UNITED COMMUNITY BANKS INC
Form 10-Q
August 08, 2016

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

**x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Quarterly Period Ended June 30, 2016

OR

**¨ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Transition Period from ___________ to ___________

Commission file number 001-35095

**UNITED COMMUNITY BANKS, INC.
(Exact name of registrant as specified in its charter)**

Georgia	**58-1807304**
(State of Incorporation)	**(I.R.S. Employer Identification No.)**

125 Highway 515 East
Blairsville, Georgia 30512
Address of Principal Executive Offices (Zip Code)

(706) 781-2265
(Telephone Number)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES x NO ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Date File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

YES x NO ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer x	**Accelerated filer ¨**
Non-accelerated filer ¨ (Do not check if a smaller reporting company)	**Smaller Reporting Company ¨**

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).

YES ¨ NO x

Common stock, par value $1 per share 70,820,500 shares voting and zero shares non-voting outstanding as of July 31, 2016.

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Part I – Financial Information

UNITED COMMUNITY BANKS, INC.
Consolidated Statement of Income *(Unaudited)*

(in thousands, except per share data)	Three Months Ended June 30, 2016	2015	Six Months Ended June 30, 2016	2015
Interest revenue:				
Loans, including fees	$ 63,472	$ 52,976	$ 127,448	$ 102,640
Investment securities, including tax exempt of $149, $181, $315 and $339	16,833	12,037	32,621	24,095
Deposits in banks and short-term investments	777	795	1,734	1,607
Total interest revenue	81,082	65,808	161,803	128,342
Interest expense:				
Deposits:				
NOW	444	348	929	742
Money market	1,206	806	2,314	1,479
Savings	30	26	59	46
Time	743	895	1,385	2,004
Total deposit interest expense	2,423	2,075	4,687	4,271
Short-term borrowings	93	82	180	180
Federal Home Loan Bank advances	983	454	1,716	846
Long-term debt	2,665	2,206	5,350	4,812
Total interest expense	6,164	4,817	11,933	10,109
Net interest revenue	74,918	60,991	149,870	118,233
(Release of) provision for credit losses	(300)	900	(500)	2,700
Net interest revenue after provision for credit losses	75,218	60,091	150,370	115,533
Fee revenue:				
Service charges and fees	10,515	8,375	20,641	15,990
Mortgage loan and other related fees	4,448	3,707	7,737	6,462
Brokerage fees	1,117	1,232	2,170	2,783
Gains from sales of government guaranteed loans	2,801	1,494	4,038	2,635
Securities gains, net	282	13	661	1,552
Loss from prepayment of debt	-	-	-	(1,038)
Other	4,334	2,445	6,856	4,564
Total fee revenue	23,497	17,266	42,103	32,948
Total revenue	98,715	77,357	192,473	148,481
Operating expenses:				
Salaries and employee benefits	33,572	27,961	66,634	54,407

Communications and equipment	4,393	3,304	8,683	6,575
Occupancy	4,538	3,415	9,261	6,693
Advertising and public relations	1,323	1,127	2,187	1,877
Postage, printing and supplies	1,298	993	2,578	1,931
Professional fees	3,189	2,257	5,889	4,176
FDIC assessments and other regulatory charges	1,517	1,298	3,041	2,507
Amortization of intangibles	987	447	1,997	689
Merger-related and other charges	1,176	3,173	3,829	3,173
Other	6,067	4,445	11,846	9,453
Total operating expenses	58,060	48,420	115,945	91,481
Net income before income taxes	40,655	28,937	76,528	57,000
Income tax expense	15,389	11,124	28,967	21,517
Net income	25,266	17,813	47,561	35,483
Preferred stock dividends and discount accretion	-	17	21	17
Net income available to common shareholders	$ 25,266	$ 17,796	$47,540	$35,466
Earnings per common share:				
Basic	$ .35	$ .28	$ .66	$ .57
Diluted	.35	.28	.66	.57
Weighted average common shares outstanding:				
Basic	72,202	62,549	72,187	61,730
Diluted	72,207	62,553	72,191	61,734

See accompanying notes to consolidated financial statements.

UNITED COMMUNITY BANKS, INC.

Consolidated Statement of Comprehensive Income *(Unaudited)*

(in thousands)	Three Months Ended June 30,			Six Months Ended June 30,		
2016	Before-tax Amount	Tax (Expense) Benefit	Net of Tax Amount	Before-tax Amount	Tax (Expense) Benefit	Net of Tax Amount
Net income	$40,655	$(15,389)	$25,266	$76,528	$(28,967)	$47,561
Other comprehensive income:						
Unrealized gains on available-for-sale securities:						
Unrealized holding gains arising during period	21,366	(8,105)	13,261	33,063	(12,561)	20,502
Reclassification adjustment for gains included in net income	(282)	106	(176)	(661)	247	(414)
Net unrealized gains	21,084	(7,999)	13,085	32,402	(12,314)	20,088
Amortization of losses included in net income on available-for-sale securities transferred to held-to- maturity	473	(178)	295	938	(359)	579
Amortization of losses included in net income on terminated derivative financial instruments that were previously accounted for as cash flow hedges	460	(179)	281	960	(374)	586
Amortization of prior service cost and actuarial losses included in net periodic pension cost for defined benefit pension plan	167	(65)	102	334	(130)	204
Total other comprehensive income	22,184	(8,421)	13,763	34,634	(13,177)	21,457
Comprehensive income	$62,839	$(23,810)	$39,029	$111,162	$(42,144)	$69,018
2015						
Net income	$28,937	$(11,124)	$17,813	$57,000	$(21,517)	$35,483
Other comprehensive income:						
Unrealized gains (losses) on available-for-sale securities:						
Unrealized holding gains (losses) arising during the period	(10,875)	4,032	(6,843)	3,114	(1,273)	1,841
Reclassification adjustment for gains included in net income	(13)	5	(8)	(1,552)	603	(949)
Net unrealized gains (losses)	(10,888)	4,037	(6,851)	1,562	(670)	892

Amortization of losses included in net income on available-for-sale securities transferred to held-to- maturity	289	(105)	184	773	(287)	486
Amortization of losses included in net income on terminated derivative financial instruments that were previously accounted for as cash flow hedges	455	(177)	278	880	(342)	538
Unrealized losses on derivative financial instruments accounted for as cash flow hedges	-	-	-	(471)	183	(288)
Net cash flow hedge activity	455	(177)	278	409	(159)	250
Amortization of prior service cost and actuarial losses included in net periodic pension cost for defined benefit pension plan	159	(62)	97	318	(124)	194
Total other comprehensive income (loss)	(9,985)	3,693	(6,292)	3,062	(1,240)	1,822
Comprehensive income	$ 18,952	$ (7,431)	$ 11,521	$ 60,062	$ (22,757)	$ 37,305

See accompanying notes to consolidated financial statements.

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UNITED COMMUNITY BANKS, INC.

Consolidated Balance Sheet *(Unaudited)*

(in thousands, except share and per share data)	June 30, 2016	December 31, 2015
ASSETS		
Cash and due from banks	$107,606	$ 86,912
Interest-bearing deposits in banks	100,036	153,451
Cash and cash equivalents	207,642	240,363
Securities available for sale	2,335,511	2,291,511
Securities held to maturity (fair value $356,740 and $371,658)	341,951	364,696
Mortgage loans held for sale	30,152	24,231
Loans, net of unearned income	6,286,527	5,995,441
Less allowance for loan losses	(64,253)	(68,448)
Loans, net	6,222,274	5,926,993
Premises and equipment, net	181,349	178,165
Bank owned life insurance	105,784	105,493
Accrued interest receivable	25,879	25,786
Net deferred tax asset	157,689	197,613
Derivative financial instruments	26,880	20,082
Goodwill and other intangible assets	146,124	147,420
Other assets	147,238	94,075
Total assets	$9,928,473	$ 9,616,428
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities:		
Deposits:		
Demand	$2,386,857	$ 2,204,755
NOW	1,730,313	1,975,884
Money market	1,641,980	1,599,637
Savings	502,134	471,129
Time	1,183,943	1,282,803
Brokered	412,267	338,985
Total deposits	7,857,494	7,873,193
Repurchase agreements	-	16,640
Federal Home Loan Bank advances	735,125	430,125
Long-term debt	164,066	163,836
Derivative financial instruments	34,930	28,825
Accrued expenses and other liabilities	77,121	85,524
Total liabilities	8,868,736	8,598,143
Shareholders' equity:		
	-	9,992

Preferred stock, $1 par value; 10,000,000 shares authorized;		
Series H; $1,000 stated value; 0 and 9,992 shares issued and outstanding		
Common stock, $1 par value; 150,000,000 shares authorized; 69,863,008 and 66,198,477 shares issued and outstanding	69,863	66,198
Common stock, non-voting, $1 par value; 26,000,000 shares authorized; 1,258,792 and 5,285,516 shares issued and outstanding	1,259	5,286
Common stock issuable; 486,753 and 458,953 shares	6,651	6,779
Capital surplus	1,279,383	1,286,361
Accumulated deficit	(293,424)	(330,879)
Accumulated other comprehensive loss	(3,995)	(25,452)
Total shareholders' equity	1,059,737	1,018,285
Total liabilities and shareholders' equity	$9,928,473	$ 9,616,428

See accompanying notes to consolidated financial statements.

UNITED COMMUNITY BANKS, INC.

Consolidated Statement of Changes in Shareholders' Equity *(Unaudited)*

For the Six Months Ended June 30,

(in thousands, except share and per share data)	Preferred Stock Series H	Common Stock	Non-Voting Common Stock	Common Stock Issuable	Capital Surplus	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total
Balance, December 31, 2014	$-	$50,178	$10,081	$5,168	$1,080,508	$(387,568)	$(18,790)	$739,577
Net income						35,483		35,483
Other comprehensive income							1,822	1,822
Common stock issued to dividend reinvestment plan and employee benefit plans (7,661 shares)		8			122			130
Conversion of non-voting common stock to voting (1,795,271 shares)		1,795	(1,795)					-
Common and preferred stock issued for acquisition (2,358,503 common shares and 9,992 preferred shares)	9,992	2,359			41,533			53,884
Amortization of stock option and restricted stock awards					2,178			2,178
Vesting of restricted stock, net of shares surrendered to cover payroll taxes (60,698 shares issued, 59,685 shares deferred)		61		852	(1,294)			(381
Deferred compensation plan, net, including dividend equivalents				190	(1)			189
Shares issued from deferred compensation plan (14,125 shares)		14		(139)	125			-
Common stock dividends ($.10 per share)						(6,192)		(6,192
Tax on restricted stock vesting					559			559
Preferred stock dividends: Series H						(17)		(17
Balance, June 30, 2015	$9,992	$54,415	$8,286	$6,071	$1,123,730	$(358,294)	$(16,968)	$827,232
Balance, December 31, 2015	$9,992	$66,198	$5,286	$6,779	$1,286,361	$(330,879)	$(25,452)	$1,018,285
Net income						47,561		47,561
Other comprehensive income							21,457	21,457
	(9,992)							(9,992

Redemption of Series H preferred stock (9,992 shares)								
Common stock issued to dividend reinvestment plan and to employee benefit plans (10,360 shares)		10			164			174
Conversion of non-voting common stock to voting common stock (4,026,724 shares)		4,027	(4,027)					-
Amortization of stock option and restricted stock awards					1,826			1,826
Vesting of restricted stock, net of shares surrendered to cover payroll taxes (41,909 shares issued, 65,011 shares deferred)		42		941	(1,585)			(602
Purchases of common stock (460,000 shares)		(460)			(7,741)			(8,201
Deferred compensation plan, net, including dividend equivalents				204				204
Shares issued from deferred compensation plan (45,538 shares)		46		(1,273)	1,227			-
Common stock dividends ($.14 per share)						(10,085)		(10,085
Tax on option exercise and restricted stock vesting					(869)			(869
Preferred stock dividends: Series H						(21)		(21
Balance, June 30, 2016	$ -	$ 69,863	$ 1,259	$ 6,651	$ 1,279,383	$ (293,424)	$ (3,995)	$ 1,059,737

See accompanying notes to consolidated financial statements.

UNITED COMMUNITY BANKS, INC.

Consolidated Statement of Cash Flows *(Unaudited)*

(in thousands)	Six Months Ended June 30, 2016	2015
Operating activities:		
Net income	$47,561	$35,483
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, amortization and accretion	14,378	10,896
(Release of) provision for credit losses	(500)	2,700
Stock based compensation	1,826	2,178
Deferred income tax expense	29,423	18,519
Securities gains, net	(661)	(1,552)
Gains from sales of government guaranteed loans	(4,038)	(2,635)
Net gains on sale of other assets	(42)	(83)
Net gains and write downs on sales of other real estate owned	(328)	(143)
Loss on prepayment of borrowings	-	1,038
Changes in assets and liabilities:		
Other assets and accrued interest receivable	(54,517)	12
Accrued expenses and other liabilities	3,077	(2,997)
Mortgage loans held for sale	(5,921)	(6,924)
Net cash provided by operating activities	30,258	56,492
Investing activities:		
Investment securities held to maturity:		
Proceeds from maturities and calls of securities held to maturity	30,374	35,538
Purchases of securities held to maturity	(1,000)	-
Investment securities available for sale:		
Proceeds from sales of securities available for sale	88,297	136,817
Proceeds from maturities and calls of securities available for sale	199,086	134,521
Purchases of securities available for sale	(308,799)	(312,357)
Net increase in loans	(313,917)	(264,702)
Funds paid to FDIC under loss sharing agreements	-	(1,198)
Proceeds from sales of premises and equipment	987	147
Purchases of premises and equipment	(9,913)	(5,055)
Net cash received for acquisition	-	44,594
Proceeds from sale of other real estate	2,817	1,434
Net cash used in investing activities	(312,068)	(230,261)
Financing activities:		
Net change in deposits	(15,566)	111,681

Net change in short-term borrowings	(16,640)	3,460
Repayments of trust preferred securities	-	(15,998)
Proceeds from FHLB advances	4,720,000	1,060,000
Repayments of FHLB advances	(4,415,000)	(967,070)
Proceeds from issuance of common stock for dividend reinvestment and employee benefit plans	174	130
Retirement of preferred stock	(9,992)	-
Purchase of common stock	(3,756)	-
Cash dividends on common stock	(10,085)	(6,192)
Cash dividends on preferred stock	(46)	-
Net cash provided by financing activities	249,089	186,011
Net change in cash and cash equivalents	(32,721)	12,242
Cash and cash equivalents at beginning of period	240,363	192,655
Cash and cash equivalents at end of period	$207,642	$204,897
Supplemental disclosures of cash flow information:		
Interest paid	$13,161	$10,993
Income taxes paid	2,637	2,791
Significant non-cash investing and financing transactions:		
Unsettled government guaranteed loan purchases	5,010	-
Unsettled government guaranteed loan sales	22,614	6,013
Unsettled purchases of common stock	4,445	-
Transfers of loans to foreclosed properties	4,312	1,528
Acquisitions:		
Assets acquired	-	474,009
Liabilities assumed	-	409,426
Net assets acquired	-	64,583
Common stock issued in acquisitions	-	43,892
Preferred stock issued in acquisitions	-	9,992

See accompanying notes to consolidated financial statements.

UNITED COMMUNITY BANKS, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Note 1 – Accounting Policies

The accounting and financial reporting policies of United Community Banks, Inc. (“United”) and its subsidiaries conform to accounting principles generally accepted in the United States (“GAAP”) and reporting guidelines of banking regulatory authorities and regulators. The accompanying interim consolidated financial statements have not been audited. All material intercompany balances and transactions have been eliminated. A more detailed description of United’s accounting policies is included in its Annual Report on Form 10-K for the year ended December 31, 2015.

In management’s opinion, all accounting adjustments necessary to accurately reflect the financial position and results of operations on the accompanying financial statements have been made. These adjustments are normal and recurring accruals considered necessary for a fair and accurate statement. The results for interim periods are not necessarily indicative of results for the full year or any other interim periods.

Certain 2015 amounts have been reclassified to conform to the 2016 presentation.

Note 2 –Accounting Standards Updates and Recently Adopted Standards

In April 2015, the Financial Accounting Standards Board (“FASB”) issued ASU No. 2015-03, *Interest – Imputation of Interest (Subtopic 835-30) Simplifying the Presentation of Debt Issuance Costs*. To simplify presentation of debt issuance costs, the amendments in this update require that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability consistent with debt discounts. The standard was effective January 1, 2016 and has been retrospectively reflected in the accompanying consolidated balance sheet, with a corresponding reclassification for December 31, 2015 between other assets for $9.68 million, brokered deposits for $7.90 million and long-term debt for $1.78 million.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. This update requires a lessee to recognize in the statement of financial position a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election not to recognize lease assets and lease liabilities. For public entities, this update is effective for fiscal years beginning after December 15, 2018, with modified retrospective application to prior periods presented. Upon adoption, United will gross up its balance sheet by the present value of future minimum lease payments. Such payments amounted to $23.5 million at December 31, 2015.

In March 2016, the FASB issued ASU No. 2016-05, *Derivatives and Hedging (Topic 815): Effect of Derivative Contract Novations on Existing Hedge Accounting Relationships*. This update clarifies that a change in the counterparty to a derivative instrument that has been designated as the hedging instrument under Topic 815 does not, in and of itself, require dedesignation of that hedging relationship provided that all other hedge accounting criteria continue to be met. For public entities, this update is effective for fiscal years beginning after December 15, 2016, with application on either a prospective or modified retrospective basis. The adoption of this update is not expected to have a material impact on United's consolidated financial statements.

In March 2016, the FASB issued ASU No. 2016-06, *Derivatives and Hedging (Topic 815): Contingent Put and Call Options in Debt Instruments*. This update clarifies the requirements for assessing whether contingent call (put) options that can accelerate the payment of principal on debt instruments are clearly and closely related to their debt hosts. An entity performing the assessment under this update is required to assess the embedded call (put) options solely in accordance with a four-step decision sequence as outlined in the guidance. Consequently, when a call (put) option is contingently exercisable, an entity does not have to assess whether the event that triggers the ability to exercise a call (put) option is related to interest rates or credit risks. For public entities, this update is effective for fiscal years beginning after December 15, 2016, with application on a modified retrospective basis. The adoption of this update is not expected to have a material impact on United's consolidated financial statements.

In March 2016, the FASB issued ASU No. 2016-07, *Investments – Equity Method and Joint Ventures (Topic 323): Simplifying the Transition to the Equity Method of Accounting*. This update eliminates the requirement that when an investment qualifies for use of the equity method as a result of an increase in the level of ownership interest or degree of influence, an investor must adjust the investment, results of operations, and retained earnings retroactively on a step-by-step basis as if the equity method had been in effect during all previous periods that the investment had been held. The amendments require that the equity method investor add the cost of acquiring the additional interest in the investee to the current basis of the investor's previously held interest and adopt the equity method of accounting as of the date the investment becomes qualified for equity method accounting. Therefore, upon qualifying for the equity method of accounting, no retroactive adjustment of the investment is required. For public entities, this update is effective for fiscal years beginning after December 15, 2016, with application a prospective basis. The adoption of this update is not expected to have a material impact on United's consolidated financial statements.

UNITED COMMUNITY BANKS, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

In March 2016, the FASB issued ASU No. 2016-09, *Compensation – Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting*. This update simplifies several aspects of the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. The amendments require that excess tax benefits and deficiencies be recognized as income tax expense or benefit in the income statement and as an operating activity in the statement of cash flows. In addition, an entity can make a policy election to either estimate the number of awards that are expected to vest or account for forfeitures as they occur. The guidance modifies the threshold to qualify for equity classification to permit withholding up to the maximum statutory tax rate and clarifies that cash paid by an employer when directly withholding shares for tax-withholding purposes should be classified as a financing activity. For public entities, this update is effective for fiscal years beginning after December 15, 2016. The adoption of this update is not expected to have a material impact on United's consolidated financial statements.

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. The new guidance replaces the incurred loss impairment methodology in current GAAP with an expected credit loss methodology and requires consideration of a broader range of information to determine credit loss estimates. Financial assets measured at amortized cost will be presented at the net amount expected to be collected by using an allowance for credit losses. Purchased credit impaired loans will receive an allowance account at the acquisition date that represents a component of the purchase price allocation. Credit losses relating to available-for-sale debt securities will be recorded through an allowance for credit losses, with such allowance limited to the amount by which fair value is below amortized cost. Application of this update will primarily be on a modified retrospective approach, although the guidance for debt securities for which an other-than-temporary impairment has been recognized before the effective date and for loans previously covered by ASC 310-30, *Receivables – Loans and Debt Securities Acquired with Deteriorated Credit Quality* will be applied on a prospective basis. For public entities, this update is effective for fiscal years beginning after December 15, 2019. United is currently evaluating the impact of this guidance on its consolidated financial statements.

Note 3 – Acquisitions

Acquisition of Palmetto Bancshares, Inc.

On September 1, 2015, United completed the acquisition of Palmetto Bancshares, Inc. ("Palmetto") and its wholly-owned bank subsidiary The Palmetto Bank. Information related to the fair value of assets and liabilities acquired is included in United's Annual Report on Form 10-K for the year ended December 31, 2015. During second quarter 2016, within the one year measurement period, United received additional information regarding the acquisition date fair values of premises and equipment and other real estate owned ("OREO"). As a result the provisional values assigned to the acquired premises and equipment and OREO have been adjusted to $17.0 million and $2.63 million, respectively, which represent a decrease of $640,000 and $497,000, respectively, from amounts previously disclosed. The tax effect of these adjustments was reflected as an increase to the deferred tax asset of $437,000, with the net amount of $700,000 reflected as an increase to goodwill.

Acquisition of MoneyTree Corporation

On May 1, 2015, United completed the acquisition of MoneyTree Corporation (“MoneyTree”) and its wholly-owned bank subsidiary, First National Bank. Information related to the fair value of assets and liabilities acquired is included in United’s Annual Report on Form 10-K for the year ended December 31, 2015. The following table presents the period of acquisition as comparative 2015 information. The table discloses the impact of the merger with MoneyTree from the acquisition date through June 30, 2015 and certain pro forma information as if MoneyTree had been acquired on January 1, 2014. These results combine the historical results of MoneyTree with United’s consolidated statement of income and, while certain adjustments were made for the estimated impact of certain fair value adjustments and other acquisition-related activity, they are not necessarily indicative of what would have occurred had the acquisition taken place on January 1, 2014.

Merger-related costs of $3.17 million from the acquisition have been excluded from the 2015 pro forma information presented below. Furthermore, no adjustments have been made to the pro forma information to eliminate MoneyTree’s pre-acquisition provision for loan losses or OREO write downs. The actual results and pro forma information were as follows *(in thousands)*:

	Revenue	Net Income
Actual MoneyTree from May 1, 2015 - June 30, 2015	$ 2,284	$ 384
2015 supplemental consolidated pro forma from January 1, 2015 - June 30, 2015	153,322	38,294

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UNITED COMMUNITY BANKS, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Note 4 – Balance Sheet Offsetting and Repurchase Agreements Accounted for as Secured Borrowings

United enters into reverse repurchase agreements in order to invest short-term funds. In addition, United enters into repurchase agreements and reverse repurchase agreements with the same counterparty in transactions commonly referred to as collateral swaps that are subject to master netting agreements under which the balances are netted in the balance sheet in accordance with ASC 210-20, *Offsetting*.

The following table presents a summary of amounts outstanding under reverse repurchase agreements and derivative financial instruments including those entered into in connection with the same counterparty under master netting agreements as of the dates indicated *(in thousands)*.

June 30, 2016	Gross Amounts of Recognized Assets	Gross Amounts Offset on the Balance Sheet	Net Asset Balance	Gross Amounts not Offset in the Balance Sheet: Financial Instruments	Collateral Received	Net Amount
Repurchase agreements / reverse repurchase agreements	$ 300,000	$ (300,000)	$ -	$ -	$ -	$ -
Derivatives	26,880	-	26,880	(1,779)	(4,760)	20,341
Total	$ 326,880	$ (300,000)	$ 26,880	$ (1,779)	$ (4,760)	$ 20,341

Weigh