

UNITED COMMUNITY BANKS INC

Form S-4

August 31, 2017

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As filed with the Securities and Exchange Commission on August 31, 2017

File No. 333-

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM S-4

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

UNITED COMMUNITY BANKS, INC.

(Exact name of issuer as specified in its charter)

Georgia	6022	58-1807304
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

United Community Banks, Inc.

125 Highway 515 East

Blairsville, Georgia 30512

(706) 745-2151

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

Jimmy C. Tallent

125 Highway 515 East

Blairsville, Georgia 30512

(706) 745-2151

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

Copies to:

James W. Stevens
Troutman Sanders LLP
600 Peachtree Street NE, Suite 5200
Atlanta, Georgia 30308
(404) 885-3721

Geoffrey W. Adams
Smith, Anderson, Blount, Dorsett, Mitchell & Jernigan, L.L.P.
Wells Fargo Capital Center
150 Fayetteville Street, Suite 2300
Raleigh, North Carolina 27601
(919) 821-6738

Approximate date of commencement of proposed sale of the securities to the public: The exchange of the Registrant's shares for shares of common stock of Four Oaks Fincorp, Inc. will take place upon consummation of the merger of Four Oaks Fincorp, Inc. into the Registrant.

If the securities being registered on this form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box.

If this form is filed to register additional securities of 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(d) 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.

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Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act. (Check one):

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

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of the Securities Act.

If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross-Border Issuer Tender Offer)
 Exchange Act Rule 14d-1(d) (Cross-Border Third-Party Tender Offer)

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price per Share	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
Common Stock, par value \$1.00 per share	4,184,041(1)	Not Applicable	\$ 107,005,247(2)	\$ 12,401.91(3)

(1) The number of shares of the Registrant’s common stock being registered hereunder is based upon the anticipated maximum number of such shares required to consummate the proposed merger of Four Oaks Fincorp, Inc., a North Carolina corporation, into the Registrant. The Registrant will remove from registration by means of a post-effective amendment any shares being registered that are not issued in connection with such merger.

(2) Estimated solely for the purpose of calculating the registration fee required by Section 6(b) of the Securities Act of 1933 pursuant to Rules 457(c) and 457(f)(1) and (f)(3) of the Securities Act. The proposed maximum aggregate offering price of the Registrant’s common stock is the result of (i) \$119,872,967, the maximum number of shares of Four Oaks Fincorp, Inc. common stock (“Four Oaks common stock”) that may be received by the Registrant pursuant to the merger, including shares of Four Oaks common stock issuable pursuant to equity awards (6,772,484) multiplied by the market value of the shares of Four Oaks common stock expected to be exchanged for the Registrant’s common stock in connection with the merger, as established by the average of the high and low prices of Four Oaks common stock as reported on the OTC Market’s OTCQX tier on August 29, 2017 of \$17.70, minus (ii) \$12,867,720, the estimated amount in cash to be paid by the Registrant in the proposed merger.

(3) Computed pursuant to Rules 457(f)(1) and 457(c) of the Securities Act, based on a rate of \$115.90 per \$1,000,000 of the proposed maximum aggregate offering price.

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 or until this registration statement shall become effective on such date as the Commission acting pursuant to said Section 8(a) may determine.

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

SUBJECT TO COMPLETION, DATED AUGUST 31, 2017
PROXY STATEMENT/PROSPECTUS

MERGER PROPOSED — YOUR VOTE IS VERY IMPORTANT

These materials are a proxy statement of Four Oaks Fincorp, Inc. (“Four Oaks”) and a prospectus of United Community Banks, Inc. (“United”). They are furnished to you in connection with the notice of the special meeting of shareholders of Four Oaks to be held on [•], 2017. At the special meeting of Four Oaks shareholders, you will be asked to vote on (1) the merger of Four Oaks with and into United described in more detail herein, (2) the approval, on a non-binding advisory basis, of the compensation that certain executive officers of Four Oaks will receive in connection with the merger pursuant to existing agreements or arrangements with Four Oaks, and (3) the approval of a proposal to adjourn or postpone the special meeting, if necessary or appropriate, including to solicit additional proxies to approve the merger agreement.

As of [•], 2017, the record date for the Four Oaks special meeting of shareholders, there were [•] shares of common stock issued and outstanding and entitled to vote at that meeting. Approval of the merger agreement requires the affirmative vote of a majority of the issued and outstanding shares of Four Oaks common stock. Approval of the merger-related compensation proposal requires that the number of votes cast at the special meeting, in person or by proxy, in favor of the proposal exceeds the number of votes cast against the proposal. The proposal to adjourn or postpone the special meeting, if necessary or appropriate, including to solicit additional proxies to approve the merger agreement, will be approved if the number of votes cast at the special meeting, in person or by proxy, in favor of the proposal exceeds the number of votes cast against the proposal.

In connection with the merger, if approved and consummated, holders of Four Oaks common stock will be entitled to receive, in exchange for each share of Four Oaks common stock, consideration equal to 0.6178 shares of United common stock and \$1.90 in cash.

As a result, a maximum of 4,184,041 shares of United common stock will be issued to Four Oaks shareholders if the merger is approved and consummated. This document is a United prospectus with respect to the offering and issuance of such 4,184,041 shares of United common stock.

Based on United’s closing price of \$26.48 per share on June 23, 2017, the last trading day before the execution of the merger agreement, the merger consideration represented approximately \$18.26 for each share of Four Oaks common stock and approximately \$124 million on an aggregate basis. Based on United’s closing price of \$[•] per share on [•], 2017, the last practicable trading day before the date of the enclosed document, the merger consideration represented approximately \$[•] for each share of Four Oaks common stock and approximately \$[•] million on an aggregate basis. We encourage you to obtain current market quotations for United common stock and Four Oaks common stock before you vote. United’s common stock is traded on the NASDAQ Global Select Market under the symbol “UCBI,” and Four Oaks’ common stock is traded on the OTCQX tier of the OTC Markets Group Inc. under the symbol “FOFN.”

The accompanying materials contain information regarding the proposed merger and the companies participating in the merger, and the Agreement and Plan of Merger pursuant to which the merger will be consummated if approved. We encourage you to read the entire document carefully, including the “Risk Factors” section beginning on page 18, for a discussion of the risks related to the proposed merger.

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 these materials. Any representation to the contrary is a criminal offense. Shares of common stock of United 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 date of these materials is [•], 2017, and they are expected to be first mailed to shareholders on or about [•], 2017.

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WHERE YOU CAN FIND MORE INFORMATION

Both United and Four Oaks are subject to the information requirements of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), which means that they are both required to file certain reports, proxy statements, and other business and financial information with the Securities and Exchange Commission (“SEC”). You may read and copy any materials that either United or Four Oaks files with the SEC at the Public Reference Room of the SEC at 100 F. Street N.E., Washington, D.C. 20549. You may also obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains a website at <http://www.sec.gov> where you can access reports, proxy, information and registration statements, and other information regarding registrants that file electronically with the SEC. Such filings are also available free of charge at United’s website at <http://www.ucbi.com> under the “Investor Relations” heading or from Four Oaks’ website at <http://www.fouroaksbank.com> under the “Investor Information” link under the “About Us” heading. Except as specifically incorporated by reference into this document, information on those websites or filed with the SEC is not part of this document.

United has filed a registration statement on Form S-4 of which this document forms a part. As permitted by SEC rules, this document does not contain all of the information included in the registration statement or in the exhibits or schedules to the registration statement. You may read and copy the registration statement, including any amendments, schedules and exhibits, at the addresses set forth below. Statements contained in this document as to the contents of any contract or other documents referred to in this document are not necessarily complete. In each case, you should refer to the copy of the applicable contract or other document filed as an exhibit to the registration statement. This document incorporates by reference documents that United has previously filed, and that United may file through the date of the special meeting of Four Oaks shareholders, with the SEC. They contain important information about United and its financial condition. For further information, please see the section entitled “Incorporation of Certain Documents by Reference.” These documents are available without charge to you upon written or oral request to United’s principal executive offices. The address and telephone number of United’s principal executive office is listed below.

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

To obtain timely delivery of these documents, you must request the information no later than [•], 2017 in order to receive them before Four Oaks’ special meeting of shareholders.

United’s common stock is traded on the NASDAQ Global Select Market under the symbol “UCBI,” and Four Oaks’ common stock is traded on the OTCQX tier of the OTC Markets Group Inc. under the symbol “FOFN.”

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FOUR OAKS FINCORP, INC.

6114 U.S. 301 South

Four Oaks, North Carolina 27524

Notice Of Special Meeting Of Shareholders

To Be Held On [•], 2017

A special meeting of shareholders of Four Oaks Fincorp, Inc. will be held on [•], 2017, at [•] a.m., at [•] for the following purposes:

1.

To consider and vote on the Agreement and Plan of Merger, under which Four Oaks Fincorp, Inc. (“Four Oaks”) will merge with and into United Community Banks, Inc. (“United”), as more particularly described in the accompanying materials;

2.

To cast a non-binding advisory vote to approve the compensation that certain executive officers of Four Oaks will receive under existing agreements or arrangements with Four Oaks in connection with the merger; and

3.

To consider and vote upon a proposal to approve the adjournment or postponement of the special meeting, if necessary or appropriate, including to solicit additional proxies to approve the merger agreement.

If Four Oaks shareholders approve the merger agreement, Four Oaks will be merged with and into United. Four Oaks shareholders will receive 0.6178 shares of United common stock and \$1.90 in cash in exchange for each of their shares of Four Oaks common stock in the merger.

Approval of the merger agreement requires the affirmative vote of a majority of the issued and outstanding shares of Four Oaks common stock. Approval of the merger-related compensation proposal requires that the number of votes cast at the special meeting, in person or by proxy, in favor of the proposal exceeds the number of votes cast against the proposal. Approval of the adjournment proposal requires that the number of votes cast at the special meeting, in person or by proxy, in favor of the proposal exceeds the number of votes cast against the proposal. Only shareholders of record of Four Oaks common stock at the close of business on [•], 2017 will be entitled to vote at the special meeting or any adjournments thereof. Four Oaks’ Board of Directors has adopted a resolution approving the merger and the merger agreement and unanimously recommends that you vote “FOR” the proposal to approve the merger agreement, “FOR” the merger-related compensation proposal, and “FOR” the adjournment proposal.

Four Oaks has concluded that its shareholders are entitled to assert appraisal rights with respect to the proposal to approve the merger agreement. Your appraisal rights are conditioned on your strict compliance with the requirements of Article 13 of the North Carolina Business Corporation Act. The full text of that statute is attached as Appendix B to this document.

Business and financial information about Four Oaks is available without charge to you upon written or oral request made to Four Oaks Fincorp, Inc., 6114 U.S. 301 South Four Oaks, North Carolina 27524, Attention: Corporate Secretary, telephone number (919) 963-2177. To obtain delivery of such business and financial information before the special meeting, your request must be received no later than [•], 2017.

YOUR VOTE IS VERY IMPORTANT. You can vote your shares over the internet or by telephone. You may also vote by signing, dating and returning your proxy card or voting instruction form that you received by mail. If you are the record holder of the shares, you may change your vote by: (1) if you voted over the internet or by telephone, voting again over the internet or by telephone by the applicable deadline described herein; (2) if you previously completed and returned a proxy card, submitting a new proxy card with a later date and returning it to Four Oaks prior to the vote at the special meeting; (3) submitting timely written notice of revocation to Four Oaks’ Corporate Secretary, (919) 963-2177, at Four Oaks Fincorp, Inc., 6114 U.S. 301 South, Four Oaks, North Carolina 27524, at any time prior to the vote at the special meeting; or (4) attending the special meeting in person and voting your shares at the special

meeting. If your shares

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are held in street name, you may change your vote by submitting new voting instructions to your brokerage firm, bank or other similar entity or, if you have obtained a legal proxy from your brokerage firm, bank, or other similar entity giving you the right to vote your shares, you may change your vote by attending the special meeting and voting in person.

By Order of the Board of Directors,

[•], 2017

Four Oaks, North Carolina

Ayden R. Lee, Jr., Chairman

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QUESTIONS AND ANSWERS ABOUT THE MERGER

Q:

What am I being asked to approve?

A:

Four Oaks shareholders are being asked to (1) approve the Agreement and Plan of Merger between Four Oaks and United, pursuant to which Four Oaks will be merged with and into United, (2) approve, on a non-binding advisory basis, the compensation that certain executive officers of Four Oaks will receive in connection with the merger pursuant to existing agreements or arrangements with Four Oaks, and (3) approve a proposal to adjourn or postpone the special meeting, if necessary or appropriate, including to solicit additional proxies to approve the merger agreement. Approval of the merger agreement requires the affirmative vote of a majority of the issued and outstanding shares of Four Oaks common stock. Approval of the merger-related compensation proposal requires that the number of votes cast at the special meeting, in person or by proxy, in favor of the proposal exceeds the number of votes cast against the proposal. Approval of the adjournment proposal requires that the number of votes cast at the special meeting, in person or by proxy, in favor of the proposal exceeds the number of votes cast against the proposal. The Four Oaks Board of Directors has unanimously approved and adopted the merger and the merger agreement and recommends voting “FOR” approval of the merger agreement, “FOR” approval of the merger-related compensation proposal, and “FOR” approval of the adjournment proposal.

Q:

When is the merger expected to be completed?

A:

We plan to complete the merger during the fourth quarter of 2017.

Q:

What will I receive in the merger?

A:

Holders of Four Oaks common stock will receive 0.6178 shares (which we refer to as the “exchange ratio”) of United common stock and \$1.90 in cash for each share of Four Oaks common stock. United will not issue fractional shares in the merger. Instead, you will receive a cash payment, without interest, for the value of any fraction of a share of United common stock that you would otherwise be entitled to receive in an amount equal to such fractional part of a share of United common stock multiplied by the purchase price per share of Four Oaks common stock as determined by multiplying (i) the exchange ratio by (ii) the closing price for United common stock on the NASDAQ Global Select Market trading day immediately preceding the effective time of the merger.

To review what you will receive in the merger in greater detail, including the treatment of any outstanding equity awards for Four Oaks common stock that you may hold, see “Proposal No. 1 — The Merger — The Merger Consideration” beginning on page 43.

Q:

What should I do now?

A:

After you have carefully read this document, please vote by proxy over the internet, by telephone or through the mail. If you hold shares of Four Oaks common stock in more than one account, you must separately vote the shares in each account over the internet, by telephone or through the mail. If you vote over the internet or by telephone, you do not need to return any documents through the mail.

If you vote using one of the methods described below, you will be designating Ayden R. Lee, Jr. and David H. Rupp as your proxies to vote your shares as you instruct. If you vote over the internet or by telephone or by signing and returning your proxy card without giving specific voting instructions, these individuals will vote your shares by following the recommendations of the Four Oaks Board of Directors. If any other business properly comes before the special meeting, these individuals will vote on those matters in a manner they consider appropriate.

Registered Holder: You do not have to attend the special meeting to vote. The Four Oaks Board of Directors is soliciting proxies so that you can vote before the special meeting. Even if you currently plan to attend the special meeting, we recommend that you vote by proxy before the special meeting so that your vote will be counted if you later decide not to attend. However, if you attend the special meeting and vote your shares by ballot, your vote at the special meeting will revoke any vote you submitted previously by proxy. If you are the record holder of your shares, there are three ways you can vote by proxy:

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By Internet: You may vote over the internet by going to [•] and following the instructions when prompted;

•
By Telephone: You may vote by telephone by calling toll free [•]; or

•
By Mail: You may vote by completing, signing, dating and returning the enclosed proxy card.

Street Holder: If your shares are held in street name, you may vote your shares before the special meeting by mail, by completing, signing, and returning the voting instruction form you received from your brokerage firm, bank or other similar entity. You should check your voting instruction form to see if any alternative method, such as internet or telephone voting, is available to you.

Q:
What constitutes a quorum for the special meeting?

A:
The presence at the special meeting, in person or by proxy, of holders of a majority of the outstanding shares of Four Oaks common stock entitled to vote at the special meeting will constitute a quorum for the transaction of business. Abstentions and broker non-votes, if any, will be included in determining the number of shares present at the meeting for the purpose of determining the presence of a quorum.

Q:
What vote is required to approve each proposal?

A:
Approval of the merger agreement requires the affirmative vote of a majority of the issued and outstanding shares of Four Oaks common stock. If you fail to vote, mark “ABSTAIN” on your proxy, or fail to instruct your brokerage firm, bank, or other similar entity giving you the right to vote your shares with respect to the merger proposal, it will have the same effect as a vote “AGAINST” the proposal. Approval of the merger-related compensation proposal requires that the number of votes cast at the special meeting, in person or by proxy, in favor of the proposal exceeds the number of votes cast against the proposal. Abstentions and broker non-votes, if any, will not count as votes cast and will have no effect on the outcome of this proposal. Approval of the adjournment proposal requires that the number of votes cast at the special meeting, in person or by proxy, in favor of the proposal exceeds the number of votes cast against the proposal. Abstentions and broker non-votes, if any, will not count as votes cast and will have no effect on the outcome of this proposal.

Q:
What impact will my vote have on the amounts that certain executive officers of Four Oaks may receive in connection with the merger?

A:
Certain of Four Oaks’ executive officers are entitled, pursuant to the terms of their existing employment agreements with Four Oaks, to receive certain payments in connection with the merger. If the merger is completed, Four Oaks is contractually obligated to make these payments to these executives under certain circumstances. Accordingly, even if the Four Oaks shareholders vote not to approve these payments, the compensation will be payable, subject to the terms and conditions of the agreements. Four Oaks is seeking your approval of these payments on a non-binding advisory basis in order to comply with Section 951 of the Dodd-Frank Act and Rule 14a-21(c) under the Exchange Act.

Q:

Why is my vote important?

A:

If you do not return your proxy, it will be more difficult for Four Oaks to obtain the necessary quorum to hold the special meeting. In addition, your failure to submit a proxy or vote in person, or failure to instruct your brokerage firm, bank, or other similar entity how to vote, or abstention will have the same effect as a vote "AGAINST" approval of the merger agreement. The merger agreement must be approved by the affirmative vote of a majority of the issued and outstanding shares of Four Oaks common stock. The Four Oaks Board of Directors unanimously recommends that you vote "FOR" the merger proposal.

Q:

What information should I consider?

A:

We encourage you to read carefully this entire document and the documents incorporated by reference herein. Among other disclosures, you should review the factors considered by each company's Board of

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Directors discussed in “Proposal No. 1 — The Merger — Background of the Merger” beginning on page 21 and “Proposal 1 — The Merger — Four Oaks’ Reasons for the Merger and Recommendation of the Four Oaks Board of Directors” beginning on page 29.

Q:

Will my ownership percentage and voting interest be reduced after the merger?

A:

Yes. Four Oaks shareholders currently have the right to vote in the election of the Four Oaks Board of Directors and on other matters affecting Four Oaks. Upon the completion of the merger, each Four Oaks shareholder receiving shares of United common stock in accordance with the merger agreement will be a shareholder of United with a percentage ownership of United that is smaller than such shareholder’s current percentage ownership of Four Oaks. It is currently expected that the former shareholders of Four Oaks as a group will receive shares in the merger constituting approximately [•]% of the outstanding shares of United’s common stock immediately after the merger. Because of this, Four Oaks shareholders will have less influence on the management and policies of United than they now have on the management and policies of Four Oaks.

Q:

What are the tax consequences of the merger to me?

A:

The merger will qualify as a “reorganization” within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended (the “Code”). Accordingly, Four Oaks’ shareholders generally will not recognize gain or loss for federal income tax purposes on the exchange of shares of Four Oaks common stock for United common stock, except with respect to cash received (i) on the exchange of shares of Four Oaks common stock, (ii) in lieu of fractional shares of United common stock, or (iii) upon the exercise of appraisal rights. The tax consequences to Four Oaks shareholders are described in greater detail in “Proposal No. 1 — The Merger — Material U.S. Federal Income Tax Consequences and Opinion of Tax Counsel” beginning on page 63. Your tax consequences will depend on your personal situation. You should consult your tax advisor for a full understanding of the tax consequences of the merger to you.

Q:

Are Four Oaks shareholders entitled to appraisal rights?

A:

Yes. Four Oaks shareholders are entitled to appraisal rights under Article 13 of the North Carolina Business Corporation Act (the “NCBCA”), provided that they satisfy the special criteria and conditions set forth in Article 13 of the NCBCA. More information regarding these appraisal rights is provided in this document, and the provisions of the NCBCA that grant appraisal rights and govern such procedures are attached as Appendix B to this document. You should read these provisions carefully and in their entirety. See “Appraisal Rights” beginning on page 60.

Q:

Should I send in my stock certificates now?

A:

No. After the merger is completed, you will receive written instructions from United or its exchange agent, Continental Stock Transfer & Trust Company, for exchanging your Four Oaks common stock certificates for United common stock.

Q:

Who should I call with questions?

A:

You should call Wanda J. Blow, Corporate Secretary, Four Oaks Fincorp, Inc., at (919) 963-2177.

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SUMMARY

This summary highlights material information from these materials regarding the proposed merger. For a more complete description of the terms of the proposed merger, you should carefully read this entire document and the documents incorporated by reference into this document. The Agreement and Plan of Merger, which is the legal document that governs the proposed merger, is in Appendix A to these materials. In addition, the sections entitled “Where You Can Find More Information”, in the forepart of this document, and “Incorporation of Certain Documents By Reference”, on page 110, contain references to additional sources of information about United and Four Oaks.

•
The Companies (see pages 67 and 70)

United Community Banks, Inc.

125 Highway 515 East

Blairsville, Georgia 30512

(706) 745-2151

United is the third largest bank holding company headquartered in Georgia. At June 30, 2017, United had total consolidated assets of \$10.8 billion, total loans of \$7.04 billion, total deposits of \$8.74 billion and shareholders' equity of \$1.13 billion. These amounts do not take into account United's acquisition of HCSB Financial Corporation, which closed on July 31, 2017. At June 30, 2017, HCSB Financial Corporation had total consolidated assets of \$390 million, total loans of \$233 million, total deposits of \$322 million, and shareholders' equity of \$37.6 million. United conducts substantially all of its operations through its wholly-owned Georgia bank subsidiary, United Community Bank (the “Bank”), which as of August 1, 2017, operated at 142 offices in Georgia, North Carolina, South Carolina and Tennessee. United's community banks offer a full range of retail and corporate banking services, including checking, savings and time deposit accounts, secured and unsecured loans, wire transfers, brokerage services and other financial services, and are led by local bank presidents and management with significant experience in, and ties to, their communities. Each of the local bank presidents has authority, alone or with other local officers, to make most credit decisions. United also operates United Community Mortgage Services, a full-service retail mortgage lending operation approved as a seller/servicer for Fannie Mae and the Federal Home Mortgage Corporation, as a division of the Bank. The Bank owns an insurance agency, United Community Insurance Services, Inc., known as United Community Advisory Services. United also owns a captive insurance subsidiary, United Community Risk Management Services, Inc., that provides risk management services for United's subsidiaries. Another subsidiary of the Bank, United Community Payment Systems, LLC, provides payment processing services for the Bank's commercial and small business customers. Additionally, United provides retail brokerage services through a third party broker/dealer.

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

For a complete description of United's business, financial condition, results of operations and other important information, please refer to United's filings with the SEC that are incorporated by reference in this document, including its Annual Report on Form 10-K for the year ended December 31, 2016 and its quarterly report on Form 10-Q for the quarter ended June 30, 2017. For instructions on how to find copies of these documents, see “Where You Can Find More Information.”

Four Oaks Fincorp, Inc.

6114 U.S. 301 South

Four Oaks, North Carolina 27524

(919) 963-2177

Four Oaks Bank & Trust Company (“Four Oaks Bank”) was incorporated under the laws of the State of North Carolina in 1912. On February 5, 1997, Four Oaks Bank formed Four Oaks for the purpose of serving as a holding company for Four Oaks Bank. At June 30, 2017, Four Oaks had total consolidated assets of \$739.8 million, total loans of \$497.8 million, total deposits of \$158.2 million, and shareholders' equity of \$71.3 million.

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Four Oaks Bank offers a broad range of financial services through its fourteen offices in eastern and central North Carolina. Four Oaks Bank is a community-focused bank engaging in general consumer and commercial banking business to the communities it serves. Four Oaks Bank provides a full range of banking services, including offering deposit accounts including checking, savings, money market, and certificates of deposit (CD); loan products including mortgage, equity line of credit, commercial/business, real estate, and consumer loans; wealth management and financial planning services; commercial services including debit cards, automated clearing house (ACH) origination, and prepaid and payroll cards; and other services including cashier's checks and wire services.

Four Oaks Bank's wealth management services are made available through an arrangement with Lincoln Financial Services Corporation acting as a registered broker-dealer performing the brokerage services.

Residential mortgages are originated by Four Oaks Mortgage Company, a division of Four Oaks Bank. Upon closing, these loans, together with their servicing rights, are sold to mortgage loan investors under prearranged terms.

Four Oaks' website is www.fouroaksbank.com. Information on Four Oaks' website is not incorporated into this document by reference and is not a part hereof.

For a complete description of Four Oaks' business, financial condition, results of operations and other important information, please refer to "Information about Four Oaks Fincorp, Inc." beginning on page 70. Additional information is included in Four Oaks' filings with the SEC, including its Annual Report on Form 10-K for the year ended December 31, 2016 and its quarterly report on Form 10-Q for the quarter ended June 30, 2017. For instructions on how to find copies of these documents, see the section entitled "Where You Can Find More Information" in the forepart of this document.

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The Merger Agreement (see page 43)

If Four Oaks shareholders approve the merger agreement, subject to receipt of the required regulatory approvals and satisfaction of the other closing conditions, Four Oaks will be merged with and into United. Holders of Four Oaks common stock will receive 0.6178 shares (which we refer to as the "exchange ratio") of United common stock and \$1.90 in cash for each share of Four Oaks common stock.

You will also receive a cash payment, without interest, for the value of any fraction of a share of United common stock that you would otherwise be entitled to receive in an amount equal to such fractional part of a share of United common stock multiplied by the closing price for United common stock on the NASDAQ Global Select Market trading day immediately preceding the effective time of the merger.

The merger agreement also includes provisions that address the treatment of the outstanding equity awards of Four Oaks in the merger. See "Proposal No. 1 — The Merger — The Merger Consideration" beginning on page 43.

Following the merger, Four Oaks' wholly-owned North Carolina bank subsidiary, Four Oaks Bank, will be merged with and into the Bank, United's wholly-owned Georgia bank subsidiary, and the Bank will be the surviving bank. Four Oaks' Reasons for the Merger and Recommendation of the Four Oaks Board of Directors (see page 29)

The Four Oaks Board of Directors supports the merger and believes that it is in the best interests of Four Oaks and its shareholders. The Four Oaks Board of Directors believes that the merger will allow Four Oaks to better serve its customers and markets and that the merger will permit Four Oaks shareholders to have an equity interest in a resulting financial institution with greater financial resources, more significant economies of scale, and a larger shareholder base, which will increase the liquidity of the Four Oaks shareholders' common stock. The Four Oaks Board of Directors believes that the terms of the merger are fair to and in the best interest of Four Oaks and its shareholders.

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Accounting Treatment (see page 59)

The merger will be accounted for as a purchase of a business for financial reporting and accounting purposes under generally accepted accounting principles in the United States.

Conditions, Termination, and Effective Date (see pages 43 and 45)

The merger will not occur unless certain conditions are met, and United or Four Oaks can terminate the merger agreement if specified events occur or fail to occur. Following the merger, Four Oaks' North Carolina bank subsidiary, Four Oaks Bank, will be merged into United's Georgia bank subsidiary, the Bank.

The merger and the bank merger must be approved by the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the Department of Banking and Finance of the State of Georgia and the North Carolina Office of the Commissioner of Banks. As of the date of this document, we have received the approval of the Board of Governors of the Federal Reserve System and, with respect to the merger only, the Department of Banking and Finance of the State of Georgia.

The closing of the merger will not occur until after the merger is approved by the foregoing regulators and by the Four Oaks shareholders, the other conditions to closing have been satisfied and the certificate of merger and articles of merger are filed as required under Georgia law and North Carolina law, respectively.

Federal Income Tax Consequences (see page 63)

The merger will qualify as a "reorganization" within the meaning of Section 368(a) of the Code. Accordingly, Four Oaks' shareholders generally will not recognize gain or loss for federal income tax purposes on the exchange of shares of Four Oaks common stock for United common stock, except with respect to cash received (i) on the exchange of shares of Four Oaks common stock, (ii) in lieu of fractional shares of United common stock, or (iii) upon the exercise of appraisal rights. The tax consequences to Four Oaks shareholders are described in greater detail in "Proposal No. 1 — The Merger — Material Federal Income Tax Consequences and Opinion of Tax Counsel" beginning on page 63. Tax matters are complicated, and the tax consequences of the merger may vary among Four Oaks shareholders. We urge each Four Oaks shareholder to contact his or her own tax advisor to fully understand the tax implications of the merger.

Opinion of Four Oaks' Financial Advisor (see page 31)

At the June 26, 2017 meeting at which the Four Oaks Board of Directors considered and approved the merger agreement, Four Oaks' financial advisor, Sandler O'Neill & Partners, L.P. ("Sandler O'Neill") delivered its oral opinion to the Four Oaks Board of Directors, which was subsequently confirmed in writing, to the effect that, as of June 26, 2017 and based on and subject to the procedures followed, assumptions made, matters considered, and the qualifications and limitations on the review undertaken by Sandler O'Neill as described in its opinion, as of the date of its opinion, the merger consideration was fair from a financial point of view to the shareholders of Four Oaks common stock. A summary of Sandler O'Neill's opinion begins on page 31 and the full opinion is attached as Appendix C to these materials. The opinion outlines the procedures followed, assumptions made, matters considered and the qualifications and limitations on the review undertaken by Sandler O'Neill in rendering its opinion. Holders of Four Oaks common stock are urged to read the entire opinion carefully in connection with their consideration of the proposed merger. Sandler O'Neill's opinion speaks only as of the date of the opinion. The opinion of Sandler O'Neill does not reflect any developments that may have occurred or may occur after the date of its opinion and prior to the completion of the merger. Four Oaks does not expect that it will request an updated opinion from Sandler O'Neill. Sandler O'Neill's opinion was directed to the Four Oaks Board of Directors in connection with its consideration of the merger agreement and the merger and does not constitute a recommendation to any shareholder of Four Oaks as to how any such shareholder should vote at any meeting of shareholders called to consider and vote upon the approval of the merger agreement and the merger. Sandler O'Neill's opinion is directed only to the fairness, from a financial point of view, of the merger consideration to the holders of Four

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Oaks common stock and does not address the underlying business decision of Four Oaks to engage in the merger, the form or structure of the merger, or any other transactions contemplated in the merger agreement, the relative merits of the merger as compared to any other alternative transactions or business strategies that might exist for Four Oaks or the effect of any other transaction in which Four Oaks might engage.

Markets for Common Stock

United's common stock trades on the NASDAQ Global Select Market under the ticker symbol "UCBI." Four Oaks' common stock trades on the OTCQX tier of the OTC Markets Group Inc. under the ticker symbol "FOFN." The following table sets forth, for the periods indicated, the high, low and closing sales prices per share of United's common stock and Four Oaks' common stock as quoted on NASDAQ and the OTCQX, respectively.

	United Common Stock			Four Oaks Common Stock		
	High	Low	Close	High	Low	Close
2017						
Third Quarter (through [•], 2017)	\$ [•]	\$ [•]	\$ [•]	\$ [•]	\$ [•]	\$ [•]
Second Quarter	28.57	25.39	27.80	18.64	13.01	18.60
First Quarter	30.47	25.29	27.69	18.25	13.10	14.04
2016						
Fourth Quarter	30.22	20.26	29.62	14.40	11.05	13.24
Third Quarter	21.13	17.42	21.02	11.85	10.35	11.39
Second Quarter	20.60	17.07	18.29	10.75	9.25	10.29
First Quarter	19.27	15.74	18.47	9.60	8.75	9.29
2015						
Fourth Quarter	22.23	18.61	19.49	9.15	8.00	8.74
Third Quarter	22.23	18.58	20.44	9.40	7.59	8.24
Second Quarter	21.23	17.91	20.87	8.35	7.10	7.59
First Quarter	19.53	16.48	18.88	8.60	7.00	7.49

The closing sales price of United common stock as of June 23, 2017, the last trading day before the merger agreement was announced, was \$26.48. The closing sales price of United common stock as of [•], 2017, the most recent date feasible for inclusion in these materials, was \$[•]. Trading in Four Oaks common stock is very limited and sporadic, with an average daily trading volume since January 1, 2017 of less than [•]% of the outstanding shares. The closing sales price of Four Oaks voting common stock as of June 23, 2017, the last trading day before the merger agreement was announced, was \$14.78. The closing sales price of Four Oaks voting common stock as of [•], 2017, the most recent date feasible for inclusion in these materials, was \$[•].

Assuming there is no adjustment in the merger consideration, if the merger had been completed on June 23, 2017, the last trading day before the merger agreement was announced, the implied value of one share of Four Oaks common stock exchanged for 0.6178 of a share of United common stock and \$1.90 in cash, would have been \$18.26 based on United's closing sales price on that date. If the merger had been completed on [•], 2017, the most recent date feasible for inclusion in these materials, the implied value of one share of Four Oaks common stock exchanged for 0.6178 of a share of United common stock and \$1.90 in cash, would have been \$[•].

There were [•] shareholders of record of Four Oaks common stock as of [•], 2017.

Dividends (see page 59)

United declared cash dividends of \$0.10 per share of common stock in the third quarter of 2017, \$0.09 per share of common stock in the second quarter of 2017, \$0.09 per share of common stock in the first quarter of 2017, \$0.30 per share in 2016, \$0.22 per share in 2015 and \$0.11 per share in 2014. United

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intends to continue paying cash dividends, but the amount and frequency of cash dividends, if any, will be determined by United's Board of Directors after consideration of certain non-financial and financial factors including earnings, capital requirements, and the financial condition of United, and will depend on cash dividends paid to it by the Bank. The ability of the Bank to pay dividends to it is restricted by certain regulatory requirements.

Four Oaks declared cash dividends of \$0.02 per share of common stock in the third quarter of 2017 and \$0.01 per share of common stock in the second quarter of 2017. No cash dividends were declared on Four Oaks common stock in the first quarter of 2017 or in 2016, 2015 or 2014.

Differences in Legal Rights between Shareholders of Four Oaks and United (see page 56)

Following the merger you will no longer be a Four Oaks shareholder and your rights as a shareholder will no longer be governed by Four Oaks' articles of incorporation and bylaws and the NCBCA. You will be a United shareholder, and your rights as a United shareholder will be governed by United's articles of incorporation and bylaws and the Georgia Business Corporation Code. Your former rights as a Four Oaks shareholder and your new rights as a United shareholder are different in certain ways, including the following:

- The articles of incorporation of United authorize more shares of common stock and preferred stock than the articles of incorporation of Four Oaks.
- The bylaws of Four Oaks set forth different requirements for calling special meetings of shareholders than do the bylaws of United.
- The bylaws of United provide for advance notice requirements for shareholder proposals, while the bylaws of Four Oaks do not contain advance notice provisions for shareholder proposals.
- The bylaws of United provide that the number of directors may range between eight to fourteen directors while the bylaws of Four Oaks provide that the number of directors may range between five to 21.
- The bylaws of Four Oaks set forth different requirements for removal of directors than do the articles of incorporation of United.
- The articles of incorporation of Four Oaks set forth different requirements for approval of certain business combinations than do the articles of incorporation of United.
- The bylaws of Four Oaks provide for unanimous shareholder action by written consent in lieu of meeting while the bylaws of United require only the minimum number of votes necessary to authorize such action for shareholder action by written consent.
- The bylaws of Four Oaks provide that the exclusive forum for certain legal proceedings is North Carolina while the bylaws of United provide that the exclusive forum for certain legal proceedings is Georgia.
- The articles of incorporation and bylaws of Four Oaks set forth different requirements for amending such articles of incorporation and bylaws than do the articles of incorporation and bylaws of United.

Interests of Directors and Officers of Four Oaks in the Merger (see page 51)

Some of the directors and officers of Four Oaks have interests in the merger in addition to their interests as shareholders generally, including the following:

-

After the closing of the merger, President and Chief Executive Officer David H. Rupp will perform consulting services on behalf of United and its subsidiaries.

-

After the closing of the merger, Executive Vice President and Chief Banking Officer Jeff D. Pope will continue employment with United and its subsidiaries.

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- Employment agreements that contain severance arrangements with each of Four Oaks' executive officers providing for certain severance benefits in the event such officers' employment is terminated following a change in control of Four Oaks.

- Settlement and release agreements between United and each of Messrs. Rupp, DesPrés, Herring and Pope and Meses. Hart and Herring in full and complete satisfaction of the obligations to Messrs. Rupp, DesPrés, Herring and Pope and Meses. Hart and Herring under their existing employment agreements with Four Oaks Bank.

- Each outstanding option to acquire shares of Four Oaks common stock with an exercise price greater than the "merger consideration price" will convert into the right to receive a cash payment.

- Each outstanding share of Four Oaks restricted stock will vest at the effective time of the merger and be converted into the right to receive the merger consideration.

- United will indemnify and provide liability insurance to the present directors and officers of Four Oaks and Four Oaks Bank for a period of six years following the closing of the merger with respect to acts or omissions occurring prior to merger.

Appraisal Rights (see page 60)

Four Oaks shareholders are entitled to exercise appraisal rights with respect to the merger and, if the merger is completed and they perfect their appraisal rights, to receive payment in cash for the fair value of their shares of Four Oaks common stock. In general, to preserve their appraisal rights, holders of shares of Four Oaks common stock who wish to exercise these rights must:

- be entitled to vote on the merger;
- deliver to Four Oaks, at or before the special meeting of shareholders of Four Oaks, written notice of the shareholder's intent to demand payment if the merger is effectuated;
- not vote their shares for approval of the merger agreement; and
- comply with the other procedures set forth in Sections 55-13-01 through 55-13-31 of the NCBCA.

The text of Article 13 of the NCBCA governing appraisal rights is included with this document as Appendix B. Failure to comply with the procedures described in Appendix B will result in the loss of appraisal rights under the NCBCA. We urge you to carefully read Sections 55-13-01 through 55-13-31 of the NCBCA.

- **Special Shareholders' Meeting**

Date, Time, and Place

The special meeting of shareholders of Four Oaks will be held on [•], 2017 at [•] a.m., at [•]. At the special meeting, Four Oaks shareholders will be asked to:

- approve the Agreement and Plan of Merger between Four Oaks and United, pursuant to which Four Oaks will be merged with and into United;
- approve, on a non-binding advisory basis, the compensation that certain executive officers of Four Oaks will receive under existing agreements or arrangements with Four Oaks in connection with the merger; and
- approve the adjournment or postponement of the special meeting, if necessary or appropriate, including to solicit additional proxies to approve the merger agreement.

Record Date and Shares Entitled to Vote

You are entitled to vote at the shareholders' meeting if you owned shares of Four Oaks common stock on [•], 2017. As of this date, [•] shares of Four Oaks common stock were issued and outstanding and entitled to vote at the special meeting.

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Support Agreement

Kenneth R. Lehman, a member of the Four Oaks Board of Directors, has agreed to vote 2,700,000 of his shares, which shares represent approximately 39.9% of the outstanding shares of Four Oaks common stock, in favor of the merger agreement; provided that such voting support agreement terminates in the event that the Four Oaks Board of Directors withdraws its recommendation in favor of the merger or approves or recommends an acquisition proposal from another party.

Vote Required (see page 48)

As of the record date, [•] shares of Four Oaks common stock were issued and outstanding, each of which is entitled to one vote per share.

Approval of the merger agreement requires the affirmative vote of a majority of the issued and outstanding shares of Four Oaks common stock. Your failure to vote your shares (including your failure to instruct your broker to vote your shares) or your abstaining from voting will have the same effect as a vote “AGAINST” the merger agreement. The Four Oaks Board of Directors has unanimously adopted and approved the merger agreement and unanimously recommends that Four Oaks shareholders vote “FOR” the approval of the merger agreement.

As referenced above, Kenneth R. Lehman, a member of the Four Oaks Board of Directors, has agreed to vote 2,700,000 of his shares of Four Oaks common stock, which shares represent approximately 39.9%, of the outstanding shares of Four Oaks common stock, in favor of the merger agreement; provided that such voting support agreement terminates in the event that the Four Oaks Board of Directors withdraws its recommendation in favor of the merger or approves or recommends an acquisition proposal from another party.

As of the record date, the directors and executive officers of Four Oaks beneficially owned and were entitled to vote, in the aggregate, [•] shares of Four Oaks common stock (not including any shares of common stock deliverable upon exercise of any options), representing approximately [•]% of the outstanding shares of Four Oaks common stock.

The approval, on a non-binding advisory basis, of the proposal regarding compensation that certain executive officers of Four Oaks will receive under existing agreements or arrangements with Four Oaks in connection with the merger requires that the number of votes cast at the special meeting, in person or by proxy, in favor of the proposal exceeds the number of votes cast against the proposal. Abstentions and broker non-votes, if any, will not count as votes cast and will have no effect on the outcome of this proposal. The Four Oaks Board of Directors unanimously recommends that Four Oaks shareholders vote “FOR” the approval of the compensation payable under existing agreements that certain of its officers will receive from Four Oaks in connection with the merger.

Approval of the merger agreement and approval of the compensation payable under existing agreements that certain Four Oaks officers will receive in connection with the merger are subject to separate votes of the Four Oaks shareholders, and approval of the compensation is not a condition to completion of the merger.

The approval of the proposal to adjourn or postpone the special meeting, if necessary or appropriate, including to solicit additional proxies to approve the merger agreement requires that the number of votes cast at the special meeting, in person or by proxy, in favor of the proposal exceeds the number of votes cast against the proposal.

Abstentions and broker non-votes, if any, will not count as votes cast and will have no effect on the outcome of this proposal. The Four Oaks Board of Directors unanimously recommends that shareholders vote “FOR” this proposal.

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TABLE OF CONTENTS**SUMMARY CONSOLIDATED FINANCIAL INFORMATION OF UNITED**

We are providing the following information to help you analyze the financial aspects of the merger. The following tables set forth summary historical operations and financial condition data and summary performance, asset quality and other information of United at and for the periods indicated, which is derived from United's historical consolidated financial statements. You should read this data in conjunction with United's Consolidated Financial Statements and notes thereto incorporated herein by reference from United's Annual Report on Form 10-K for the year ended December 31, 2016 and United's quarterly report on Form 10-Q for the quarter ended June 30, 2017. Financial amounts as of and for the six months ended June 30, 2017 and 2016 are unaudited and are not necessarily indicative of the results of operations for the full year or any other interim period, and management of United believes that such amounts reflect all adjustments (consisting only of normal recurring adjustments) necessary for a fair statement of its results of operations and financial position as of the dates and for the periods indicated. You should not assume the results of operations for past years and for the six months ended June 30, 2017 and 2016 indicate results for any future period. United's "net operating income" is determined by methods other than in accordance with generally accepted accounting principles ("GAAP"). Please see the following "Non-GAAP Performance Measures Reconciliation" below for a reconciliation of the difference between United's non-GAAP net operating income and its GAAP net income.

	At or for the Six Months Ended June 30,		For the Years Ended December 31,				
	2017	2016	2016	2015	2014	2013	2012
(in thousands, except per share data)							
INCOME SUMMARY							
Interest revenue	\$ 184,124	\$ 161,803	\$ 335,020	\$ 278,532	\$ 248,432	\$ 245,840	\$ 265,840
Interest expense	15,422	11,933	25,236	21,109	25,551	27,682	37,933
Net interest revenue	168,702	149,870	309,784	257,423	222,881	218,158	228,907
Provision for credit losses	1,600	(500)	(800)	3,700	8,500	65,500	62,500
Fee revenue	45,759	42,103	93,967	72,529	55,554	56,598	56,598
Total revenue	212,861	192,473	404,281	326,252	269,935	209,256	221,502
Expenses	126,055	115,945	241,289	211,238	162,865	174,304	186,500
Income before income tax expense	86,806	76,528	162,992	115,014	107,070	34,952	34,952
Income tax expense (benefit)	35,015	28,967	62,336	43,436	39,450	(238,188)	1,000
Net income	51,791	47,561	100,656	71,578	67,620	273,140	33,952
Preferred dividends	—	21	21	67	439	12,078	12,078
Net income available to common shareholders – GAAP	\$ 51,791	\$ 47,540	\$ 100,635	\$ 71,511	\$ 67,181	\$ 261,062	\$ 21,874
Merger-related and other charges	3,884	3,829	8,122	17,995	—	—	—
Income tax benefit of merger-related and other charges	(1,433)	(1,449)	(3,074)	(6,388)	—	—	—
Impairment of deferred tax asset on cancelled non-qualified	—	—	976	—	—	—	—

stock options

Release of disproportionate tax effect lodged in OCI	3,400	—	—	—	—	—	—
Net income available to common shareholders – operating(1)	\$ 57,642	\$ 49,920	\$ 106,659	\$ 83,118	\$ 67,181	\$ 261,062	\$ 21,7

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	At or for the Six Months Ended June 30,		For the Years Ended December 31,				2012
	2017	2016	2016	2015	2014	2013	
(in thousands, except per share data)							
PERFORMANCE MEASURES							
Per common share:							
Diluted net income – GAAP	\$.72	\$.66	\$ 1.40	\$ 1.09	\$ 1.11	\$ 4.44	\$.38
Diluted net income – operating(1)	.80	.69	1.48	1.27	1.11	4.44	.38
Cash dividends declared	.18	.14	.30	.22	.11	—	—
Book value	15.83	14.80	15.06	14.02	12.20	11.30	6.67
Tangible book value(3)	13.74	12.84	12.95	12.06	12.15	11.26	6.57
Key performance ratios:							
Return on common equity – GAAP(2)	9.27%	9.06%	9.41%	8.15%	9.17%	46.72%	5.43%
Return on common equity – operating(1)(2)	10.32	9.51	9.98	9.48	9.17	46.72	5.43
Return on tangible common equity – operating(1)(2)(3)	12.15	11.24	11.86	10.24	9.32	47.35	6.27
Return on assets – GAAP	.98	.98	1.00	.85	.91	3.86	.49
Return on assets – operating(1)	1.09	1.03	1.06	.98	.91	3.86	.49
Dividend payout ratio – GAAP	25.00	21.21	21.43	20.18	9.91	—	—
Dividend payout ratio – operating(1)	22.50	20.29	20.27	17.32	9.91	—	—
Net interest margin (fully taxable equivalent)	3.46	3.38	3.36	3.30	3.26	3.30	3.51
Efficiency ratio – GAAP	58.58	60.44	59.80	63.96	58.26	63.14	65.43
Efficiency ratio – operating(1)	56.77	58.45	57.78	58.51	58.26	63.14	65.43
	10.36	10.72	10.54	10.27	9.69	10.35	8.47

Average equity to average assets							
Average tangible equity to average assets(3)	9.09	9.42	9.21	9.74	9.67	10.31	8.38
Average tangible common equity to average assets(3)	9.09	9.38	9.19	9.66	9.60	7.55	5.54
Tangible common equity to risk-weighted assets(3)	12.44	12.87	11.84	12.82	13.82	13.17	8.26
ASSET QUALITY							
Non-performing loans	\$ 23,095	\$ 21,348	\$ 21,539	\$ 22,653	\$ 17,881	\$ 26,819	\$ 109,894
Foreclosed properties	2,739	6,176	7,949	4,883	1,726	4,221	18,264
Total non-performing assets (NPAs)	25,834	27,524	29,448	27,536	19,607	31,040	128,158
Allowance for loan losses	59,500	64,253	61,442	68,448	71,619	76,762	107,137
Net charge-offs	3,302	3,868	6,766	6,259	13,879	93,710	69,831
Allowance for loan losses to loans	.85%	1.02%	.89%	1.14%	1.53%	1.77%	2.57%
Net charge-offs to average loans	.10	.13	.11	.12	.31	2.22	1.69
NPAs to loans and foreclosed properties	.37	.44	.43	.46	.42	.72	3.06
NPAs to total assets	.24	.28	.28	.29	.26	.42	1.88

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	At or for the Six Months Ended June 30,		For the Years Ended December 31,				
	2017	2016	2016	2015	2014	2013	2012
	(\$ in millions)						
AVERAGE BALANCES							
Loans	\$ 6,942	\$ 6,077	\$ 6,413	\$ 5,298	\$ 4,450	\$ 4,254	\$ 4,166
Investment securities	2,798	2,733	2,691	2,368	2,274	2,190	2,089
Earning assets	9,885	8,956	9,257	7,834	6,880	6,649	6,547
Total assets	10,691	9,721	10,054	8,462	7,436	7,074	6,865
Deposits	8,626	7,922	8,177	7,055	6,228	6,027	5,885
Shareholders' equity	1,108	1,042	1,059	869	720	732	582
Common shares – basic (thousands)	71,798	72,187	71,910	65,488	60,588	58,787	57,857
Common shares – diluted (thousands)	71,809	72,191	71,915	65,492	60,590	58,845	57,857
AT PERIOD END							
Loans	\$ 7,041	\$ 6,287	\$ 6,921	\$ 5,995	\$ 4,672	\$ 4,329	\$ 4,175
Investment securities	2,787	2,677	2,762	2,656	2,198	2,312	2,079
Total assets	10,837	9,928	10,709	9,616	7,558	7,424	6,801
Deposits	8,736	7,857	8,638	7,873	6,335	6,202	5,952
Shareholders' equity	1,133	1,060	1,076	1,018	740	796	581
Common shares outstanding (thousands)	70,981	71,122	70,899	71,484	60,259	59,432	57,741

(1)

Excludes merger-related and other charges, a first quarter 2017 release of disproportionate tax effects lodged in OCI and a fourth quarter 2016 deferred tax asset impairment charge related to cancelled non-qualified stock options.

(2)

Net income available to common shareholders, which is net of 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.

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Non-GAAP Performance Measures Reconciliation

This document and the documents incorporated by reference into this document contain financial information determined by methods other than in accordance with GAAP. Such non-GAAP financial information includes the following measures: “tangible book value per common share,” “average tangible equity to average assets,” “tangible equity to assets,” “average tangible common equity to average assets,” “tangible common equity to assets” and “tangible common equity to risk-weighted assets.” In addition, management presents non-GAAP operating performance measures, which exclude merger-related and other items that are not part of United’s ongoing business operations. Operating performance measures include “expenses – operating,” “net income – operating,” “net income available to common shareholders – operating,” “diluted net income per common share – operating,” “return on common equity – operating,” “return on tangible common equity – operating,” “return on assets – operating,” “dividend payout ratio – operating” and “efficiency ratio – operating.” Management has developed internal processes and procedures to accurately capture and account for merger-related and other charges and those charges are reviewed with the audit committee of United’s Board of Directors each quarter. Management uses these non-GAAP measures because it believes they may provide useful supplemental information for evaluating United’s operations and performance over periods of time, as well as in managing and evaluating United’s business and in discussions about United’s operations and performance. Management believes these non-GAAP measures may also provide users of United’s financial information with a meaningful measure for assessing United’s financial results and credit trends, as well as a comparison to financial results for prior periods. These non-GAAP measures should be viewed in addition to, and not as an alternative to or substitute for, measures determined in accordance with GAAP and are not necessarily comparable to other similarly titled measures used by other companies.

The following is a reconciliation of these operating performance measures to GAAP performance measures.

At or for the Six Months Ended June 30,		For the Years Ended December 31,				
2017	2016	2016	2015	2014	2013	2012
(in thousands, except per share data)						