposits could make them unattractive sources of funding. Further, factors that we cannot control, such as disruption of the financial markets or negative views about the financial services industry generally, could impair our ability to access other sources of funds. Other financial institutions may be unwilling to extend credit to banks because of concerns about the banking industry and the

economy generally and, given recent downturns in the economy, there may not be a viable market for raising short or long-term debt or equity capital. In addition, our ability to raise funding could be impaired if lenders develop a negative perception of our long-term or short-term financial prospects. Such negative perceptions could be developed if we are downgraded or put on (or remain on) negative watch by the rating agencies, we suffer a decline in the level of our business activity or regulatory authorities take significant action against us, among other reasons.

Among other things, if we fail to remain well-capitalized for bank regulatory purposes, because we do not qualify under the minimum capital standards or the FDIC otherwise downgrades our capital category, it could affect customer confidence, our ability to grow, our costs of funds and FDIC insurance costs, our ability to pay dividends on common stock, and our ability to make acquisitions, and we would not be able to accept brokered deposits without prior FDIC approval. To be well-capitalized, a bank must generally maintain a leverage capital ratio of at least 5%, a Tier I risk-based capital ratio of at least 6%, and a total risk-based capital ratio of at least 10%. However, our regulators could require us to increase our capital levels. For example, regulators frequently require financial institutions with high levels of classified assets to maintain a leverage ratio of at least 8%. Our failure to remain well-capitalized or to maintain any higher capital requirements imposed on us could negatively affect our business, results of operations and financial condition, generally.

If we are unable to raise funding using the methods described above, we would likely need to finance or liquidate unencumbered assets to meet maturing liabilities. We may be unable to sell some of our assets, or we may have to sell assets at a discount from market value, either of which could adversely affect our results of operations and financial condition.

Changes in the cost and availability of funding due to changes in the deposit market and credit market, or the way in which we are perceived in such markets, may adversely affect financial condition or results of operations.

In general, the amount, type and cost of our funding, including from other financial institutions, the capital markets and deposits, directly impacts our operating costs and our assets growth and therefore, can positively or negatively affect our financial condition or results of operations. A number of factors could make funding more difficult, more expensive or unavailable on any terms, including, but not limited to, our operating losses, our ability to remain well capitalized, events that adversely impact our reputation, disruptions in the capital markets, events that adversely impact the financial services industry, changes affecting our assets, interest rate fluctuations, general economic conditions and the legal, regulatory, accounting and tax environments. Also, we compete for funding with other financial institutions, many of which are substantially larger, and have more capital and other resources than we do. In addition, as some of these competitors consolidate with other financial institutions, their competitive advantages may increase. Competition from these institutions may also increase the cost of funds.

Our business is subject to the success of the local economies and real estate markets in which we operate.

Our success significantly depends on the growth in population, income levels, loans and deposits and on stability in real estate values in our markets. If the communities in which we operate do not grow or if prevailing economic conditions locally or nationally do not improve significantly, our business may be adversely affected. Since mid-2007, the financial markets and economic conditions generally have experienced a variety of difficulties. In particular, the residential construction and commercial development real estate markets in the Atlanta market have experienced substantial deterioration. If market and economic conditions continue to deteriorate or remain at their current level of deterioration for a sustained period of time, such conditions may lead to additional valuation adjustments as we continue to reassess the market value of our loan portfolio, greater losses on defaulted loans and on the sale of other real estate owned. Additionally, such adverse economic conditions in our market areas, specifically decreases in real estate property values due to the nature of our loan portfolio, approximately 90% of which is secured by real estate, could reduce our growth rate, affect the ability of our customers to repay their loans and generally affect our financial

condition

and results of operations. We are less able than a larger institution to spread the risks of unfavorable local economic conditions across a large number of more diverse economies.

Our concentration of residential construction and development loans is subject to unique risks that could adversely affect our results of operations and financial condition.

Our residential construction and development loan portfolio was $1.3 billion at June 30, 2009, comprising 24% of total loans. Residential construction and development loans are often riskier than home equity loans or residential mortgage loans to individuals. Poor economic conditions have resulted in decreased demand for residential housing, which, in turn, has adversely affected the development and construction efforts of residential real estate developer borrowers. Consequently, economic downturns like the current one impacting our market areas adversely affect the ability of residential real estate developer borrowers to repay these loans and the value of property used as collateral for such loans. A sustained weak economy could also result in higher levels of non-performing loans in other categories, such as commercial and industrial loans, which may result in additional losses. Because of the general economic slowdown we are currently experiencing, these loans represent higher risk due to slower sales and reduced cash flow that affect the borrowers ability to repay on a timely basis and could result in a sharp increase in our total net-charge offs and could require us to significantly increase our allowance for loan losses, which could have a material adverse effect on our financial condition or results of operations.

Our concentration of commercial real estate loans is subject to unique risks that could adversely affect our results of operations and financial condition.

Our commercial real estate loan portfolio was $2.6 billion at June 30, 2009, comprising 46% of total loans. Commercial real estate loans typically involve larger loan balances to single borrowers or groups of related borrowers compared to residential mortgage loans. Consequently, an adverse development with respect to one commercial loan or one credit relationship may expose us to a significantly greater risk of loss compared to an adverse development with respect to one residential mortgage loan. The repayment of loans secured by commercial real estate in our loan portfolio is dependent upon both the successful operation of the related real estate or commercial project and the business operated out of that commercial real estate site, as many of the commercial real estate loans are for borrower-owned sites. If the cash flows from the project are reduced or if the borrower s business is not successful, a borrower s ability to repay the loan may be impaired. This cash flow shortage may result in the failure to make loan payments. In such cases, we may be compelled to modify the terms of the loan. In addition, the nature of these loans is such that they are generally less predictable and more difficult to evaluate and monitor. As a result, repayment of these loans may, to a greater extent than residential mortgage loans, be subject to adverse conditions in the real estate market or economy. In addition, many economists believe that deterioration in income producing commercial real estate is likely to worsen as vacancy rates continue to rise and absorption rates of existing square footage and/or units continue to decline. Because of the general economic slowdown we are currently experiencing, these loans represent higher risk and could result in a sharp increase in our total net-charge offs and could require us to significantly increase our allowance for loan losses, which could have a material adverse effect on our financial condition or results of operations.

Changes in prevailing interest rates may negatively affect net income and the value of our assets.

Changes in prevailing interest rates may negatively affect the level of net interest revenue, the primary component of our net income. Federal Reserve Board policies, including interest rate policies, determine in large part our cost of funds for lending and investing and the return we earn on those loans and investments, both of which affect our net interest revenue. In a period of changing interest rates, interest expense may increase at different rates than the interest earned on assets. Accordingly, changes in interest rates could decrease net interest revenue. At June 30, 2009, our simulation model indicated that a 200 basis point increase in rates over the next twelve months would cause an

approximate 1.2% decrease in net interest revenue and a 25 basis point decrease in rates over the next twelve months would cause an approximate 0.6% increase in net interest revenue. We used 25 basis points in the down rate scenario since the targeted Federal Funds rate was

Table of Contents

at 25 basis points and therefore short-term rates could not move down more than 25 basis points. Changes in the interest rates may negatively affect the value of our assets and our ability to realize gains or avoid losses from the sale of those assets, all of which also ultimately affect earnings. In addition, an increase in interest rates may decrease the demand for loans.

If our allowance for loan losses is not sufficient to cover actual loan losses, earnings would decrease.

Our loan customers may not repay their loans according to their terms and the collateral securing the payment of these loans may be insufficient to assure repayment. We may experience significant loan losses which would have a material adverse effect on our operating results. Our management makes various assumptions and judgments about the collectibility of the loan portfolio, including the creditworthiness of borrowers and the value of the real estate and other assets serving as collateral for the repayment of loans. We maintain an allowance for loan losses in an attempt to cover any loan losses inherent in the loan portfolio. In determining the size of the allowance, our management relies on an analysis of the loan portfolio based on historical loss experience, volume and types of loans, trends in classification, volume and real estate values, trends in delinquencies and non-accruals, national and local economic conditions and other pertinent information. As a result of these considerations, we have from time to time increased our allowance for loan losses. For the quarter ended June 30, 2009, we recorded a provision for loan losses of $60.0 million, compared to $15.0 million for the second quarter of 2008. If those assumptions are incorrect, the allowance may not be sufficient to cover future loan losses and adjustments may be necessary to allow for different economic conditions or adverse developments in the loan portfolio.

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

When we make loans to individuals or entities, we rely upon information supplied by borrowers and other third parties, including information contained in the applicant s loan application, property appraisal reports, title information and the borrower s net worth, liquidity and cash flow information. While we attempt to verify information provided through available sources, we cannot be certain all such information is correct or complete. Our reliance on incorrect or incomplete information could have a material adverse effect on our financial condition or results of operations.

Our future earnings could be adversely affected by non-cash charges for goodwill impairment, if a future test of goodwill indicates that goodwill has been impaired.

As prescribed by Accounting Standards Codification (ASC) Topic 350, Intangibles Goodwill and Other, we undertake an annual review of the goodwill asset balance reflected in our financial statements. We conduct an annual review, unless there has been a triggering event prescribed by applicable accounting rules that warrants an earlier interim testing for possible goodwill impairment. In the first quarter of 2009, we conducted an interim test and discovered we had a $70 million non-cash charge for goodwill impairment as a result of such interim testing. As discussed in the section entitled Prospectus Supplement Summary Recent Developments, we are in the process of performing an interim goodwill impairment test due to our continuing credit losses. As of June 30, 2009, we had $235.6 million in goodwill. Based on our preliminary review, we believe that goodwill impairment charges for the third quarter of 2009, if any, should not exceed $35 million. Future goodwill impairment tests may result in future non-cash charges, which could adversely affect our earnings for any such future period.

We have a deferred tax asset and cannot assure that it will be fully realized.

We calculate income taxes in accordance with ASC Topic 740, Income Taxes , which requires the use of the asset and liability method. In accordance with ASC 740, we regularly assess available positive and negative evidence to determine whether it is more likely than not that our deferred tax asset balances will be recovered. At December 31,

2008, we had a net deferred tax asset of $14.1 million, and as of June 30, 2009, our net deferred tax asset was $21.5 million. Realization of a deferred tax asset requires us to apply significant judgment and is inherently speculative because it requires the future occurrence of circumstances that cannot

be predicted with certainty. We may not achieve sufficient future taxable income as the basis for the ultimate realization of our net deferred tax asset and therefore we may have to establish a full or partial valuation allowance at some point in the future. If we determine that a valuation allowance is necessary, it would require us to incur a charge to our results of operations that would adversely affect our capital position and financial condition.

Competition from financial institutions and other financial service providers may adversely affect our profitability.

The banking business is highly competitive and we experience competition in each of our markets from many other financial institutions. We compete with banks, credit unions, savings and loan associations, mortgage banking firms, securities brokerage firms, insurance companies, money market funds and other mutual funds, as well as community, super-regional, national and international financial institutions that operate offices in its market areas and elsewhere. We compete with these institutions both in attracting deposits and in making loans. Many of our competitors are well-established, larger financial institutions that are able to operate profitably with a narrower net interest margin and have a more diverse revenue base. We may face a competitive disadvantage as a result of our smaller size, more limited geographic diversification and inability to spread costs across broader markets. Although we compete by concentrating marketing efforts in our primary markets with local advertisements, personal contacts and greater flexibility and responsiveness in working with local customers, customer loyalty can be easily influenced by a competitor s new products and our strategy may or may not continue to be successful.

The terms governing the issuance of the preferred stock to Treasury may be changed, the effect of which may have an adverse effect on our operations.

The terms of the Letter Agreement and Securities Purchase Agreement, dated December 5, 2008 in which we entered into with Treasury (the Purchase Agreement) provides that Treasury may unilaterally amend any provision of the Purchase Agreement to the extent required to comply with any changes in applicable federal law that may occur in the future. We have no control over any change in the terms of the transaction may occur in the future. Such changes may place restrictions on our business or results of operation, which may adversely affect the market price of our common stock.

We may face risks with respect to future expansion and acquisitions.

We may engage in de novo branch expansion and, if the appropriate business opportunity becomes available, we may seek to acquire other financial institutions or parts of those institutions, including in FDIC-assisted transactions. These involve a number of risks, including:

- the potential inaccuracy of the estimates and judgments used to evaluate credit, operations, management and market risks with respect to an acquired branch or institution, a new branch office or a new market;

- the time and costs of evaluating new markets, hiring or retaining experienced local management and opening new offices and the time lags between these activities and the generation of sufficient assets and deposits to support the costs of the expansion;

- the incurrence and possible impairment of goodwill associated with an acquisition and possible adverse effects on results of operations;

- the loss of key employees and customers of an acquired branch or institution;

- the difficulty or failure to successfully integrate the acquired financial institution or portion of the institution; and

the temporary disruption of our business or the business of the acquired institution.

Risks Related to Legislative and Regulatory Events

Changes in laws and regulations or failures to comply with such laws and regulations may adversely affect our financial condition and results of operations.

We and our subsidiary bank are heavily regulated by federal and state authorities. This regulation is designed primarily to protect depositors, federal deposit insurance funds and the banking system as a whole, but not shareholders. Congress and state legislatures and federal and state regulatory authorities continually review banking laws, regulations and policies for possible changes. Changes to statutes, regulations or regulatory policies, including interpretation and implementation of statutes, regulations or policies, including EESA, ARRA and TARP could affect us in substantial and unpredictable ways, including limiting the types of financial services and products we may offer or increasing the ability of non-banks to offer competing financial services and products. While we cannot predict the regulatory changes that may be borne out of the current economic crisis, and we cannot predict whether we will become subject to increased regulatory scrutiny by any of these regulatory agencies, any regulatory changes or scrutiny could increase or decrease the cost of doing business, limit or expand our permissible activities, or affect the competitive balance among banks, credit unions, savings and loan associations and other institutions. We cannot predict whether new legislation will be enacted and, if enacted, the effect that it, or any regulations, would have on our business, financial condition, or results of operations.

Federal and state regulators have the ability to impose substantial sanctions, restrictions and requirements on our banking and nonbanking subsidiaries if they determine, upon examination or otherwise, violations of laws, rules or regulations with which we or our subsidiaries must comply, or weaknesses or failures with respect to general standards of safety and soundness. Such enforcement may be formal or informal and can include directors resolutions, memoranda of understanding, cease and desist orders, civil money penalties and termination of deposit insurance and bank closures. Enforcement actions may be taken regardless of the capital level of the institution. In particular, institutions that are not sufficiently capitalized in accordance with regulatory standards may also face capital directives or prompt corrective action. Enforcement actions may require certain corrective steps (including staff additions or changes), impose limits on activities (such as lending, deposit taking, acquisitions or branching), prescribe lending parameters (such as loan types, volumes and terms) and require additional capital to be raised, any of which could adversely affect our financial condition and results of operations. The imposition of regulatory sanctions, including monetary penalties, may have a material impact on our financial condition or results of operations, and damage to our reputation, and loss of our holding company status. In addition, compliance with any such action could distract management s attention from our operations, cause us to incur significant expenses, restrict us from engaging in potentially profitable activities, and limit our ability to raise capital. A bank closure would result in a total loss of your investment.

We are presently subject to, and in the future may become subject to, enforcement actions that could have a material negative effect on our business, operations, financial condition, results of operations or the value of our common stock.

Effective April 2009, we voluntarily adopted a board resolution proposed to us by the Federal Reserve Bank of Atlanta pursuant to which we agreed to not incur additional indebtedness, pay cash dividends , make payments on our trust preferred securities or repurchase outstanding stock without regulatory approval. We also agreed to provide written confirmation of our compliance with the resolution periodically to the Federal Reserve. In addition, our subsidiary bank is currently being examined by the FDIC. The examiners have substantially completed their field work but have not yet prepared the Report of Examination. The examiners have preliminarily indicated that, based on the bank s capital at June 30, 2009 relative to its classified loans as of June 30, 2009 and addition loans classified by the FDIC during the course of its examination subsequent thereto, they expect to recommend that the FDIC enter into some form of informal memorandum of understanding or formal enforcement action with the bank based on the

results of the FDIC s examination. Any such suggestion by the examiners is subject to review and must be confirmed or overruled by more senior FDIC officials at the FDIC s Atlanta Regional Office and is subject to further possible review by FDIC officials in Washington.

Table of Contents

If we are unable to raise enough capital, reduce our classified assets or comply with the Federal Reserve Board resolution or if our regulators otherwise elect to recommend an enforcement action against the bank, then we could become subject to additional, heightened enforcement actions and orders, possibly including cease and desist orders, prompt corrective actions and/or other regulatory enforcement actions. If our regulators were to take such additional enforcement actions, then we could, among other things, become subject to significant restrictions on our ability to develop any new business, as well as restrictions on our existing business, and we could be required to raise additional capital, dispose of certain assets and liabilities within a prescribed period of time, or both. The terms of any such enforcement action could have a material negative effect on our business, operations, financial condition, results of operations or the value of our common stock.

The failure of other financial institutions could adversely affect us.

Our ability to engage in routine transactions, including for example funding transactions, could be adversely affected by the actions and potential failures of other financial institutions. We have exposure to many different industries and counterparties, and we routinely execute transactions with a variety of counterparties in the financial services industry. As a result, defaults by, or even rumors or concerns about, one or more financial institutions with which we do business, or the financial services industry generally, have led to market-wide liquidity problems and could lead to losses or defaults by us or by other institutions. Many of these transactions expose us to credit risk in the event of default of our counterparty or client. In addition, our credit risk may be exacerbated when the collateral we hold cannot be sold at prices that are sufficient for us to recover the full amount of our exposure. Any such losses could materially and adversely affect our financial condition or results of operations.

The FDIC has imposed a special assessment on all FDIC-insured institutions, which will decrease our earnings in 2009, and future special assessments could adversely affect our earnings in future periods.

In May 2009, the FDIC announced that it had voted to levy a special assessment on insured institutions in order to facilitate the rebuilding of the Deposit Insurance Fund. The assessment is equal to five basis points of our subsidiary bank s total assets minus Tier 1 capital as of June 30, 2009. This represents a charge of approximately $3.9 million which was recorded as a pre-tax charge during the second quarter of 2009. The FDIC has indicated that future special assessments are possible, although it has not determined the magnitude or timing of any future assessments. Any such future assessments will decrease our earnings.

Risks Related to This Offering and the Ownership of Our Common Stock

The price of our common stock may fluctuate significantly, and this may make it difficult for you to resell shares of common stock owned by you at times or at prices you find attractive.

Stock price volatility may make it difficult for you to resell your common stock when you want and at prices you find attractive. The price of our common stock can fluctuate significantly in response to a variety of factors including, among other things:

- actual or anticipated variations in quarterly results of operations;
- recommendations by securities analysts;
- operating and stock price performance of other companies that investors deem comparable to United;
- news reports relating to trends, concerns and other issues in the financial services industry, including the failures of other financial institutions in the current economic downturn;

perceptions in the marketplace regarding us and/or our competitors;

new technology used, or services offered, by competitors;

significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving us or our competitors;

failure to integrate acquisitions or realize anticipated benefits from acquisitions;

changes in government regulations or the implementation of enforcement actions by or against us or our subsidiary bank; and

geopolitical conditions such as acts or threats of terrorism or military conflicts.

General market fluctuations, industry factors and general economic and political conditions and events, such as economic slowdowns or recessions, interest rate changes or credit loss trends, could also cause our stock price to decrease regardless of operating results as evidenced by the current volatility and disruption of capital and credit markets.

The trading volume of our common stock is less than that of other larger financial services companies which may adversely affect the price of our common stock.

Although our common stock is traded on The Nasdaq Global Select Market, the trading volume in our common stock is less than that of other larger financial services companies. A public trading market having the desired characteristics of depth, liquidity and orderliness depends on the presence in the marketplace of willing buyers and sellers of our common stock at any given time. This presence depends on the individual decisions of investors and general economic and market conditions over which we have no control. Given the lower trading volume of our common stock, significant sales of our common stock, or the expectation of these sales, could cause the price of our common stock to fall.

There may be future sales or other dilution of our equity, which may adversely affect the market price of our common stock.

Except as described under Underwriting, we are not restricted from issuing additional common shares, including any securities that are convertible into or exchangeable for, or that represent the right to receive, common shares, and we may be required or choose to raise additional capital, including for strategic or other purposes in the future.

We are currently authorized to issue up to 100,000,000 common shares, of which 49,395,111 shares were outstanding as of September 15, 2009 and shares will be outstanding after giving effect to this offering (including/excluding exercise of our allotment option), and up to 10,000,000 shares of preferred stock, of which 201,700 shares are outstanding, including 180,000 shares of Series B Preferred Stock. There are 3,858,886 shares of common stock that are issuable upon the vesting of outstanding restricted stock, restricted stock units or the exercise of outstanding stock options under our equity compensation plans. There are 195,177 shares of common stock issuable under our deferred compensation plan. In addition, Treasury may, at its option, exercise the warrant to purchase 2,199,084 shares of our common shares. Holders of our trust preferred securities issued under United Community Statutory Trust II and United Community Statutory Trust III have the right to convert those securities into shares of common stock at a conversion price of $20.00 per share that could result in an additional 648,350 common shares outstanding. Should Treasury exercise its warrant or trust preferred securities holders exercise their conversion rights, the issuance of the required shares of common stock will dilute the ownership of our shareholders and could depress our stock price. In addition, our board of directors also has the authority to issue all or part of our other authorized but unissued shares of common stock or preferred stock, warrants or other securities convertible into common stock. These authorized but unissued shares could be issued in future public or private transactions on terms or in circumstances that could dilute the interests of other shareholders.

We rely on dividends we receive from our subsidiary and are subject to restrictions on our ability to declare or pay dividends and repurchase shares of common stock.

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 June 30, 2009, pursuant to these restrictions, the bank did not have the ability to pay dividends to us without prior regulatory approval.

Table of Contents

Future dividend payments and common stock repurchases are restricted by the terms of Treasury s equity investment in us and a board resolution.

Beginning during 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, until the earlier of December 5, 2011 or the date on which the Series B Preferred Stock has been redeemed in whole or Treasury has transferred all of the Series B Preferred Stock to third parties, we are prohibited from increasing dividends on our common stock from the last quarterly cash dividend per share ($.09) declared on the common stock prior to December 5, 2008, as adjusted for subsequent stock dividends and other similar actions, and from making certain repurchases of equity securities, including our common stock, without Treasury s consent. Furthermore, as long as the Series B Preferred Stock is outstanding, dividend payments and repurchases or redemptions relating to certain equity securities, including our common stock, are prohibited until all accrued and unpaid dividends are paid on such preferred stock, subject to certain limited exceptions. In addition, pursuant to a board resolution adopted by us, we have agreed with the Federal Reserve Bank of Atlanta to not incur additional indebtedness, pay cash dividends or repurchase outstanding stock without regulatory approval.

An investment in our common stock is not an insured deposit.

Our common stock is not a bank deposit and, therefore, is not insured against loss by the FDIC or any other public or private entity. Investment in our common stock is inherently risky for the reasons described in this Risk Factors section and elsewhere in this prospectus supplement and is subject to the same market forces that affect the price of common stock in any company. As a result, if you acquire our common stock, you may lose some or all of your investment.

USE OF PROCEEDS

We estimate that the net proceeds from the sale of our common stock in this offering will be approximately $ million, based on a public offering price of $ per share, after deducting the underwriting discount and our estimated offering expenses. If the underwriters exercise their over-allotment option in full, we estimate that our net proceeds will be approximately $ million.

We intend to use the net proceeds from this offering to provide capital to support our subsidiary bank and for general corporate purposes which may include, without limitation, making investments at the holding company level, supporting asset and deposit growth, and engaging in acquisitions or other business combinations. We do not have any specific plans for acquisitions or other business combinations at this time. Our management will retain broad discretion in the allocation of the net proceeds from this offering.

PRICE RANGE OF COMMON STOCK AND DIVIDENDS

Our common stock trades on the Nasdaq Global Select Market under the symbol UCBI. The following table sets forth, for the periods indicated, the high, low and closing sales prices per share of our common stock as quoted on Nasdaq, and the cash dividends declared per share.

	High	Low	Close	Cash Dividends Declared per Common Share
2007				
First Quarter	$ 34.98	$ 30.81	$ 32.79	$ 0.09
Second Quarter	33.03	25.80	25.89	0.09
Third Quarter	27.50	22.16	24.52	0.09
Fourth Quarter	25.73	15.13	15.80	0.09
2008				
First Quarter	$ 20.80	$ 13.38	$ 16.98	$ 0.09
Second Quarter	18.51	8.51	8.53	0.09
Third Quarter	19.05	7.58	13.26	
Fourth Quarter	15.82	9.25	13.58	
2009				
First Quarter	$ 13.87	$ 2.28	$ 4.16	$
Second Quarter	9.30	4.01	5.99	
Third Quarter (through September 22, 2009)	8.00	5.33	7.17	

We had approximately 17,000 beneficial owners of our common stock on September 15, 2009, which includes approximately 6,800 record holders. The per share closing price of our common stock as reported by Nasdaq on September 22, 2009, the date immediately prior to the public announcement of the offering, was $7.17.

Beginning during the third quarter of 2008, we began to pay stock dividends in lieu of cash dividends, on a quarterly basis, to preserve capital and strengthen our tangible common equity levels. We may not pay cash dividends without regulatory approval pursuant to a board resolution adopted by the board that was proposed to us by the Federal Reserve Bank of Atlanta. In addition, under the terms of our purchase agreement with Treasury pursuant to which we issued the Series B Preferred Stock and the Warrant, our ability to declare or pay dividends on any of its shares is restricted. Specifically, we may not declare dividend payments on common, junior preferred or *pari passu* preferred shares if it is in arrears on the dividends on the Series B Preferred Stock. Further, we may not increase the dividends its our common stock above $0.09 per share, without the U.S. Treasury s approval until the December 5, 2011 unless all of the Series B Preferred Stock has been redeemed or transferred.

In addition to the limitations described above, the future declaration of dividends by our board of directors will depend on a number of factors, including capital requirements, regulatory limitations, our operating results and financial condition and general economic conditions. 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 June 30, 2009, pursuant to these restrictions, the bank did not have the ability to pay dividends to us without prior regulatory approval.

Table of Contents

CAPITALIZATION

The following table sets forth our capitalization as of June 30, 2009. Our capitalization is presented on a historical basis and on an as adjusted basis to give effect to the sale of shares of common stock at a public offering price of $ per share and assuming:

- net proceeds of the offering are $ million, after deducting the estimated underwriting discount and estimated offering expenses and
- the underwriters over-allotment option is not exercised.

The following data should be read in conjunction with the Consolidated Financial Statements and the notes thereto incorporated by reference into this prospectus supplement from our Annual Report on Form 10-K for the fiscal year ended December 31, 2008, and our Quarterly Report on Form 10-Q for the periods ended March 31, 2009 and June 30, 2009.

	June 30, 2009	
	Actual	As Adjusted[1]
	(In thousands)	
Long-term debt:		
Subordinated debentures	$ 95,500	$ 95,500
Trust preferred securities	54,526	54,526
Total long-term debt	$ 150,026	$ 150,026
Stockholders equity:		
Preferred stock, $1.00 par value; 10,000,000 shares authorized;		
Series A: $10 stated value, 21,700 shares issued and outstanding	217	217
Series B: $1,000 stated value; 180,000 shares issued and outstanding	173,785	173,785
Common stock, $1.00 par value; 100,000,000 shares authorized;		
48,933,383 shares outstanding and shares outstanding, as adjusted	48,933	
Common stock issuable: 182,041	3,383	3,383
Capital surplus	450,514	
Retained earnings	136,624	136,624
Accumulated other comprehensive income	41,816	41,816
Total stockholders equity	855,272	
Total capitalization	$ 1,005,298	$
Regulatory capital ratios:		
Tier I leverage ratio	7.68%	
Tier I risk based capital	10.44	
Total risk based capital	13.11	

(1) If the underwriters exercise their over-allotment option in full, shares of common stock would be sold, resulting in estimated net proceeds of $.

Table of Contents

UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

The following is a summary of the anticipated U.S. federal income tax considerations relating to the purchase, ownership and disposition of our common stock. This summary addresses only the U.S. federal income tax considerations relevant to holders of our common stock who are initial purchasers of our common stock and that will hold the common stock as capital assets.

This description does not address tax considerations applicable to holders that may be subject to certain special U.S. federal income tax rules, such as:

- financial institutions,
- insurance companies,
- real estate investment trusts,
- regulated investment companies,
- grantor trusts,
- dealers or traders in securities or currencies or notional principal contracts,
- tax-exempt entities,