UNITED COMMUNITY BANKS INC
Form 424B3
July 10, 2015
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PROXY STATEMENT/PROSPECTUS

MERGER PROPOSED — YOUR VOTE IS VERY IMPORTANT

These materials are a proxy statement of Palmetto Bancshares, Inc. ("Palmetto") and a prospectus of United Community Banks, Inc. ("United"). They are furnished to you in connection with the notice of special meeting of Palmetto shareholders to be held on August 12, 2015. At the special meeting of Palmetto shareholders, you will be asked to vote on the merger of Palmetto with and into United described in more detail herein and to approve, on a non-binding advisory basis, the compensation that certain executive officers of Palmetto will receive in connection with the merger pursuant to existing agreements or arrangements with Palmetto.

As of July 8, 2015, the record date for the Palmetto shareholders meeting, there were 12,813,442 shares of common stock outstanding and entitled to vote at that meeting. Approval of the merger agreement requires the affirmative vote of two-thirds of the outstanding shares of Palmetto 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. You will also be asked to vote on a proposal to adjourn or postpone the special meeting, if necessary or appropriate, including to solicit additional proxies to approve the merger agreement, which proposal 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.

Subject to the election and adjustment procedures described in this document, in connection with the merger if approved and consummated, holders of Palmetto common stock will be entitled to receive, in exchange for each share of Palmetto common stock, consideration equal to either (i) 0.97 shares of United common stock, or (ii) $19.25 in cash, without interest; provided, that the total merger consideration shall be prorated as necessary to ensure that 30% of the total outstanding shares of Palmetto common stock will be exchanged for cash and 70% of the total outstanding shares of Palmetto common stock will be exchanged for shares of United common stock. The completion of the merger is subject to a price floor which, if reached prior to the completion of the merger, could result in more United shares being issued or the merger being terminated. As of July 9, 2015, the most recently practicable date prior to the mailing of these materials, the aggregate merger consideration is approximately $257.5 million.

As a result, a maximum of 8,868,775 shares of United common stock will be issued to Palmetto shareholders if the merger is approved and consummated and there is no adjustment to the stock consideration paid by United. This document is a United prospectus with respect to the offering and issuance of such 8,868,775 shares of United common stock.

United's common stock trades on the NASDAQ Global Select Market under the ticker symbol "UCBI". The closing price of United common stock on July 9, 2015 was $20.68 per share.

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 "Risk Factors" section beginning on page 17, 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 July 10, 2015, and they are expected to be first mailed to shareholders on or about July 13, 2015.

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WHERE YOU CAN FIND MORE INFORMATION

Both United and Palmetto are subject to the information requirements of the Securities Exchange Act of 1934, 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 Palmetto 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 Palmetto’s website at http://www.palmettobank.com under the “Investor Relations” link at the bottom of the website. 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 and Palmetto have previously filed, and that they may file through the date of the special meeting of Palmetto shareholders, with the SEC. They contain important information about the companies and their 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 the applicable company’s principal executive offices. The respective addresses and telephone numbers of such principal executive offices are listed below.

United Community Banks, Inc.	Palmetto Bancshares, Inc.
63 Highway 515	306 East North Street
Blairsville, Georgia 30512	Greenville, South Carolina 29601
Attention: Investor Relations	Attention: Investor Relations
(706) 781-2265	(800) 725-2265

To obtain timely delivery of these documents, you must request the information no later than August 5, 2015 in order to receive them before Palmetto’s special meeting of shareholders.

United common stock is traded on the NASDAQ Global Select Market under the symbol “UCBI,” and Palmetto common stock is traded on the NASDAQ Capital Market under the symbol “PLMT.”

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PALMETTO BANCSHARES, INC.
306 East North Street
Greenville, South Carolina 29601

Notice Of Special Meeting Of Shareholders
To Be Held On August 12, 2015

A special meeting of shareholders of Palmetto Bancshares, Inc. will be held on August 12, 2015, at 11:00 a.m., at the main office of The Palmetto Bank, 306 East North Street, Greenville, South Carolina 29601 for the following purposes:

1. To consider and vote on the Agreement and Plan of Merger, under which Palmetto Bancshares, Inc. ("Palmetto") 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 Palmetto will receive under existing agreements or arrangements with Palmetto in connection with the merger;

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; and

4. To transact such other business as may properly come before the special meeting or any adjournments of the special meeting.

If Palmetto shareholders approve the merger agreement, Palmetto will be merged with and into United. Unless adjusted pursuant to the terms of the merger agreement, Palmetto shareholders may elect to receive shares of United common stock or cash in exchange for each of their shares of Palmetto common stock in the merger on the following basis:

- 0.97 shares of United common stock for each share of Palmetto common stock; or
- $19.25 in cash, without interest, for each share of Palmetto common stock.

provided, that the total merger consideration shall be prorated as necessary to ensure that 30% of the total outstanding shares of Palmetto common stock will be exchanged for cash and 70% of the total outstanding shares of Palmetto common stock will be exchanged for shares of United common stock. If the aggregate cash elections are greater than the maximum, all such cash elections will be subject to proration, and, if the aggregate stock elections are greater than the maximum, all such stock elections will be subject to proration, all as more fully explained under the heading "Proposal No. 1 — The Merger — The Merger Consideration" (page 48).

Approval of the merger agreement requires the affirmative vote of two-thirds of the outstanding shares of Palmetto common stock entitled to vote at the special meeting. 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 Palmetto common stock at the close of business on July 8, 2015 will be entitled to vote at the special meeting or any adjournments thereof. Palmetto's 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.

Business and financial information about Palmetto is available without charge to you upon written or oral request made to Roy D. Jones, Chief Financial Officer, Palmetto Bancshares, Inc., 306 East North Street, Greenville, South Carolina 29601, telephone number (800) 725-2265. To obtain delivery of such business and financial information before the special meeting, your request must be received no later than August 5, 2015.

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YOUR VOTE IS VERY IMPORTANT. You can vote your shares over the internet or by telephone. If you requested or received a paper proxy card or voting instruction form by mail, you may also vote by signing, dating and returning your proxy card or voting instruction form. 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 Palmetto prior to the vote at the special meeting; (3) submitting timely written notice of revocation to our Corporate Secretary, Lee Dixon, at Palmetto Bancshares, Inc., 306 East North Street, Greenville, South Carolina 29601, 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 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,

Samuel L. Erwin, Chairman
July 10, 2015
Greenville, South Carolina

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QUESTIONS AND ANSWERS ABOUT THE MERGER

Q:
What am I being asked to approve?

A:
You are being asked to (1) approve the merger agreement between Palmetto and United, pursuant to which Palmetto will be merged with and into United, (2) approve, on a non-binding advisory basis, the compensation that certain executive officers of Palmetto will receive in connection with the merger pursuant to existing agreements or arrangements with Palmetto, 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 two-thirds of the outstanding shares of Palmetto 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 Palmetto Board of Directors has unanimously approved and adopted the merger and recommends voting "FOR" approval of this 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 third quarter of 2015.

Q:
What will I receive in the merger?

A:
Unless adjusted pursuant to the terms of the merger agreement, you will receive either 0.97 shares of United common stock, or $19.25 in cash, without interest, for each share of Palmetto common stock; provided, that the total merger consideration shall be prorated as necessary to ensure that 30% of the total outstanding shares of Palmetto common stock will be exchanged for cash and 70% of the total outstanding shares of Palmetto common stock will be exchanged for shares of United 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 average of the closing sale prices of United common stock as reported on the NASDAQ Global Select Market during the 20 consecutive full trading days ending at the closing of trading on the trading day immediately prior to the later of (i) the effective date of the last required consent of any regulatory authority having authority over and approving or exempting the merger and (ii) the date of the receipt of the approval of the Palmetto shareholders to the merger.

To review what you will receive in the merger in greater detail, see "Proposal No. 1 — The Merger — The Merger Consideration" beginning on page 48.

Q:
What should I do now?

A:
After you have carefully read this document, vote by proxy over the internet, by telephone or through the mail. If you hold shares of Palmetto common stock in more than one account, you must vote all shares 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 Samuel L. Erwin and Lee S. Dixon 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 Palmetto 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 Palmetto 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:

- By Internet: You may vote over the internet by going to www.proxyvote.com and following the instructions when prompted;

- By Telephone: You may vote by telephone by calling toll free 1-800-690-6903; 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:
How can I elect stock, cash or both?

A:
You may indicate a preference to receive United common stock, cash or a combination of both in the merger by completing the stock/cash election form and letter of transmittal that you will receive under separate cover; provided, that the total merger consideration shall be prorated as necessary to ensure that 30% of the total outstanding shares of Palmetto common stock will be exchanged for cash and 70% of the total outstanding shares of Palmetto common stock will be exchanged for shares of United common stock. Accordingly, if the aggregate cash elections are greater than the cash election maximum, each cash election will be reduced pro rata based on the amount that the aggregate cash elections exceed the cash election maximum. Alternatively, if the aggregate stock elections are greater than the stock election maximum, each stock election will be reduced pro rata based on the amount that the aggregate stock elections exceed the stock election maximum. If the stock/cash election form and letter of transmittal is not received by the exchange agent by August 12, 2015, you will be treated as though you elected to receive all cash unless cash has been fully subscribed by the electing Palmetto shareholders, in which event you will be treated as if you elected all stock. Palmetto's Board of Directors makes no recommendation as to whether you should choose United common stock or cash or a combination of both for your shares of Palmetto common stock. You should consult with your own financial advisor on that decision.

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 Directors discussed in "Proposal No. 1 — The Merger — Background of the Merger" beginning on page 20 and "Proposal No. 1 — The Merger Reasons for the Merger and Recommendation of the Palmetto Board of Directors" beginning on page 29.

Q:
What are the tax consequences of the merger to me?

A:

We expect that the exchange of shares of Palmetto common stock for United common stock by Palmetto shareholders generally will be tax-free to you for federal income tax purposes. However, you will have to pay taxes at either capital gains or ordinary income rates, depending upon individual circumstances, on cash received in exchange for your shares of Palmetto common stock and in lieu of fractional shares of United common stock. To review the tax consequences to Palmetto shareholders in greater detail, see “Proposal No. 1 — The Merger — Material Federal Income Ta Consequences and Opinion of Tax Counsel” beginning on page 67. Your tax consequences will depend on your personal situation. You should consult your tax adviser for a full understanding of the tax consequences of the merger to you.

Q:
Should I send in my stock certificates now?

A:
Yes. You should complete the letter of transmittal included with the stock/cash election form that you will receive under separate cover to exchange your Palmetto stock certificates for the merger consideration. Please send the stock/cash election form and letter of transmittal and your stock certificates to Continental Stock Transfer and Trust Company, the exchange agent, in the envelope that was provided.

Q:
Who should I call with questions?

A:
You should call Roy D. Jones, Chief Financial Officer, Palmetto Bancshares, Inc., at (800) 725-2265.

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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 78, contain references to additional sources of information about United and Palmetto.

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The Companies (see pages 72 and 76)

United Community Banks, Inc.
63 Highway 515
Blairsville, Georgia 30512
(706) 745-2151

United is the third largest bank holding company headquartered in Georgia. At March 31, 2015, United had total consolidated assets of $7.66 billion, total loans of $4.79 billion, total deposits of $6.44 billion and shareholders' equity of $764 million. United conducts substantially all of its operations through its wholly-owned Georgia bank subsidiary, United Community Bank (the "Bank"), which as of March 31, 2015, operated at 114 locations throughout north Georgia, the Atlanta-Sandy Springs-Roswell, Georgia metropolitan statistical area, the Gainesville, Georgia metropolitan statistical area, coastal Georgia, western North Carolina, east Tennessee and the Greenville-Anderson-Mauldin, South Carolina metropolitan statistical area. In 2012, United expanded into Greenville, South Carolina by opening a loan production office which has subsequently been converted to a full-service branch. 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 customers. Additionally, United provides retail brokerage services through a third party broker/dealer.

United was incorporated in 1987, as a Georgia corporation. The Bank was organized in 1950. United's 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, 2014 and its quarterly report on Form 10-Q for the quarter ended March 31, 2015. For instructions on how to find copies of these documents, see "Where You Can Find More Information."

Palmetto Bancshares, Inc.
306 East North Street
Greenville, South Carolina 29601
(800) 725-2265

Palmetto Bancshares, Inc. is a South Carolina bank holding company organized in 1982 and headquartered in Greenville, South Carolina. At March 31, 2015, Palmetto had total consolidated assets of $1.17 billion, total deposits of $967 million and shareholders' equity of $136 million. Palmetto serves as the

bank holding company for The Palmetto Bank ("Palmetto Bank"), which began operations in 1906. Through its retail, commercial and wealth management businesses, Palmetto Bank specializes in providing financial solutions to consumers and businesses with deposit and cash management products, loans (including consumer, Small Business Administration, commercial, corporate, mortgage, credit card and automobile), lines of credit, trust, brokerage, private banking, financial planning and insurance throughout its primary market area of nine counties located in the Upstate region of South Carolina, which includes the counties of Abbeville, Anderson, Cherokee, Greenville, Greenwood, Laurens, Oconee, Pickens and Spartanburg. Palmetto serves its customers through 25 branch locations primarily along the I-85 corridor. Palmetto also provides 24/7/365 service through various electronic mediums.

Palmetto Bank was organized in Laurens, South Carolina under South Carolina law in 1906 and relocated its headquarters to Greenville, South Carolina in 2009 with its operations center remaining in Laurens. Palmetto owns all of Palmetto Bank's common stock.

For a complete description of Palmetto's business, financial condition, results of operations and other important information, please refer to Palmetto'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, 2014 and its quarterly report on Form 10-Q for the quarter ended March 31, 2015. For instructions on how to find copies of these documents, see "Where You Can Find More Information."

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The Merger Agreement (see page 51)

If Palmetto shareholders approve the merger agreement, subject to receipt of the required regulatory approvals and satisfaction of the other closing conditions, Palmetto will be merged with and into United. Unless adjusted pursuant to the terms of the merger agreement, Palmetto shareholders may elect to receive shares of United common stock or cash in exchange for each of their shares of Palmetto common stock in the merger on the following basis:

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0.97 shares of United common stock for each share of Palmetto common stock; or

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$19.25 in cash, without interest, for each share of Palmetto common stock;

provided, that the total merger consideration shall be prorated as necessary to ensure that 30% of the total outstanding shares of Palmetto common stock will be exchanged for cash and 70% of the total outstanding shares of Palmetto common stock will be exchanged for shares of United common stock. You may elect any combination of stock or cash for all of your Palmetto shares. If the aggregate cash elections are greater than the maximum, all such cash elections will be subject to proration, and, if the aggregate stock elections are greater than the maximum, all such stock elections will be subject to proration.

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 average of the closing sale prices of United common stock as reported on the NASDAQ Global Select Market during the 20 consecutive full trading days ending at the closing of trading on the trading day immediately prior to the later of (i) the effective date of the last required consent of any regulatory authority having authority over and approving or exempting the merger and (ii) the date of the receipt of the approval of the Palmetto shareholders to the merger.

Following the merger, Palmetto's subsidiary, Palmetto Bank, will be merged with and into the Bank, United's wholly-owned Georgia bank subsidiary, and the Bank will be the surviving bank.

Palmeto's Reasons for the Merger and Recomendation of the Palmetto Board of Directors (see page 29)

The Board of Directors of Palmetto supports the merger and believes that it is in the best interests of Palmetto and its shareholders. The Board of Directors of Palmetto believes that the merger will allow Palmetto to better serve its customers and markets and that the merger will permit Palmetto 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 Palmetto shareholders' common stock. The Board of Directors believes

that the terms of the merger are fair to and in the best interest of Palmetto and it shareholders.
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Accounting Treatment (see page 67)
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 49, 51, 53 and 67)
The merger will not occur unless certain conditions are met, and United or Palmetto can terminate the merger agreement if specified events occur or fail to occur. Following the merger, Palmetto's subsidiary, The Palmetto Bank, will be merged into United's Georgia bank subsidiary, the Bank.
The merger and the bank merger have been approved by the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation and the South Carolina State Board of Financial Institutions. As a result, we have received all required regulatory approvals other than the approval of 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 Palmetto shareholders, the other conditions to closing have been satisfied and the certificate of merger is filed as required under Georgia law and South Carolina law.
Litigation Related to the Merger (see page 70)
A putative shareholder class action lawsuit, referred to as the merger litigation, was filed in connection with the merger agreement. Underwood v. Erwin et al., Case No. 2015-CP-23-03206, was filed on May 19, 2015 and amended on June 26, 2015, in the Court of Common Pleas of the State of South Carolina. This action generally alleged, among other things, that the members of the Palmetto Board of Directors breached their fiduciary duties to Palmetto shareholders by failing to maximize shareholder value and by failing to disclose certain information with respect to the proposed merger between Palmetto and United. The complaint also alleged claims against United for aiding and abetting these alleged breaches of fiduciary duties. The plaintiff sought injunctive relief prohibiting consummation of the merger and, in the event the merger is consummated, sought rescission and restitution, an accounting, and attorneys' fees and costs. The plaintiff voluntarily dismissed the complaint without prejudice on July 6, 2015. At this stage, it is not possible to predict whether any additional lawsuits will be filed and, if one is, the outcome of any such proceeding or its impact on United, Palmetto or the merger.
Federal Income Tax Consequences (see page 67)
Palmetto's shareholders generally will not recognize gain or loss for federal income tax purposes on the receipt of shares of United common stock in the merger in exchange for the shares of Palmetto common stock surrendered. Palmetto shareholders will be taxed, however, on any cash consideration they receive and any cash they receive instead of any fractional shares of United common stock. United shareholders will have no direct tax consequences as a result of the merger. Tax matters are complicated, and the tax consequences of the merger may vary among Palmetto shareholders. We urge each Palmetto shareholder to contact his or her own tax advisor to fully understand the tax implications of the merger.
Opinion of Palmetto's Financial Advisor (see page 32)
Sandler O'Neill + Partners, L.P. ("Sandler O'Neill") has rendered an opinion to Palmetto that based on and subject to the procedures, matters, and limitations described in its opinion and other matters it considered relevant, as of the date of its opinion, the merger consideration is fair from a financial point of view to the shareholders of Palmetto. A summary of Sandler O'Neill's opinion begins on page 32 and the full opinion is attached as Appendix B to these materials.

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Markets for Common Stock

United's common stock trades on the NASDAQ Global Select Market under the ticker symbol "UCBI". Palmetto's common stock trades on the NASDAQ Capital Market under the ticker symbol "PLMT". The following table sets forth, for the periods indicated, the high, low and closing sales prices per share of United's and Palmetto's common stock as quoted on NASDAQ.

	United Common Stock			Palmetto Common Stock		
	High	Low	Close	High	Low	Close
2015						
Third Quarter (through July 9, 2015)	$ 21.65	$ 20.54	$ 20.68	$ 20.00	$ 19.55	$ 19.68
Second Quarter	21.23	17.91	20.87	20.00	17.80	19.77
First Quarter	19.53	16.48	18.88	19.50	15.83	19.00
2014						
Fourth Quarter	19.50	15.16	18.94	18.77	14.02	16.70
Third Quarter	18.42	15.42	16.46	14.70	12.69	14.14
Second Quarter	19.87	14.86	16.37	14.78	13.27	14.39
First Quarter	20.28	15.74	19.41	14.52	11.92	14.09
2013						
Fourth Quarter	18.56	14.82	17.75	13.71	11.63	12.96
Third Quarter	16.04	12.15	14.99	13.85	11.43	13.04
Second Quarter	12.94	10.15	12.42	15.95	11.74	13.00
First Quarter	11.57	9.59	11.34	11.80	8.10	11.60

The closing sales price of United common stock as of April 21, 2015, the last trading day before the merger agreement was announced, was $18.49. The closing sales price of United common stock as of July 9, 2015, the most recent date feasible for inclusion in these materials, was $20.68. The closing sales price of Palmetto common stock as of April 21, 2015, the last trading day before the merger agreement was announced, was $18.93. The closing sales price of Palmetto common stock as of July 9, 2015, the most recent date feasible for inclusion in these materials, was $19.68. Assuming there is no adjustment in the merger consideration, if the merger had been completed on April 21, 2015, the implied value of one share of Palmetto common stock exchanged for 0.97 of a share of United common stock, would have been $17.94 based on United's closing sales price on that date. If the merger had been completed on July 9, 2015, the most recent date feasible for inclusion in these materials, the implied value of one share of Palmetto common stock exchanged for 0.97 of a share of United common stock, would have been $20.06.

The value of one share of Palmetto common stock exchanged for cash is fixed at $19.25.

There were 1,366 shareholders of record of Palmetto common stock as of July 8, 2015.

Dividends (see page 66)

United declared cash dividends of $0.05 per share of common stock, in the aggregate, in the first quarter of 2015 and $0.11 per share in 2014. No cash dividends were declared on United's common stock in 2013 or 2012. United 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 its subsidiary bank. The ability of United's subsidiary bank to pay dividends to it is restricted by certain regulatory requirements.

Palmetto declared cash dividends of $0.08 per share of common stock, in the aggregate, in the first quarter of 2015 and $0.10 per share in 2014. No cash dividends were declared on Palmetto's common stock in 2013 or 2012.

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Differences in Legal Rights between Shareholders of Palmetto and United (see page 63)

Following the merger you will no longer be a Palmetto shareholder and, if you receive shares of United common stock following the merger, your rights as a shareholder will no longer be governed by Palmetto's articles of incorporation and bylaws and the South Carolina Business Corporation Act. 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 Palmetto 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 capital stock than the articles of incorporation of Palmetto.
- The bylaws of Palmetto set forth different requirements for calling special meetings of shareholders than do the bylaws of United.
- The bylaws of Palmetto set forth different advance notice requirements for shareholders proposals than do the bylaws of United.
- The bylaws of United provide that the number of directors may range between eight to fourteen directors while the bylaws of Palmetto do not limit the ability of its Board of Directors to set the number of directors.
- The articles of incorporation of Palmetto require for a staggered Board of Directors so that approximately one-third of the Board of Directors of Palmetto is elected each year at the annual meeting of shareholders, while the members of the Board of Directors of United are elected annually to serve one-year terms.
- The bylaws of Palmetto set forth different requirements for removal of directors than do the bylaws of United.
- The articles of incorporation of Palmetto require supermajority shareholder approval of certain business transactions while the articles of incorporation and bylaws of United do not provide any supermajority requirement.
- The bylaws of Palmetto permit only unanimous shareholder action taken by written consent 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 Palmetto provide that the exclusive forum for certain legal proceedings is South Carolina while the bylaws of United provide that the exclusive forum for certain legal proceedings is Georgia.
- The articles of incorporation of Palmetto generally may be amended upon approval by two-thirds of the votes entitled to be cast on the amendment, while the articles of incorporation of United may be amended upon approval by a majority of the votes entitled to be cast on the amendment.

Interests of Directors and Officers of Palmetto and Palmetto Bank in the Merger (see page 59)

The directors and officers of Palmetto have interests in the merger in addition to their interests as shareholders generally, including the following:

- Each Palmetto stock option outstanding under the Palmetto 2011 Stock Incentive Plan, whether or not exercisable, will become vested and exercisable and converted into the right to receive a cash payment equal to the product of (i) the number of shares of Palmetto common stock underlying such Palmetto stock option by (ii) the weighted average merger consideration per Palmetter share (as calculated under the merger agreement) less the exercise price per share under such stock option, subject to any income or employment tax withholding required under the Internal Revenue Code of 1986, as amended.

- Each outstanding share of Palmetto restricted stock will vest at the merger effective time and be converted into the merger consideration.

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- At the closing of the merger, Samuel L. Erwin, Chief Executive Officer of Palmetto, and Lee S. Dixon, Chief Operating and Chief Risk Officer of Palmetto, will continue employment with the Bank.

- Employment agreements between Palmetto and each of Mr. Erwin and Mr. Dixon provide for change in control compensation upon the completion of the merger.

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

No Dissenters' Rights in the Merger (see page 67)

Palmetto shareholders are not entitled to appraisal or dissenters' rights under South Carolina law in connection with the merger because Palmetto common stock was listed on the NASDAQ Capital Market on the record date for the special meeting.

- Special Shareholders' Meeting

Date, Time, and Place

The special meeting of shareholders of Palmetto will be held on August 12, 2015 at 11:00 a.m., at the main office of Palmetto Bank, 306 East North Street, Greenville, South Carolina 29601. At the special meeting, Palmetto shareholders will be asked to:

- approve the merger agreement and the transactions contemplated by the merger agreement, including the merger;

- approve, on a non-binding advisory basis, the compensation that certain executive officers of Palmetto will receive under existing agreements or arrangements with Palmetto 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 and the merger.

Record Date and Shares Entitled to Vote

You are entitled to vote at the shareholders' meeting if you owned shares of Palmetto common stock on July 8, 2015. As of this date, 12,813,442 shares of Palmetto common stock were outstanding and entitled to vote at the special meeting.

Support Agreements

All of the directors and 10% or greater shareholders of Palmetto have agreed to vote their shares in favor of the merger agreement; provided that such voting support agreements terminate in the event that the Palmetto 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, Palmetto's directors and 10% or greater shareholders owned 8,406,885 shares, or 65.6%, of outstanding Palmetto common stock (excluding shares underlying options).

Vote Required (see page 55)

As of the record date, 12,813,442 shares of Palmetto common stock were issued and outstanding, each of which is entitled to one vote per share.

Approval by holders of two-thirds of the shares of Palmetto common stock outstanding on the record date is required to approve the merger agreement. 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 Palmetto Board of Directors has unanimously adopted and approved the merger agreement and unanimously recommends that Palmetto shareholders vote “FOR” the approval of the merger agreement.

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As referenced above, all of the directors and 10% or greater shareholders of Palmetto have agreed to vote their shares in favor of the merger agreement; provided that such voting support agreements terminate in the event that the Palmetto 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, Palmetto's directors and 10% or greater shareholders owned 8,406,885 shares, or 65.6%, of outstanding Palmetto common stock (excluding shares underlying options).
The approval, on a non-binding advisory basis, of the proposal regarding compensation that certain executive officers of Palmetto will receive under existing agreements or arrangements with Palmetto 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. The Palmetto Board of Directors unanimously recommends that Palmetto shareholders vote "FOR" the approval of the compensation payable under existing agreements that certain of its officers will receive from Palmetto in connection with the merger.
Approval of the merger agreement and approval of the compensation payable under existing agreements that certain Palmetto officers will receive in connection with the merger are subject to separate votes of the Palmetto 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. The Palmetto Board of Directors unanimously recommends that shareholders vote "FOR" this proposal.

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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. 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, 2014 and United's quarterly report on Form 10-Q for the quarter ended March 31, 2015. Financial amounts as of and for the three months ended March 31, 2015 and 2014 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 presentation 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 three months ended March 31, 2015 and 2014 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 "GAAP Reconciliation and Explanation" below for a reconciliation of the difference between United's non-GAAP net operating income and its GAAP net income.

	At or for the Three Months Ended March 31,		For the Years Ended December 31,				
	2015	2014	2014	2013	2012	2011	2010
	(in thousands, except per share data; taxable equivalent)						
INCOME SUMMARY							
Net interest revenue	$ 57,617	$ 54,169	$ 224,418	$ 219,641	$ 229,758	$ 238,670	$ 244,637
Operating provision for credit losses(1)	1,800	2,500	8,500	65,500	62,500	251,000	234,750
Operating fee revenue	15,682	12,176	55,554	56,598	56,112	44,907	46,963
Total operating revenue(1)	71,499	63,845	271,472	210,739	223,370	32,577	56,850
Operating expenses(2)	43,061	39,050	162,865	174,304	186,774	261,599	242,952
Loss on sale of nonperforming assets	—	—	—	—	—	—	45,349
Operating income (loss) from continuing operations before taxes	28,438	24,795	108,607	36,435	36,596	(229,022)	(231,451)
Operating income taxes	10,768	9,395	40,987	(236,705)	2,740	(2,276)	73,218
Net operating income (loss) from continuing operations	17,670	15,400	67,620	273,140	33,856	(226,746)	(304,669)

Noncash goodwill impairment charges	—	—	—	—	—	—	(210,590)
Fraud loss provision and subsequent recovery, net of tax benefit	—	—	—	—	—	—	11,750
Net income (loss) from discontinued operations	—	—	—	—	—	—	(101)
Gain from sale of subsidiary, net of income taxes and selling costs	—	—	—	—	—	—	1,266
Net income (loss)	17,670	15,400	67,620	273,140	33,856	(226,746)	(502,344)
Preferred dividends and discount accretion	—	439	439	12,078	12,148	11,838	10,316
Net income (loss) available to common shareholders	$ 17,670	$ 14,961	$ 67,181	$ 261,062	$ 21,708	$ (238,584)	$ (512,660)
PERFORMANCE MEASURES							
Per common share:							
Diluted operating earnings (loss) from continuing operations(1)(2)	.29	.25	$ 1.11	$ 4.44	$ .38	$ (5.97)	$ (16.64)
Diluted earnings (loss) from continuing operations	.29	.25	1.11	4.44	.38	(5.97)	(27.15)
Diluted earnings (loss)	.29	.25	1.11	4.44	.38	(5.97)	(27.09)
Cash dividends declared	.05	—	.11	—	—	—	—
Book value	12.58	11.66	12.20	11.30	6.67	6.62	15.40
Tangible book value(4)	12.53	11.63	12.15	11.26	6.57	6.47	14.80
Key performance ratios:							
Return on common equity(3)	9.34%	8.64%	9.17%	46.72%	5.43%	(93.57)%	(85.08)%

Return on assets	.94	.85	.91	3.86	.49	(3.15)	(6.61)
Dividend payout ratio	17.24	—	9.91	—	—	—	—
Net interest margin	3.31	3.21	3.26	3.30	3.51	3.52	3.59
Operating efficiency ratio from continuing operations(2)	59.15	59.05	58.26	63.14	65.43	92.27	98.98
Average equity to average assets	9.86	9.52	9.69	10.35	8.47	7.75	10.77
Average tangible equity to average assets(4)	9.82	9.50	9.67	10.31	8.38	7.62	8.88

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	At or for the Three Months Ended March 31,		For the Years Ended December 31,				
	2015	2014	2014	2013	2012	2011	2010
	(in thousands, except per share data; taxable equivalent)						
Average tangible common equity to average assets(4)	9.82	9.22	9.60	7.55	5.54	3.74	6.52
Tangible common equity to risk-weighted assets(4)	13.53	13.63	13.82	13.17	8.26	8.25	5.64
ASSET QUALITY*							
Non-performing loans	$ 19,015	$ 25,250	$ 17,881	$ 26,819	$ 109,894	$ 127,479	$ 179,094
Foreclosed properties	1,158	5,594	1,726	4,221	18,264	32,859	142,208
Total non-performing assets (NPAs)	20,173	30,844	19,607	31,040	128,158	160,338	321,302
Allowance for loan losses	70,007	75,223	71,619	76,762	107,137	114,468	174,695
Operating net charge-offs(1)	2,562	4,039	13,879	93,710	69,831	311,227	215,657
Allowance for loan losses to loans	1.46%	1.73%	1.53%	1.77%	2.57%	2.79%	3.79%
Operating net charge-offs to average loans(1)	.22	.38	.31	2.22	1.69	7.33	4.42
NPAs to loans and foreclosed properties	.42	.71	.42	.72	3.06	3.87	6.77
NPAs to total assets	.26	.42	.26	.42	1.88	2.30	4.42
AVERAGE BALANCES ($ in millions)							
Loans	$ 4,725	$ 4,356	$ 4,450	$ 4,254	$ 4,166	$ 4,307	$ 4,961
Investment securities	2,203	2,320	2,274	2,190	2,089	1,999	1,453
Earning assets	7,070	6,827	6,880	6,649	6,547	6,785	6,822

Total assets	7,617	7,384	7,436	7,074	6,865	7,189	7,605
Deposits	6,369	6,197	6,228	6,027	5,885	6,275	6,373
Shareholders' equity	751	703	720	732	582	557	819
Common shares – Basic (thousands)	60,905	60,059	60,588	58,787	57,857	39,943	18,925
Common shares – Diluted (thousands)	60,909	60,061	60,590	58,845	57,857	39,943	18,925
AT PERIOD END ($ in millions)							
Loans*	$ 4,788	$ 4,356	$ 4,672	$ 4,329	$ 4,175	$ 4,110	$ 4,604
Investment securities	2,201	2,302	2,198	2,312	2,079	2,120	1,490
Total assets	7,664	7,398	7,567	7,425	6,802	6,983	7,276
Deposits	6,438	6,248	6,327	6,202	5,952	6,098	6,469
Shareholders' equity	764	704	740	796	581	575	469
Common shares outstanding (thousands)	60,309	60,092	60,259	59,432	57,741	57,561	18,937

(1)
Excludes the subsequent recovery of $11.8 million in previously recognized fraud related loan losses in 2010.

(2)
Excludes goodwill impairment charge of $211 million in 2010.

(3)
Net income (loss) available to common shareholders, which is net of preferred stock dividends, divided by average realized common equity, which excludes accumulated other comprehensive income (loss).

(4)
Excludes effect of acquisition related intangibles and associated amortization.

*
Excludes loans and foreclosed properties covered by loss sharing agreements with the FDIC.

GAAP Reconciliation and Explanation

This document and the documents incorporated by reference into this document include non-GAAP financial measures, which are performance measures determined by methods other than in accordance with GAAP. Such non-GAAP financial measures include, among others the following: taxable equivalent interest revenue, taxable equivalent net interest revenue, total operating revenue, operating expense, tangible book value per share, tangible common equity to assets and tangible common equity to risk-weighted assets. Management uses these non-GAAP financial measures because it believes they are 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 provide 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.

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

	At or for the Three Months Ended March 31,		For the Years Ended December 31,				
	2015	2014	2014	2013	2012	2011	2010
	(in thousands, except per share data)						
Interest revenue reconciliation							
Interest revenue – taxable equivalent	$ 62,909	$ 60,495	$ 249,969	$ 247,323	$ 267,667	$ 304,308	$ 344,493
Taxable equivalent adjustment	(375)	(357)	(1,537)	(1,483)	(1,690)	(1,707)	(2,001)
Interest revenue (GAAP)	$ 62,534	$ 60,138	$ 248,432	$ 245,840	$ 265,977	$ 302,601	$ 342,492
Net interest revenue reconciliation							
Net interest revenue – taxable equivalent	$ 57,617	$ 54,169	$ 224,418	$ 219,641	$ 229,758	$ 238,670	$ 244,637
Taxable equivalent adjustment	(375)	(357)	(1,537)	(1,483)	(1,690)	(1,707)	(2,001)
Net interest revenue (GAAP)	$ 57,242	$ 53,812	$ 222,881	$ 218,158	$ 228,068	$ 236,963	$ 242,636
Provision for credit losses reconciliation							
Operating provision for credit losses	$ 1,800	$ 2,500	$ 8,500	$ 65,500	$ 62,500	$ 251,000	$ 234,750
Partial recovery of special fraud-related loan loss	—	—	—	—	—	—	(11,750)
Provision for credit losses (GAAP)	$ 1,800	$ 2,500	$ 8,500	$ 65,500	$ 62,500	$ 251,000	$ 223,000
Total revenue reconciliation							
	$ 71,499	$ 63,845	$ 271,472	$ 210,739	$ 223,370	$ 32,577	$ 56,850

Total operating revenue							
Taxable equivalent adjustment	(375)	(357)	(1,537)	(1,483)	(1,690)	(1,707)	(2,001)
Partial recovery of special fraud-related loan loss	—	—	—	—	—	—	11,750
Total revenue (GAAP)	$ 71,124	$ 63,488	$ 269,935	$ 209,256	$ 221,680	$ 30,870	$ 66,599
Expense reconciliation							
Operating expense	$ 43,061	$ 39,050	$ 162,865	$ 174,304	$ 186,774	$ 261,599	$ 288,301
Noncash goodwill impairment charge	—	—	—	—	—	—	210,590
Operating expense (GAAP)	$ 43,061	$ 39,050	$ 162,865	$ 174,304	$ 186,774	$ 261,599	$ 498,891
Income before taxes reconciliation							
Income before taxes	$ 28,438	$ 24,795	$ 108,607	$ 36,435	$ 36,596	$ (229,022)	$ (231,451)
Taxable equivalent adjustment	(375)	(357)	(1,537)	(1,483)	(1,690)	(1,707)	(2,001)
Noncash goodwill impairment charge	—	—	—	—	—	—	(210,590)
Partial recovery of special fraud-related loan loss	—	—	—	—	—	—	11,750
Income before taxes (GAAP)	$ 28,063	$ 24,438	$ 107,070	$ 34,952	$ 34,906	$ (230,729)	$ (432,292)
Income tax expense (benefit) reconciliation							
Income tax expense (benefit)	$ 10,768	$ 9,395	$ 40,987	$ (236,705)	$ 2,740	$ (2,276)	$ 73,218

Taxable equivalent adjustment	(375)	(357)	(1,537)	(1,483)	(1,690)	(1,707)	(2,001)
Income tax expense (benefit) (GAAP)	$ 10,393	$ 9,038	$ 39,450	$ (238,188)	$ 1,050	$ (3,983)	$ 71,217
Diluted earnings (loss) from continuing operations per common share reconciliation							
Diluted operating earnings (loss) from continuing operations per common share	$ .29	$ .25	$ 1.11	$ 4.44	$ .38	$ (5.97)	$ (16.64)
Noncash goodwill impairment charge	—	—	—	—	—	—	(11.13)
Partial recovery of special fraud-related loan loss	—	—	—	—	—	—	.62
Diluted earnings (loss) from continuing operations per common share (GAAP)	$ .29	$ .25	$ 1.11	$ 4.44	$ .38	$ (5.97)	$ (27.15)
Book value per common share reconciliation							
Tangible book value per common share	$ 12.53	$ 11.63	$ 12.15	$ 11.26	$ 6.57	$ 6.47	$ 14.80
Effect of goodwill and other intangibles	.05	.03	.05	.04	.10	.15	.60
Book value per common share	$ 12.58	$ 11.66	$ 12.20	$ 11.30	$ 6.67	$ 6.62	$ 15.40

(GAAP)							
Efficiency ratio from continuing operations reconciliation							
Operating efficiency ratio from continuing operations	59.15%	59.05%	58.26%	63.14%	65.43%	92.27%	98.98%
Noncash goodwill impairment charge	—	—	—	—	—	—	72.29
Efficiency ratio from continuing operations (GAAP)	59.15%	59.05%	58.26%	63.14%	65.43%	92.27%	171.27%
Average equity to assets reconciliation							
Tangible common equity to assets	9.82%	9.22%	9.60%	7.55%	5.54%	3.74%	6.52%
Effect of preferred equity	—	.28	.07	2.76	2.84	3.88	2.36
Tangible equity to assets	9.82	9.50	9.67	10.31	8.38	7.62	8.88
Effect of goodwill and other intangibles	.04	.02	.02	.04	.09	.13	1.89
Equity to assets (GAAP)	9.86%	9.52%	9.69%	10.35%	8.47%	7.75%	10.77%

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	At or for the Three Months Ended March 31,		For the Years Ended December 31,				
	2015	2014	2014	2013	2012	2011	2010
	(in thousands, except per share data)						
Tangible common equity to risk-weighted assets reconciliation							
Tangible common equity to risk-weighted assets	13.53%	13.63%	13.82%	13.18%	8.26%	8.25%	5.64%
Effect of other comprehensive income	.19	.36	.35	.39	.51	(.03)	(.42)
Effect of deferred tax limitation	(2.86)	(3.92)	(3.11)	(4.26)	—	—	—
Effect of trust preferred	.67	1.03	1.00	1.04	1.15	1.18	1.06
Effect of preferred equity	—	—	—	2.39	4.24	4.29	3.53
Tier I capital ratio (Regulatory)	11.53%	11.10%	12.06%	12.74%	14.16%	13.69%	9.81%
Net charge-offs reconciliation							
Operating net charge-offs	$ 2,562	$ 4,039	$ 13,878	$ 93,710	$ 69,831	$ 311,227	$ 215,657
Subsequent partial recovery of fraud-related charge-off	—	—	—	—	—	—	(11,750)
Net charge-offs (GAAP)	$ 2,562	$ 4,039	$ 13,878	$ 93,710	$ 69,831	$ 311,227	$ 203,907
Net charge-offs to average loans reconciliation							
Operating net charge-offs to	.22%	.38%	.31%	2.22%	1.69%	7.33%	4.42%

average loans							
Subsequent partial recovery of fraud-related charge-off	—	—	—	—	—	—	(.25)
Net charge-offs to average loans (GAAP)	.22%	.38%	.31%	2.22%	1.69%	7.33%	4.17%

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SUMMARY CONSOLIDATED FINANCIAL INFORMATION OF PALMETTO

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 Palmetto at and for the periods indicated. You should read this data in conjunction with Palmetto's Consolidated Financial Statements and notes thereto incorporated herein by reference from Palmetto's Annual Report on Form 10-K for the year ended December 31, 2014 and Palmetto's quarterly report on Form 10-Q for the quarter ended March 31, 2015. Financial amounts as of and for the three months ended March 31, 2015 and 2014 are unaudited and are not necessarily indicative of the results of operations for the full year or any other interim period, and management of Palmetto believes that such amounts reflect all adjustments (consisting only of normal recurring adjustments) necessary for a fair presentation 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 three months ended March 31, 2015 and 2014 indicate results for any future period.

	At and for the Three Months Ended March 31,		At and for the Years Ended December 31,			
	2015	2014	2014	2013	2012	2011
	(in thousands, except per share data)					
STATEMENTS OF INCOME						
Interest income	$ 9,986	$ 10,076	$ 39,650	$ 42,538	$ 45,390	$ 51,818
Interest expense	134	143	523	2,260	5,138	9,426
Net interest income	9,852	9,933	39,127	40,278	40,252	42,392
Provision for loan losses	400	—	(2,300)	3,465	13,075	20,500
Net interest income (loss) after provision for loan losses	9,452	9,933	41,427	36,813	27,177	21,892
Noninterest income	3,541	3,366	13,538	14,836	27,030	15,426
Noninterest expense	8,794	10,089	40,141	42,333	53,350	63,382
Net income (loss) before provision (benefit) for income taxes	4,199	3,210	14,824	9,316	857	(26,064)
Provision (benefit) for income taxes	1,467	1,182	5,469	(18,415)	2,721	(2,664)
Net income (loss)	$ 2,732	$ 2,028	$ 9,355	$ 27,731	$ (1,864)	$ (23,400)

COMMON AND PER SHARE DATA						
Net income (loss) per common share:						
Basic	$ 0.21	$ 0.16	$ 0.73	$ 2.17	$ (0.15)	$ (1.86)
Diluted	0.21	0.16	0.73	2.17	(0.15)	(1.86)
Cash dividends declared per common share	0.08	—	0.10	—	—	—
Book value per common share	10.62	9.92	10.39	9.68	7.71	8.13
Outstanding common shares	12,814,574	12,792,509	12,810,388	12,784,605	12,754,045	12,726,388
Weighted average basic common shares	12,715,972	12,675,257	12,696,777	12,658,752	12,639,379	12,555,247
Weighted average diluted common shares	12,851,076	12,707,444	12,761,885	12,658,752	12,639,379	12,555,247
Dividend payout ratio	37.5%	n/a%	13.67%	n/a%	n/a%	n/a%
PERIOD-END BALANCES						
Total assets	$ 1,173,222	$ 1,099,407	$ 1,118,811	$ 1,090,229	$ 1,145,456	$ 1,203,152
Investment securities available for sale, at fair value	211,968	208,772	211,511	214,383	264,502	260,992
Total loans, including loans held for sale	835,629	758,352	806,184	769,235	745,172	791,384
Deposits and retail repurchase agreements	980,139	945,352	944,241	925,535	1,038,599	1,088,039
Federal Home Loan Bank advances	50,000	20,000	35,000	35,000	—	—
Shareholders' equity	136,028	126,952	133,044	123,817	98,380	103,482

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	At and for the Three Months Ended March 31,		At and for the Years Ended December 31,				
	2015	2014	2014	2013	2012	2011	201
	(in thousands, except per share data)						
AVERAGE BALANCES							
Total assets	$ 1,141,944	$ 1,094,578	$ 1,096,282	$ 1,095,363	$ 1,174,974	$ 1,286,148	$ 1
Interest-earning assets	1,075,115	1,023,513	1,028,853	1,047,513	1,122,935	1,240,264	1
Investment securities available for sale, at fair value	210,892	212,186	210,748	248,698	269,237	265,451	1
Total loans, including loans held for sale	814,489	764,526	761,515	749,138	758,207	826,091	9
Deposits and retail repurchase agreements	952,906	931,828	949,372	979,911	1,064,245	1,160,197	1
Federal Home Loan Bank advances	48,057	31,222	12,205	425	1	2,027	9
Other borrowings	—	54	16	159	30	11	1
Shareholders' equity	134,186	125,664	129,572	106,408	100,018	113,147	8
SELECT PERFORMANCE RATIOS							
Return on average assets	0.97%	0.75%	0.85%	2.53%	(0.16)%	(1.82)%	(
Return on average shareholders' equity	8.26	6.54	7.22	26.06	(1.86)	(20.68)	(
Net interest margin	3.72	3.94	3.80	3.85	3.58	3.42	3
CAPITAL RATIOS							
Average shareholders' equity as a percentage of average assets	11.75%	11.48%	11.82%	9.71%	8.51%	8.80%	6
Shareholders' equity as a	11.59	11.55	11.89	11.36	8.59	8.60	8

percentage of assets							
Tier 1 risk-based capital	14.37	14.82	15.00	14.24	13.16	12.22	1
Total risk-based capital	15.63	16.08	16.26	15.49	14.42	13.49	1
Tier 1 leverage	11.86	11.37	12.15	11.03	9.18	8.59	8
ASSET QUALITY INFORMATION							
Allowance for loan losses	$ 12,914	$ 16,243	$ 12,920	$ 16,485	$ 17,825	$ 25,596	$ 2
Nonaccrual loans	10,362	14,035	12,463	15,108	15,848	53,028	9
Nonperforming assets	16,139	21,538	18,447	22,653	26,840	80,852	1
Loans 90 days past due and still accruing interest	233	—	238	—	—	—	6
Net loans charged-off	406	242	1,265	4,805	20,846	21,838	4
Allowance for loan losses as a percentage of gross loans	1.55%	2.15%	1.60%	2.15%	2.41%	3.31%	3
Nonaccrual loans and loans 90 days past due and still accruing interest as a percentage of gross loans	1.27	1.86	1.58	1.97	2.14	6.73	1
Nonperforming assets and loans 90 days past due and still accruing interest as a percentage of total assets	1.40	1.96	1.67	2.08	2.34	6.72	8
Net loans charged-off as a percentage of average gross loans	0.20	0.13	0.17	0.64	2.80	2.82	4
OTHER DATA							
Number of full-service	25	25	25	25	25	29	2

branches							
Number of full-time equivalent teammates	290.3	305.0	285.8	301.5	322.5	351.5	3

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COMPARATIVE PER COMMON SHARE DATA

The following table shows per common share data regarding basic and diluted earnings, cash dividends and book value for (i) United and Palmetto on a historical basis, (ii) United and Palmetto on a pro forma combined basis, and (iii) Palmetto on a pro forma equivalent basis. The pro forma information has been derived from and should be read in conjunction with United's and Palmetto's audited consolidated financial statements for the year ended December 31, 2014 and quarter ended March 31,2015 incorporated herein by reference. This information is presented for illustrative purposes only. You should not rely on the pro forma combined or pro forma equivalent amounts as they are not necessarily indicative of the operating results or financial position that would have occurred if the merger had been completed as of the dates indicated, nor are they necessarily indicative of the future operating results or financial position of the combined company. The pro forma information, although helpful in illustrating the financial characteristics of the combined company under one set of assumptions, does not reflect the benefits of expected cost savings, opportunities to earn additional revenue, the impact of restructuring and merger-related costs, or other factors that may result as a consequence of the merger and, accordingly, does not attempt to predict or suggest future results.

	Unaudited Comparative Per Common Share Data			
	United	Palmetto	United Pro Forma Combined	Palmetto Pro Forma Equivalent Per Share(1)
Basic Earnings				
Year ended December 31, 2014	$ 1.11	$ 0.73	$ 1.08	$ 1.05
Three months ended March 31, 2015	$ 0.29	$ 0.21	$ 0.27	$ 0.26
Diluted Earnings				
Year ended December 31, 2014	$ 1.11	$ 0.73	$ 1.08	$ 1.05
Three months ended March 31, 2015	$ 0.29	$ 0.21	$ 0.27	$ 0.26
Cash Dividends Declared(2)				
Year ended December 31, 2014	$ 0.11	$ 0.10	$ 0.11	$ 0.11
Three months ended March 31, 2015	$ 0.05	$ 0.08	$ 0.05	$ 0.05
Book Value				
December 31, 2014	$ 12.20	$ 10.39	$ 11.52	$ 11.18
March 31, 2015	$ 12.58	$ 10.62	$ 11.90	$ 11.54

(1)
Computed by multiplying the United pro forma combined amounts by the exchange ratio of 0.97.

(2)
United pro forma combined cash dividends paid are based only upon United's historical amounts.

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RISK FACTORS

In addition to the other information, including risk factors, incorporated by reference herein from United's and Palmetto's Annual Reports on Form 10-K for the year ended December 31, 2014, you should carefully read and consider the following factors in evaluating the merger and in deciding whether to elect to receive cash, shares of United common stock or some combination thereof in the merger.

Because the market price of United common stock will fluctuate, Palmetto shareholders electing to receive stock cannot be sure of the value of the merger consideration they will receive.

Upon completion of the merger, each share of Palmetto common stock will be converted into the merger consideration consisting of shares of United common stock or cash. The market value of the merger consideration received by Palmetto shareholders who receive all or part of the merger consideration in the form of United shares will vary with the price of United's common stock. United's stock price changes daily as a result of a variety of other factors in addition to the business and relative prospects of United, including general market and economic conditions, industry trends, and the regulatory environment. These factors are beyond United's control.

Palmetto shareholders may receive a form of consideration different from what they elect.

Although each Palmetto shareholder may elect to receive all cash or all stock, the total merger consideration shall be prorated as necessary to ensure that 30% of the total outstanding shares of Palmetto common stock will be exchanged for cash and 70% of the total outstanding shares of Palmetto common stock will be exchanged for shares of United common stock. Accordingly, if the aggregate cash elections are greater than the maximum, each cash election will be reduced pro rata based on the amount that the aggregate cash elections exceed the cash election maximum. Alternatively, if the aggregate stock elections are greater than the maximum, each stock election will be reduced pro rata based on the amount that the aggregate stock elections exceed the stock election maximum.

For example, if you elect to receive cash for 1,000 shares of Palmetto common stock and the aggregate cash elections exceed by 10% the cash election maximum (which cash election maximum figure would be 3,844,372 assuming that there are 5,491,960 shares of Palmetto common stock outstanding at the time of the merger), the shares for which you will be paid cash will be reduced to the number determined by dividing your cash election shares by the aggregate cash election shares and multiplying that quotient by the 3,844,372 cash election maximum. This proration will result in you receiving cash for 909 of your Palmetto shares and being treated as if you had elected to receive United common stock for your remaining 91 shares.

At the time you vote with respect to the merger agreement, you will not know how much cash or the number of United shares you will receive as a result of the merger.

Palmetto's officers and directors have interests in the merger in addition to or different from the interests that they share with you as a Palmetto shareholder.

The Board of Directors approved the merger agreement and is recommending that Palmetto shareholders vote for the merger agreement. In considering these facts and the other information contained in these materials, you should be aware that certain of Palmetto's executive officers and directors have economic interests in the merger that are different from or in addition to the interests that they share with you as a Palmetto shareholder. These interests include, upon the completion of the merger, the payment of certain amounts to Mr. Erwin and Mr. Dixon under existing employment agreements, the cash-out of vested and unvested Palmetto stock options granted under the Palmetto 2011 Stock Incentive Plan, and the acceleration of vesting of outstanding Palmetto restricted common stock, as well as the employment of two Palmetto executive officers by United following completion of the merger. See "Proposal No. 1 — The Merger — Interests of the Directors and Officers of Palmetto in the Merger" on page 59.

United may be unable to successfully integrate The Palmetto Bank's operations and retain its key employees.

The merger involves the integration of two companies that previously operated independently. The difficulties of combining the companies' operations include integrating personnel, departments, systems, operating procedures and information technologies and retaining key employees. Failures in integrating

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operations or the loss of key personnel could have a material adverse effect on the business and results of operations of the combined company.