

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

FORM 8-K

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

Date of Report (Date of earliest event reported):  
July 26, 2012

United Community Banks, Inc.

(Exact name of registrant as specified in its charter)

Georgia  
(State or other jurisdiction of  
incorporation)

No. 001-35095  
(Commission File Number)

No. 58-180-7304  
(IRS Employer  
Identification No.)

125 Highway 515 East, P.O. Box 398  
Blairsville, Georgia 30512  
(Address of principal executive offices)

Registrant's telephone number, including area code:  
(706) 781-2265

Not applicable  
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240-13e-4(c))
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**Results of Operations and Financial Condition.**

On July 26, 2012, United Community Banks, Inc. (the "Registrant") issued a news release announcing its financial results for the quarter ended June 30, 2012 (the "News Release"). The News Release, including financial schedules, is attached as Exhibit 99.1 to this Current Report on Form 8-K and incorporated herein by reference. In connection with issuing the News Release, on July 26, 2012 at 11:00 a.m. EST, the Registrant intends to hold a conference call/webcast to discuss the News Release. In addition to the News Release, during the conference call the Registrant intends to discuss certain financial information contained in the June 30, 2012 Investor Presentation (the "Investor Presentation"), which will be posted to the Registrant's website at [www.ucbi.com](http://www.ucbi.com). The Investor Presentation is attached as Exhibit 99.2 to this Current Report on Form 8-K and incorporated herein by reference.

The presentation of the Registrant's financial results includes core earnings measures, which are measures of performance determined by methods other than in accordance with generally accepted accounting principles, or GAAP. Management included non-GAAP core earnings measures because it believes they are useful for evaluating the Registrant's operations and performance over periods of time, and uses core earnings measures in managing and evaluating the Registrant's business and intends to refer to them in discussions about the Registrant's operations and performance. Core earnings measures exclude credit related costs such as the provision for loan losses, certain expenses and charges related to the Registrant's 2011 asset disposition plans in the first quarter of 2011 and foreclosed property expense, securities gains and losses, income taxes and other items of a non-recurring nature. Core earnings are useful in evaluating the underlying earnings performance trends of the Registrant. Management believes these non-GAAP performance measures may provide users of the Registrant's financial information with a meaningful measure for assessing the Registrant's financial results and comparing those financial results to prior periods.

Core earnings measures should be viewed in addition to, and not as an alternative or substitute for, the Registrant's performance measures determined in accordance with GAAP, and are not necessarily comparable to non-GAAP performance measures that may be presented by other companies.

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**Item 9.01****Financial Statements and Exhibits**

- (a) Financial statements: None
  - (b) Pro forma financial information: None
  - (c) Exhibits:
    - 99.1 Press Release, dated July 26, 2012
    - 99.2 Investor Presentation, Second Quarter 2012
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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**UNITED COMMUNITY BANKS, INC.**

By: /s/ Rex S. Schuette  
Rex S. Schuette  
Executive Vice President and  
Chief Financial Officer

Date: July 26, 2012



**For Immediate Release**

**For more information:**

Rex S. Schuette  
Chief Financial Officer  
(706) 781-2266  
[Rex\\_Schuette@ucbi.com](mailto:Rex_Schuette@ucbi.com)

**UNITED COMMUNITY BANKS, INC. REPORTS  
EARNINGS OF \$6.5 MILLION FOR SECOND QUARTER 2012**

- Net income of \$6.5 million, or six cents per share
- Balance sheet restructuring includes \$6.5 million of securities gains, mostly offset by wholesale funding prepayment charges
- Nonperforming assets decline \$15.8 million, or 10 percent, from first quarter
- Core transaction deposits up \$163 million year-to-date, or 11 percent annualized

BLAIRSVILLE, GA – July 26, 2012 – United Community Banks, Inc. (NASDAQ: UCBI) today reported net income of \$6.5 million, or six cents per share, for the second quarter of 2012; and \$18.0 million, or 21 cents per share, year-to-date. The results for the second quarter and first six months of 2012 reflect strong core transaction deposit growth, increases in fee revenue and lower operating expenses compared with the same periods a year ago.

“Our lower operating expenses reflect ongoing efforts to meaningfully increase operating efficiency, while at the same time remaining focused on improving credit measures,” said Jimmy Tallent, president and chief executive officer. “Our credit measures continue their positive trend, with nonperforming assets down \$15.8 million, or 10 percent, from the first quarter. The second quarter marks our fourth profitable quarter following our 2011 capital transaction and the execution of our problem asset disposition plan. Looking forward, we expect profitability to continue from improved efficiency, revenue enhancements and expense reductions while growing and improving our business mix of loans and deposits.”

Total loans were \$4.12 billion at quarter-end, down slightly from the first quarter and down \$44 million from a year earlier. “While loans declined slightly in the second quarter they remain up year-to-date. We expect some volatility in balances due to the ongoing sluggish economy. We are prudently growing the portfolio by focusing on full-service relationships with small-to-medium-sized businesses. During the second quarter we added \$132 million in new loan commitments, of which \$87 million were funded by quarter-end. The majority were commercial loans.”

“Growing quality loan and deposit relationships remains a key focus for 2012,” Tallent commented. “The highly competitive market for quality lending opportunities keeps pressure on loan pricing. At the same time our success attracting core transaction deposits has continued, with balances increasing \$12 million in the second quarter and an especially strong \$151 million in the first quarter. Annualized, the growth rate is 11 percent.”

The second quarter provision for loan losses was \$18 million, up from \$11 million a year ago and \$15 million in the first quarter. Second quarter net charge-offs were \$18.9 million, compared to \$16.5 million in the second quarter of 2011 and \$15.9 million in the first quarter of 2012.

“Nonperforming assets of \$145.8 million were down \$15.8 million from the first quarter,” Tallent said. “Nonperforming asset levels are impacted significantly by the inflow of new nonperforming loans and our ability to liquidate foreclosed properties. In the second quarter, the inflow of new nonperforming loans slowed to \$29.4 million from \$32.4 million in the first quarter. Also, loans past due 30 to 89 days declined from .86 percent of outstanding loans in the first quarter to .65 percent in the second quarter. We expect our overall credit trends to continue to improve during 2012, although not necessarily in a linear fashion.”

Taxable equivalent net interest revenue declined \$2.0 million from the first quarter of 2012, and \$2.1 million from the second quarter of 2011, to \$56.8 million. Said Tallent, “The decrease from the first quarter was primarily due to the lower yield on the securities portfolio, which was significantly impacted by heavy prepayment activity in the mortgage market. This activity accelerated the amortization of bond purchase premiums, suppressing the securities portfolio yield. Further, the yields at which the proceeds were reinvested fell short of those of the bonds they replaced. Consequently, our net interest margin was down 10 basis points from the first quarter, to 3.43 percent. It was up two basis points, however, from the second quarter of 2011.”

Fee revenue was \$12.9 million in the second quarter, compared to \$15.4 million in the first quarter and \$13.9 million a year ago. The decline in fee revenue from the first quarter of 2012 and second quarter of 2011 was primarily due to nonrecurring revenue items noted below. Service charges and fees were \$7.8 million, similar to the first quarter and up \$208,000 from the second quarter of 2011. The increase in service charges and fees from a year ago reflects new fees on deposit accounts that became effective in the first quarter of 2012, which more than offset lower overdraft fees.

Fee revenue for the quarter included \$6.5 million of securities gains reflecting the sale of \$175 million in fixed rate securities. As part of the balance sheet restructuring, \$75 million of fixed rate wholesale funding was prepaid, resulting in prepayment charges of \$6.2 million. "Overall, the deleveraging of our balance sheet should improve our margin and interest rate sensitivity, while maintaining the level of net interest revenue," stated Tallent.

Mortgage fee revenue of \$2.3 million reflected a \$223,000 increase from the first quarter and \$1.4 million from a year ago. Comparisons to prior periods are influenced significantly by the interest rate environment and refinancing activities. Closed mortgage loans totaled \$79.8 million in the second quarter of 2012 compared with \$81.7 million in the first quarter and \$50.5 million in the second quarter of 2011. Other fee revenue was down \$3 million from both the first quarter of 2012 and the fourth quarter of 2011, to \$1.6 million. The first quarter of 2012 included \$1.1 million in interest on a prior year's federal tax refund, \$728,000 in gains from the sale of low income housing tax credits, and \$115,000 in hedge ineffectiveness gains. The second quarter of 2011 included \$2.8 million in hedge ineffectiveness gains, in contrast with \$180,000 in hedge ineffectiveness losses in the second quarter of 2012.

Excluding foreclosed property costs, second quarter 2012 operating expenses were \$42.5 million compared to \$43.1 million for the first quarter and \$46.8 million a year ago. Lower staff levels and related costs were the primary drivers of the decrease from both periods, with 93 fewer staff positions compared to the first quarter and 153 fewer from a year ago. Most other expense categories were down as well, reflecting efforts to improve operating efficiency by lowering costs. The decrease in operating expenses from a year ago also reflects a \$1.1 million decrease in the FDIC assessment due to a lower assessment rate.

Foreclosed property costs for the second quarter of 2012 were \$1.9 million, compared to \$3.8 million in the first quarter and \$1.9 million a year ago. Second quarter 2012 costs included \$1.1 million for maintenance and \$739,000 in net losses and write-downs. For the first quarter, foreclosed property costs included \$1.6 million in maintenance and \$2.2 million in net losses and write-downs. Second quarter 2011 costs included \$2.0 million in maintenance and \$100,000 in net gains from sales.

As of June 30, 2012, capital ratios were as follows: Tier 1 Risk-Based of 14.2 percent; Tier 1 Leverage of 9.1 percent; and Total Risk-Based of 15.9 percent. The Tier 1 Common Risk-Based ratio was 8.7 percent and the tangible equity-to-assets ratio was 8.2 percent.

#### Conference Call

United will hold a conference call today, Thursday, July 26, 2012, at 11 a.m. ET to discuss the contents of this news release and to share business highlights for the quarter. To access the call, dial (877) 380-5665 and use the conference number 97692673. The conference call also will be webcast and can be accessed by selecting 'Calendar of Events' within the Investor Relations section of the United's website at [www.ucbi.com](http://www.ucbi.com).

#### About United Community Banks, Inc.

Headquartered in Blairsville, United Community Banks, Inc. is the third-largest bank holding company in Georgia. United has assets of \$6.7 billion and operates 27 community banks with 104 banking offices throughout north Georgia, the Atlanta region, coastal Georgia, western North Carolina and east Tennessee. United specializes in providing personalized community banking services to individuals and small to mid-size businesses and also offers the convenience of 24-hour access through a network of ATMs, telephone and on-line banking. United's common stock is listed on the Nasdaq Global Select Market under the symbol UCBI. Additional information may be found at United's web site at [www.ucbi.com](http://www.ucbi.com).



Safe Harbor

This news release contains forward-looking statements, as defined by federal securities laws, including statements about United's financial outlook and business environment. These statements are based on current expectations and are provided to assist in the understanding of future financial performance. Such performance involves risks and uncertainties that may cause actual results to differ materially from those expressed or implied in any such statements. For a discussion of some of the risks and other factors that may cause such forward-looking statements to differ materially from actual results, please refer to United's filings with the Securities and Exchange Commission including its 2011 Annual Report on Form 10-K under the section entitled "Forward-Looking Statements" and "Risk Factors." Forward-looking statements speak only as of the date they are made, and we undertake no obligation to update or revise forward-looking statements.

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**UNITED COMMUNITY BANKS, INC.**
**Financial Highlights**
**Selected Financial Information**

(in thousands, except per share data; taxable equivalent)	2012		2011			Second Quarter 2012-2011 Change	For the Six Months Ended		YTD 2012-2011 Change
	Second Quarter	First Quarter	Fourth Quarter	Third Quarter	Second Quarter		2012	2011	
<b>INCOME SUMMARY</b>									
Interest revenue	\$ 66,780	\$ 70,221	\$ 71,905	\$ 74,543	\$ 76,931		\$ 137,001	\$ 152,896	
Interest expense	9,944	11,357	12,855	15,262	17,985		21,301	37,558	
Net interest revenue	56,836	58,864	59,050	59,281	58,946	(4) %	115,700	115,338	-%
Provision for loan losses	18,000	15,000	14,000	36,000	11,000		33,000	201,000	
Fee revenue	12,867	15,379	12,667	11,498	13,905	(7)	28,246	25,743	10
<b>Total revenue</b>	<b>51,703</b>	<b>59,243</b>	<b>57,717</b>	<b>34,779</b>	<b>61,851</b>		<b>110,946</b>	<b>(59,919)</b>	
Operating expenses	44,310	46,955	51,080	46,520	48,728	(9)	91,265	163,999	(44)
Income (loss) before income taxes	7,393	12,288	6,637	(11,741)	13,123		19,681	(223,918)	
Income tax expense (benefit)	894	760	(3,264)	(402)	1,095		1,654	1,390	
<b>Net income (loss)</b>	<b>6,499</b>	<b>11,528</b>	<b>9,901</b>	<b>(11,339)</b>	<b>12,028</b>	<b>(46)</b>	<b>18,027</b>	<b>(225,308)</b>	
Preferred dividends and discount accretion	3,032	3,030	3,025	3,019	3,016		6,062	5,794	
<b>Net income (loss) available to common shareholders</b>	<b>\$ 3,467</b>	<b>\$ 8,498</b>	<b>\$ 6,876</b>	<b>\$ (14,358)</b>	<b>\$ 9,012</b>	<b>(62)</b>	<b>\$ 11,965</b>	<b>\$ (231,102)</b>	
<b>PERFORMANCE MEASURES</b>									
Per common share:									
Diluted income (loss)	\$ .06	\$ .15	\$ .12	\$ (.25)	\$ .16	(63)	\$ .21	\$ (10.52)	
Book value	6.61	6.68	6.62	6.77	7.11	(7)	6.61	7.11	(7)
Tangible book value <sup>(2)</sup>	6.48	6.54	6.47	6.61	6.94	(7)	6.48	6.94	(7)
Key performance ratios:									
Return on equity <sup>(1)(3)</sup>	3.51%	8.78%	7.40%	(15.06) %	42.60%		6.12%	(345.86)%	
Return on assets <sup>(3)</sup>	.37	.66	.56	(.64)	.66		.52	(6.16)	
Net interest margin <sup>(3)</sup>	3.43	3.53	3.51	3.55	3.41		3.48	3.36	
Efficiency ratio	63.84	63.31	71.23	65.73	66.88		63.56	116.28	
Equity to assets	8.33	8.19	8.28	8.55	8.06		8.26	7.11	
Tangible equity to assets <sup>(2)</sup>	8.24	8.08	8.16	8.42	7.93		8.16	7.00	
Tangible common equity to assets <sup>(2)</sup>	5.45	5.33	5.38	5.65	1.37		5.39	2.05	
Tangible common equity to risk-weighted assets <sup>(2)</sup>	8.37	8.21	8.25	8.52	8.69		8.37	8.69	
<b>ASSET QUALITY *</b>									
Non-performing loans	\$ 115,340	\$ 129,704	\$ 127,479	\$ 144,484	\$ 71,065		\$ 115,340	\$ 71,065	
Foreclosed properties	30,421	31,887	32,859	44,263	47,584		30,421	47,584	
Total non-performing assets (NPAs)	145,761	161,591	160,338	188,747	118,649		145,761	118,649	
Allowance for loan losses	112,705	113,601	114,468	146,092	127,638		112,705	127,638	
Net charge-offs	18,896	15,867	45,624	17,546	16,483		34,763	248,057	
Allowance for loan losses to loans	2.74%	2.75%	2.79%	3.55%	3.07%		2.74%	3.07%	
Net charge-offs to average loans <sup>(3)</sup>	1.85	1.55	4.39	1.68	1.58		1.70	11.46	
NPAs to loans and foreclosed properties	3.51	3.88	3.87	4.54	2.82		3.51	2.82	
NPAs to total assets	2.16	2.25	2.30	2.74	1.66		2.16	1.66	
<b>AVERAGE BALANCES (\$ in millions)</b>									
Loans	\$ 4,156	\$ 4,168	\$ 4,175	\$ 4,194	\$ 4,266	(3)	\$ 4,162	\$ 4,432	(6)
Investment securities	2,145	2,153	2,141	2,150	2,074	3	2,149	1,851	16
Earning assets	6,665	6,700	6,688	6,630	6,924	(4)	6,682	6,913	(3)
Total assets	6,993	7,045	7,019	7,000	7,363	(5)	7,019	7,371	(5)
Deposits	5,853	6,028	6,115	6,061	6,372	(8)	5,940	6,465	(8)
Shareholders' equity	583	577	581	598	594	(2)	580	524	11
Common shares - basic (thousands)	57,840	57,764	57,646	57,599	25,427		57,803	21,965	
Common shares - diluted (thousands)	57,840	57,764	57,646	57,599	57,543		57,803	21,965	
<b>AT PERIOD END (\$ in millions)</b>									
Loans *	\$ 4,119	\$ 4,128	\$ 4,110	\$ 4,110	\$ 4,163	(1)	\$ 4,119	\$ 4,163	(1)
Investment securities	1,984	2,202	2,120	2,123	2,188	(9)	1,984	2,188	(9)
Total assets	6,737	7,174	6,983	6,894	7,152	(6)	6,737	7,152	(6)
Deposits	5,822	6,001	6,098	6,005	6,183	(6)	5,822	6,183	(6)
Shareholders' equity	576	580	575	583	603	(4)	576	603	(4)
Common shares outstanding (thousands)	57,641	57,603	57,561	57,510	57,469		57,641	57,469	

(1) Net 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). (2) Excludes effect of acquisition related intangibles and associated amortization. (3) Annualized.

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

**UNITED COMMUNITY BANKS, INC.**  
**Non-GAAP Performance Measures Reconciliation**  
**Selected Financial Information**

<i>(in thousands, except per share data; taxable equivalent)</i>	2012		2011			For the Six Months Ended	
	Second Quarter	First Quarter	Fourth Quarter	Third Quarter	Second Quarter	2012	2011
<b>Interest revenue reconciliation</b>							
Interest revenue - taxable equivalent	\$ 66,780	\$ 70,221	\$ 71,905	\$ 74,543	\$ 76,931	\$ 137,001	\$ 152,896
Taxable equivalent adjustment	(444)	(446)	(423)	(420)	(429)	(890)	(864)
Interest revenue (GAAP)	<u>\$ 66,336</u>	<u>\$ 69,775</u>	<u>\$ 71,482</u>	<u>\$ 74,123</u>	<u>\$ 76,502</u>	<u>\$ 136,111</u>	<u>\$ 152,032</u>
<b>Net interest revenue reconciliation</b>							
Net interest revenue - taxable equivalent	\$ 56,836	\$ 58,864	\$ 59,050	\$ 59,281	\$ 58,946	\$ 115,700	\$ 115,338
Taxable equivalent adjustment	(444)	(446)	(423)	(420)	(429)	(890)	(864)
Net interest revenue (GAAP)	<u>\$ 56,392</u>	<u>\$ 58,418</u>	<u>\$ 58,627</u>	<u>\$ 58,861</u>	<u>\$ 58,517</u>	<u>\$ 114,810</u>	<u>\$ 114,474</u>
<b>Total revenue reconciliation</b>							
Total operating revenue	\$ 51,703	\$ 59,243	\$ 57,717	\$ 34,779	\$ 61,851	\$ 110,946	\$ (59,919)
Taxable equivalent adjustment	(444)	(446)	(423)	(420)	(429)	(890)	(864)
Total revenue (GAAP)	<u>\$ 51,259</u>	<u>\$ 58,797</u>	<u>\$ 57,294</u>	<u>\$ 34,359</u>	<u>\$ 61,422</u>	<u>\$ 110,056</u>	<u>\$ (60,783)</u>
<b>Income (loss) before taxes reconciliation</b>							
Income (loss) before taxes	\$ 7,393	\$ 12,288	\$ 6,637	\$ (11,741)	\$ 13,123	\$ 19,681	\$ (223,918)
Taxable equivalent adjustment	(444)	(446)	(423)	(420)	(429)	(890)	(864)
Income (loss) before taxes (GAAP)	<u>\$ 6,949</u>	<u>\$ 11,842</u>	<u>\$ 6,214</u>	<u>\$ (12,161)</u>	<u>\$ 12,694</u>	<u>\$ 18,791</u>	<u>\$ (224,782)</u>
<b>Income tax (benefit) expense reconciliation</b>							
Income tax (benefit) expense	\$ 894	\$ 760	\$ (3,264)	\$ (402)	\$ 1,095	\$ 1,654	\$ 1,390
Taxable equivalent adjustment	(444)	(446)	(423)	(420)	(429)	(890)	(864)
Income tax (benefit) expense (GAAP)	<u>\$ 450</u>	<u>\$ 314</u>	<u>\$ (3,687)</u>	<u>\$ (822)</u>	<u>\$ 666</u>	<u>\$ 764</u>	<u>\$ 526</u>
<b>Book value per common share reconciliation</b>							
Tangible book value per common share	\$ 6.48	\$ 6.54	\$ 6.47	\$ 6.61	\$ 6.94	\$ 6.48	\$ 6.94
Effect of goodwill and other intangibles	.13	.14	.15	.16	.17	.13	.17
Book value per common share (GAAP)	<u>\$ 6.61</u>	<u>\$ 6.68</u>	<u>\$ 6.62</u>	<u>\$ 6.77</u>	<u>\$ 7.11</u>	<u>\$ 6.61</u>	<u>\$ 7.11</u>
<b>Average equity to assets reconciliation</b>							
Tangible common equity to assets	5.45%	5.33%	5.38%	5.65%	1.37%	5.39%	2.05%
Effect of preferred equity	2.79	2.75	2.78	2.77	6.56	2.77	4.95
Tangible equity to assets	<u>8.24</u>	<u>8.08</u>	<u>8.16</u>	<u>8.42</u>	<u>7.93</u>	<u>8.16</u>	<u>7.00</u>
Effect of goodwill and other intangibles	.09	.11	.12	.13	.13	.10	.11
Equity to assets (GAAP)	<u>8.33%</u>	<u>8.19%</u>	<u>8.28%</u>	<u>8.55%</u>	<u>8.06%</u>	<u>8.26%</u>	<u>7.11%</u>
<b>Tangible common equity to risk-weighted assets reconciliation</b>							
Tangible common equity to risk-weighted assets	8.37%	8.21%	8.25%	8.52%	8.69%	8.37%	8.69%
Effect of other comprehensive income	.28	.10	(.03)	(.29)	(.42)	.28	(.42)
Effect of trust preferred	1.19	1.15	1.18	1.19	1.15	1.19	1.15
Effect of preferred equity	4.35	4.23	4.29	4.33	4.20	4.35	4.20
Tier I capital ratio (Regulatory)	<u>14.19%</u>	<u>13.69%</u>	<u>13.69%</u>	<u>13.75%</u>	<u>13.62%</u>	<u>14.19%</u>	<u>13.62%</u>

**UNITED COMMUNITY BANKS, INC.**  
**Financial Highlights**  
**Loan Portfolio Composition at Period-End <sup>(1)</sup>**

<i>(in millions)</i>	2012		2011			Linked Quarter Change	Year over Year Change
	Second Quarter	First Quarter	Fourth Quarter	Third Quarter	Second Quarter		
<b>LOANS BY CATEGORY</b>							
Commercial (sec.by RE)	\$ 1,837	\$ 1,843	\$ 1,822	\$ 1,771	\$ 1,742	\$ (6)	\$ 95
Commercial & industrial	450	440	428	429	428	10	22
Commercial construction	169	167	164	169	195	2	(26)
Total commercial	2,456	2,450	2,414	2,369	2,365	6	91
Residential mortgage	1,128	1,131	1,135	1,150	1,177	(3)	(49)
Residential construction	409	436	448	474	502	(27)	(93)
Consumer installment	126	111	113	117	119	15	7
<b>Total loans</b>	<b>\$ 4,119</b>	<b>\$ 4,128</b>	<b>\$ 4,110</b>	<b>\$ 4,110</b>	<b>\$ 4,163</b>	<b>(9)</b>	<b>(44)</b>
<b>LOANS BY MARKET</b>							
North Georgia	\$ 1,387	\$ 1,408	\$ 1,426	\$ 1,478	\$ 1,500	(21)	(113)
Atlanta MSA	1,252	1,239	1,220	1,192	1,188	13	64
North Carolina	576	588	597	607	626	(12)	(50)
Coastal Georgia	369	366	346	316	325	3	44
Gainesville MSA	259	262	265	272	275	(3)	(16)
East Tennessee	276	265	256	245	249	11	27
<b>Total loans</b>	<b>\$ 4,119</b>	<b>\$ 4,128</b>	<b>\$ 4,110</b>	<b>\$ 4,110</b>	<b>\$ 4,163</b>	<b>(9)</b>	<b>(44)</b>
<b>RESIDENTIAL CONSTRUCTION</b>							
Dirt loans							
Acquisition & development	\$ 78	\$ 86	\$ 88	\$ 97	\$ 105	(8)	(27)
Land loans	45	57	61	60	62	(12)	(17)
Lot loans	203	204	207	216	218	(1)	(15)
Total	326	347	356	373	385	(21)	(59)
House loans							
Spec	49	57	59	64	74	(8)	(25)
Sold	34	32	33	37	43	2	(9)
Total	83	89	92	101	117	(6)	(34)
<b>Total residential construction</b>	<b>\$ 409</b>	<b>\$ 436</b>	<b>\$ 448</b>	<b>\$ 474</b>	<b>\$ 502</b>	<b>(27)</b>	<b>(93)</b>
<b>RESIDENTIAL CONSTRUCTION - ATLANTA MSA</b>							
Dirt loans							
Acquisition & development	\$ 14	\$ 17	\$ 17	\$ 19	\$ 20	(3)	(6)
Land loans	9	13	14	15	16	(4)	(7)
Lot loans	22	22	22	22	22	-	-
Total	45	52	53	56	58	(7)	(13)
House loans							
Spec	24	27	27	28	30	(3)	(6)
Sold	7	7	6	8	9	-	(2)
Total	31	34	33	36	39	(3)	(8)
<b>Total residential construction</b>	<b>\$ 76</b>	<b>\$ 86</b>	<b>\$ 86</b>	<b>\$ 92</b>	<b>\$ 97</b>	<b>(10)</b>	<b>(21)</b>

<sup>(1)</sup> Excludes total loans of \$41.5 million, \$47.2 million, \$54.5 million, \$57.8 million and \$70.8 million as of June 30, 2012, March 31, 2012, December 31, 2011, September 30, 2011 and June 30, 2011, respectively, that are covered by the loss-sharing agreement with the FDIC, related to the acquisition of Southern Community Bank.

**UNITED COMMUNITY BANKS, INC.**

**Financial Highlights**

**Credit Quality <sup>(1)</sup>**

<i>(in thousands)</i>	Second Quarter 2012			First Quarter 2012			Fourth Quarter 2011		
	Non-performing Loans	Foreclosed Properties	Total NPAs	Non-performing Loans	Foreclosed Properties	Total NPAs	Non-performing Loans	Foreclosed Properties	Total NPAs
<b>NPAs BY CATEGORY</b>									
Commercial (sec.by RE)	\$ 19,115	\$ 10,586	\$ 29,701	\$ 26,081	\$ 10,808	\$ 36,889	\$ 27,322	\$ 9,745	\$ 37,067
Commercial & industrial	34,982	-	34,982	36,314	-	36,314	34,613	-	34,613
Commercial construction	18,175	2,732	20,907	23,319	3,266	26,585	16,655	3,336	19,991
Total commercial	72,272	13,318	85,590	85,714	14,074	99,788	78,590	13,081	91,671
Residential mortgage	16,631	5,591	22,222	18,741	5,882	24,623	22,358	6,927	29,285
Residential construction	25,530	11,512	37,042	24,341	11,931	36,272	25,523	12,851	38,374
Consumer installment	907	-	907	908	-	908	1,008	-	1,008
<b>Total NPAs</b>	<b>\$ 115,340</b>	<b>\$ 30,421</b>	<b>\$ 145,761</b>	<b>\$ 129,704</b>	<b>\$ 31,887</b>	<b>\$ 161,591</b>	<b>\$ 127,479</b>	<b>\$ 32,859</b>	<b>\$ 160,338</b>
<b>Balance as a % of Unpaid Principal</b>	68.8%	39.3%	59.4%	70.6%	36.1%	59.4%	71.3%	35.9%	59.3%
<b>NPAs BY MARKET</b>									
North Georgia	\$ 77,332	\$ 13,546	\$ 90,878	\$ 81,117	\$ 14,559	\$ 95,676	\$ 88,600	\$ 15,136	\$ 103,736
Atlanta MSA	17,593	8,651	26,244	22,321	7,647	29,968	14,480	6,169	20,649
North Carolina	10,657	3,287	13,944	15,765	4,650	20,415	15,100	5,365	20,465
Coastal Georgia	5,822	785	6,607	5,622	1,268	6,890	5,248	1,620	6,868
Gainesville MSA	991	2,998	3,989	2,210	3,387	5,597	2,069	3,760	5,829
East Tennessee	2,945	1,154	4,099	2,669	376	3,045	1,982	809	2,791
<b>Total NPAs</b>	<b>\$ 115,340</b>	<b>\$ 30,421</b>	<b>\$ 145,761</b>	<b>\$ 129,704</b>	<b>\$ 31,887</b>	<b>\$ 161,591</b>	<b>\$ 127,479</b>	<b>\$ 32,859</b>	<b>\$ 160,338</b>
<b>NPA ACTIVITY</b>									
<b>Beginning Balance</b>	\$ 129,704	\$ 31,887	\$ 161,591	\$ 127,479	\$ 32,859	\$ 160,338	\$ 144,484	\$ 44,263	\$ 188,747
Loans placed on non-accrual	29,364	-	29,364	32,437	-	32,437	45,675	-	45,675
Payments received	(15,027)	-	(15,027)	(5,945)	-	(5,945)	(1,884)	-	(1,884)
Loan charge-offs	(19,382)	-	(19,382)	(14,733)	-	(14,733)	(44,757)	-	(44,757)
Foreclosures	(9,319)	9,319	-	(9,534)	9,534	-	(16,039)	16,039	-
Capitalized costs	-	415	415	-	329	329	-	141	141
Note / property sales	-	(10,461)	(10,461)	-	(8,631)	(8,631)	-	(20,651)	(20,651)
Write downs	-	(1,008)	(1,008)	-	(2,111)	(2,111)	-	(3,893)	(3,893)
Net gains (losses) on sales	-	269	269	-	(93)	(93)	-	(3,040)	(3,040)
<b>Ending Balance</b>	<b>\$ 115,340</b>	<b>\$ 30,421</b>	<b>\$ 145,761</b>	<b>\$ 129,704</b>	<b>\$ 31,887</b>	<b>\$ 161,591</b>	<b>\$ 127,479</b>	<b>\$ 32,859</b>	<b>\$ 160,338</b>

<i>(in thousands)</i>	Second Quarter 2012		First Quarter 2012		Fourth Quarter 2011	
	Net Charge-Offs	Net Charge- Offs to Average Loans <sup>(2)</sup>	Net Charge-Offs	Net Charge- Offs to Average Loans <sup>(2)</sup>	Net Charge-Offs	Net Charge- Offs to Average Loans <sup>(2)</sup>
<b>NET CHARGE-OFFS BY CATEGORY</b>						
Commercial (sec.by RE)	\$ 4,349	.95%	\$ 3,697	.81%	\$ 4,962	1.09%
Commercial & industrial	775	.70	669	.62	18,940	17.47
Commercial construction	88	.21	334	.81	3,318	7.88
Total commercial	5,212	.86	4,700	.78	27,220	4.51
Residential mortgage	3,862	1.38	5,375	1.91	5,887	2.04
Residential construction	9,563	9.14	5,314	4.84	12,090	10.36
Consumer installment	259	.88	478	1.72	427	1.47
<b>Total</b>	<b>\$ 18,896</b>	<b>1.85</b>	<b>\$ 15,867</b>	<b>1.55</b>	<b>\$ 45,624</b>	<b>4.39</b>
<b>NET CHARGE-OFFS BY MARKET</b>						
North Georgia	\$ 12,474	3.58%	\$ 9,022	2.56%	\$ 34,970	9.46%
Atlanta MSA	2,307	.75	2,729	.89	4,195	1.37
North Carolina	3,634	2.52	1,679	1.14	3,180	2.10
Coastal Georgia	211	.23	1,329	1.53	335	.41
Gainesville MSA	(187)	(.29)	883	1.35	2,572	3.84
East Tennessee	457	.68	225	.34	372	.59
<b>Total</b>	<b>\$ 18,896</b>	<b>1.85</b>	<b>\$ 15,867</b>	<b>1.55</b>	<b>\$ 45,624</b>	<b>4.39</b>

(1) Excludes non-performing loans and foreclosed properties covered by the loss-sharing agreement with the FDIC, related to the acquisition of Southern Community Bank.

(2) Annualized.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
<i>(in thousands, except per share data)</i>				
<b>Interest revenue:</b>				
Loans, including fees	\$ 54,178	\$ 60,958	\$ 109,937	\$ 122,065
Investment securities, including tax exempt of \$262, \$251, \$512 and \$510	11,062	14,792	24,066	28,396
Federal funds sold, reverse repurchase agreements, commercial paper and deposits in banks	1,096	752	2,108	1,571
Total interest revenue	<u>66,336</u>	<u>76,502</u>	<u>136,111</u>	<u>152,032</u>
<b>Interest expense:</b>				
Deposits:				
NOW	503	1,036	1,140	2,360
Money market	661	1,499	1,302	3,527
Savings	38	64	75	141
Time	5,073	10,995	11,232	22,727
Total deposit interest expense	<u>6,275</u>	<u>13,594</u>	<u>13,749</u>	<u>28,755</u>
Federal funds purchased, repurchase agreements and other short-term borrowings	904	1,074	1,949	2,116
Federal Home Loan Bank advances	390	570	856	1,160
Long-term debt	2,375	2,747	4,747	5,527
Total interest expense	<u>9,944</u>	<u>17,985</u>	<u>21,301</u>	<u>37,558</u>
Net interest revenue	56,392	58,517	114,810	114,474
Provision for loan losses	18,000	11,000	33,000	201,000
Net interest revenue after provision for loan losses	<u>38,392</u>	<u>47,517</u>	<u>81,810</u>	<u>(86,526)</u>
<b>Fee revenue:</b>				
Service charges and fees	7,816	7,608	15,599	14,328
Mortgage loan and other related fees	2,322	952	4,421	2,446
Brokerage fees	809	691	1,622	1,368
Securities gains, net	6,490	783	7,047	838
Loss from prepayment of debt	(6,199)	(791)	(6,681)	(791)
Other	1,629	4,662	6,238	7,554
Total fee revenue	<u>12,867</u>	<u>13,905</u>	<u>28,246</u>	<u>25,743</u>
<b>Total revenue</b>	<u>51,259</u>	<u>61,422</u>	<u>110,056</u>	<u>(60,783)</u>
<b>Operating expenses:</b>				
Salaries and employee benefits	24,297	26,436	49,522	51,360
Communications and equipment	3,211	3,378	6,366	6,722
Occupancy	3,539	3,805	7,310	7,879
Advertising and public relations	1,088	1,317	1,934	2,295
Postage, printing and supplies	916	1,085	1,895	2,203
Professional fees	1,952	2,350	3,927	5,680
Foreclosed property	1,851	1,891	5,676	66,790
FDIC assessments and other regulatory charges	2,545	3,644	5,055	9,057
Amortization of intangibles	730	760	1,462	1,522
Other	4,181	4,062	8,118	10,491
Total operating expenses	<u>44,310</u>	<u>48,728</u>	<u>91,265</u>	<u>163,999</u>
Net income (loss) before income taxes	6,949	12,694	18,791	(224,782)
Income tax expense	450	666	764	526
<b>Net income (loss)</b>	<u>6,499</u>	<u>12,028</u>	<u>18,027</u>	<u>(225,308)</u>
Preferred stock dividends and discount accretion	3,032	3,016	6,062	5,794
<b>Net income (loss) available to common shareholders</b>	<u>\$ 3,467</u>	<u>\$ 9,012</u>	<u>\$ 11,965</u>	<u>\$ (231,102)</u>
Earnings (loss) per common share - Basic	\$ .06	\$ .35	\$ .21	\$ (10.52)
Earnings (loss) per common share - Diluted	.06	.16	.21	(10.52)
Weighted average common shares outstanding - Basic	57,840	25,427	57,803	21,965
Weighted average common shares outstanding - Diluted	57,840	57,543	57,803	21,965

**UNITED COMMUNITY BANKS, INC.**
**Consolidated Balance Sheet**
*(in thousands, except share and per share data)*

	<b>June 30, 2012</b>	<b>December 31, 2011</b>	<b>June 30, 2011</b>
	<i>(unaudited)</i>	<i>(audited)</i>	<i>(unaudited)</i>
<b>ASSETS</b>			
Cash and due from banks	\$ 50,596	\$ 53,807	\$ 163,331
Interest-bearing deposits in banks	133,857	139,609	41,863
Federal funds sold, reverse repurchase agreements, commercial paper and short-term investments	120,000	185,000	174,996
Cash and cash equivalents	304,453	378,416	380,190
Securities available for sale	1,701,583	1,790,047	1,816,613
Securities held to maturity (fair value \$299,971, \$343,531 and \$379,231)	282,750	330,203	371,578
Mortgage loans held for sale	18,645	23,881	19,406
Loans, net of unearned income	4,119,235	4,109,614	4,163,447
Less allowance for loan losses	112,705	114,468	127,638
Loans, net	4,006,530	3,995,146	4,035,809
Assets covered by loss sharing agreements with the FDIC	65,914	78,145	95,726
Premises and equipment, net	172,200	175,088	178,208
Bank owned life insurance	81,265	80,599	80,134
Accrued interest receivable	20,151	20,693	21,291
Goodwill and other intangible assets	6,965	8,428	9,922
Foreclosed property	30,421	32,859	47,584
Other assets	46,229	69,915	95,834
<b>Total assets</b>	<b>\$ 6,737,106</b>	<b>\$ 6,983,420</b>	<b>\$ 7,152,295</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Liabilities:</b>			
<b>Deposits:</b>			
Demand	\$ 1,150,444	\$ 992,109	\$ 899,017
NOW	1,196,507	1,509,896	1,306,109
Money market	1,117,139	1,038,778	989,600
Savings	219,077	199,007	197,927
Time:			
Less than \$100,000	1,164,451	1,332,394	1,508,444
Greater than \$100,000	764,343	847,152	981,154
Brokered	210,506	178,647	300,964
Total deposits	5,822,467	6,097,983	6,183,215
Federal funds purchased, repurchase agreements, and other short-term borrowings	53,656	102,577	103,666
Federal Home Loan Bank advances	125,125	40,625	40,625
Long-term debt	120,265	120,225	150,186
Unsettled securities purchases	-	10,325	35,634
Accrued expenses and other liabilities	39,598	36,199	36,368
<b>Total liabilities</b>	<b>6,161,111</b>	<b>6,407,934</b>	<b>6,549,694</b>
<b>Shareholders' equity:</b>			
Preferred stock, \$1 par value; 10,000,000 shares authorized;			
Series A; \$10 stated value; 21,700 shares issued and outstanding	217	217	217
Series B; \$1,000 stated value; 180,000 shares issued and outstanding	177,814	177,092	176,392
Series D; \$1,000 stated value; 16,613 shares issued and outstanding	16,613	16,613	16,613
Common stock, \$1 par value; 100,000,000 shares authorized;			
41,726,509, 41,647,100 and 41,554,874 shares issued and outstanding	41,727	41,647	41,555
Common stock, non-voting, \$1 par value; 30,000,000 shares authorized;			
15,914,209 shares issued and outstanding	15,914	15,914	15,914
Common stock issuable; 94,657, 93,681 and 83,575 shares	2,893	3,233	3,574
Capital surplus	1,056,819	1,054,940	1,052,482
Accumulated deficit	(718,896)	(730,861)	(723,378)
Accumulated other comprehensive (loss) income	(17,106)	(3,309)	19,232
<b>Total shareholders' equity</b>	<b>575,995</b>	<b>575,486</b>	<b>602,601</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 6,737,106</b>	<b>\$ 6,983,420</b>	<b>\$ 7,152,295</b>

**UNITED COMMUNITY BANKS, INC.**
**Average Consolidated Balance Sheets and Net Interest Analysis**

For the Three Months Ended June 30,

<i>(dollars in thousands, taxable equivalent)</i>	2012			2011		
	Average Balance	Interest	Avg. Rate	Average Balance	Interest	Avg. Rate
<b>Assets:</b>						
Interest-earning assets:						
Loans, net of unearned income <sup>(1)(2)</sup>	\$ 4,155,619	\$ 54,296	5.25%	\$ 4,266,211	\$ 60,958	5.73%
Taxable securities <sup>(3)</sup>	2,121,053	10,800	2.04	2,048,683	14,541	2.84
Tax-exempt securities <sup>(1)(3)</sup>	24,242	429	7.08	25,044	411	6.56
Federal funds sold and other interest-earning assets	364,099	1,255	1.38	583,832	1,021	.70
<b>Total interest-earning assets</b>	<b>6,665,013</b>	<b>66,780</b>	<b>4.03</b>	<b>6,923,770</b>	<b>76,931</b>	<b>4.45</b>
Non-interest-earning assets:						
Allowance for loan losses	(115,955)			(139,744)		
Cash and due from banks	51,907			119,801		
Premises and equipment	173,792			178,949		
Other assets <sup>(3)</sup>	218,347			280,204		
<b>Total assets</b>	<b>\$ 6,993,104</b>			<b>\$ 7,362,980</b>		
<b>Liabilities and Shareholders' Equity:</b>						
Interest-bearing liabilities:						
Interest-bearing deposits:						
NOW	\$ 1,279,686	503	.16	\$ 1,310,441	1,036	.32
Money market	1,132,548	661	.23	979,432	1,499	.61
Savings	216,175	38	.07	195,946	64	.13
Time less than \$100,000	1,183,845	2,520	.86	1,541,909	4,990	1.30
Time greater than \$100,000	778,477	2,063	1.07	988,810	3,873	1.57
Brokered time deposits	150,449	490	1.31	473,161	2,132	1.81
<b>Total interest-bearing deposits</b>	<b>4,741,180</b>	<b>6,275</b>	<b>.53</b>	<b>5,489,699</b>	<b>13,594</b>	<b>.99</b>
Federal funds purchased and other borrowings	97,134	904	3.74	103,156	1,074	4.18
Federal Home Loan Bank advances	278,971	390	.56	52,735	570	4.34
Long-term debt	120,256	2,375	7.94	150,178	2,747	7.34
<b>Total borrowed funds</b>	<b>496,361</b>	<b>3,669</b>	<b>2.97</b>	<b>306,069</b>	<b>4,391</b>	<b>5.75</b>
<b>Total interest-bearing liabilities</b>	<b>5,237,541</b>	<b>9,944</b>	<b>.76</b>	<b>5,795,768</b>	<b>17,985</b>	<b>1.24</b>
Non-interest-bearing liabilities:						
Non-interest-bearing deposits	1,112,128			882,151		
Other liabilities	60,726			91,353		
<b>Total liabilities</b>	<b>6,410,395</b>			<b>6,769,272</b>		
Shareholders' equity	582,709			593,708		
<b>Total liabilities and shareholders' equity</b>	<b>\$ 6,993,104</b>			<b>\$ 7,362,980</b>		
<b>Net interest revenue</b>		<b>\$ 56,836</b>			<b>\$ 58,946</b>	
Net interest-rate spread			<b>3.27%</b>			<b>3.21%</b>
<b>Net interest margin <sup>(4)</sup></b>			<b>3.43%</b>			<b>3.41%</b>

(1) Interest revenue on tax-exempt securities and loans has been increased to reflect comparable interest on taxable securities and loans. The rate used was 39%, reflecting the statutory federal income tax rate and the federal tax adjusted state income tax rate.

(2) Included in the average balance of loans outstanding are loans where the accrual of interest has been discontinued and loans that are held for sale.

(3) Securities available for sale are shown at amortized cost. Pretax unrealized gains of \$25.7 million in 2012 and \$32.2 million in 2011 are included in other assets for purposes of this presentation.

(4) Net interest margin is taxable equivalent net-interest revenue divided by average interest-earning assets.



**UNITED COMMUNITY BANKS, INC.**
**Average Consolidated Balance Sheets and Net Interest Analysis**

For the Six Months Ended June 30,

<i>(dollars in thousands, taxable equivalent)</i>	2012			2011		
	Average Balance	Interest	Avg. Rate	Average Balance	Interest	Avg. Rate
<b>Assets:</b>						
Interest-earning assets:						
Loans, net of unearned income <sup>(1)(2)</sup>	\$ 4,162,030	\$ 110,138	5.32%	\$ 4,431,617	\$ 122,028	5.55%
Taxable securities <sup>(3)</sup>	2,124,422	23,554	2.22	1,825,322	27,886	3.06
Tax-exempt securities <sup>(1)(3)</sup>	24,840	839	6.76	25,434	835	6.57
Federal funds sold and other interest-earning assets	371,044	2,470	1.33	630,384	2,147	.68
<b>Total interest-earning assets</b>	<b>6,682,336</b>	<b>137,001</b>	<b>4.12</b>	<b>6,912,757</b>	<b>152,896</b>	<b>4.45</b>
Non-interest-earning assets:						
Allowance for loan losses	(116,879)			(154,347)		
Cash and due from banks	53,286			127,031		
Premises and equipment	174,321			179,150		
Other assets <sup>(3)</sup>	226,013			306,495		
<b>Total assets</b>	<b>\$ 7,019,077</b>			<b>\$ 7,371,086</b>		
<b>Liabilities and Shareholders' Equity:</b>						
Interest-bearing liabilities:						
Interest-bearing deposits:						
NOW	\$ 1,368,900	1,140	.17	\$ 1,341,618	2,360	.35
Money market	1,101,103	1,302	.24	954,128	3,527	.75
Savings	210,789	75	.07	191,708	141	.15
Time less than \$100,000	1,227,599	5,546	.91	1,541,130	10,441	1.37
Time greater than \$100,000	799,821	4,478	1.13	989,840	8,024	1.63
Brokered time deposits	155,892	1,208	1.56	585,103	4,262	1.47
<b>Total interest-bearing deposits</b>	<b>4,864,104</b>	<b>13,749</b>	<b>.57</b>	<b>5,603,527</b>	<b>28,755</b>	<b>1.03</b>
Federal funds purchased and other borrowings	99,696	1,949	3.93	102,132	2,116	4.18
Federal Home Loan Bank advances	208,672	856	.82	53,923	1,160	4.34
Long-term debt	120,246	4,747	7.94	150,169	5,527	7.42
<b>Total borrowed funds</b>	<b>428,614</b>	<b>7,552</b>	<b>3.54</b>	<b>306,224</b>	<b>8,803</b>	<b>5.80</b>
<b>Total interest-bearing liabilities</b>	<b>5,292,718</b>	<b>21,301</b>	<b>.81</b>	<b>5,909,751</b>	<b>37,558</b>	<b>1.28</b>
Non-interest-bearing liabilities:						
Non-interest-bearing deposits	1,076,358			861,864		
Other liabilities	70,330			75,083		
<b>Total liabilities</b>	<b>6,439,406</b>			<b>6,846,698</b>		
Shareholders' equity	579,671			524,388		
<b>Total liabilities and shareholders' equity</b>	<b>\$ 7,019,077</b>			<b>\$ 7,371,086</b>		
<b>Net interest revenue</b>		<b>\$ 115,700</b>			<b>\$ 115,338</b>	
Net interest-rate spread			<b>3.31%</b>			<b>3.17%</b>
<b>Net interest margin <sup>(4)</sup></b>			<b>3.48%</b>			<b>3.36%</b>

(1) Interest revenue on tax-exempt securities and loans has been increased to reflect comparable interest on taxable securities and loans. The rate used was 39%, reflecting the statutory federal income tax rate and the federal tax adjusted state income tax rate.

(2) Included in the average balance of loans outstanding are loans where the accrual of interest has been discontinued and loans that are held for sale.

(3) Securities available for sale are shown at amortized cost. Pretax unrealized gains of \$24.7 million in 2012 and \$29.7 million in 2011 are included in other assets for purposes of this presentation.

(4) Net interest margin is taxable equivalent net-interest revenue divided by average interest-earning assets.

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President & CEO

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EVP & CRO

## **United Community Banks, Inc.**

**Second Quarter 2012 Investor Presentation**

July 26, 2012



## Cautionary Statement

This news release contains forward-looking statements, as defined by federal securities laws, including statements about United's financial outlook and business environment. These statements are based on current expectations and are provided to assist in the understanding of future financial performance. Such performance involves risks and uncertainties that may cause actual results to differ materially from those expressed or implied in any such statements. For a discussion of some of the risks and other factors that may cause such forward-looking statements to differ materially from actual results, please refer to United Community Banks, Inc.'s filings with the Securities and Exchange Commission including its 2011 Annual Report on Form 10-K under the sections entitled "Forward-Looking Statements". Forward-looking statements speak only as of the date they are made, and we undertake no obligation to update or revise forward-looking statements.

The logo for United Community Banks, featuring a stylized 'U' followed by the text 'United Community Banks'.

## Non-GAAP Measures

This presentation also contains financial measures determined by methods other than in accordance with generally accepted accounting principles (“GAAP”). Such non-GAAP financial measures include the following: net interest margin – pre credit, core net interest margin, core net interest revenue, core fee revenue, core operating expense, core earnings, net operating (loss) income and net operating (loss) earnings per share, tangible common equity to tangible assets, tangible equity to tangible assets and tangible common equity to risk-weighted assets. The most comparable GAAP measures to these measures are: net interest margin, net interest revenue, fee revenue, operating expense, net (loss) income, diluted (loss) earnings per share and equity to assets.

Management uses these non-GAAP financial measures because we believe it is useful for evaluating our operations and performance over periods of time, as well as in managing and evaluating our business and in discussions about our operations and performance. Management believes these non-GAAP financial measures provide users of our financial information with a meaningful measure for assessing our financial results and credit trends, as well as for comparison to financial results for prior periods. These non-GAAP financial measures should not be considered as a substitute for financial measures determined in accordance with GAAP and may not be comparable to other similarly titled financial measures used by other companies. For a reconciliation of the differences between our non-GAAP financial measures and the most comparable GAAP measures, please refer to the ‘Non-GAAP Reconciliation Tables’ at the end of the Appendix to this presentation.

## United at a Glance

- Founded in 1950
- Third-largest bank holding company in Georgia
- Headquartered in Blairsville, Georgia with 104 locations throughout north Georgia, metro Atlanta, coastal Georgia, western North Carolina and east Tennessee
- 1,614 employees

### 27 Banks and 104 Offices



#### Deposit Market Share<sup>(1)</sup>

Market	Banks	Offices	Deposit Share	Rank
North Georgia	11	22	33%	1
Atlanta MSA	10	38	4	7
Gainesville MSA	1	5	14	3
Coastal Georgia	2	8	6	7
Western North Carolina	1	20	13	3
East Tennessee	2	11	2	10

<sup>1</sup> FDIC deposit market share and rank as of 6/11 for markets where United takes deposits. Source: SNL and FDIC.

#### Key Statistics as of 6/30/12 (billions)

Total assets	\$6.74
Total deposits	\$5.82
Loans	\$4.12

## Highlights Second Quarter

- Improving Quarterly Results
  - Net Income of \$6.5 million, or 6 cents per share
  - Fourth quarterly profit in past five quarters
  - Core earnings (pre-tax, pre-credit) of \$28.3 million
  
- Strong Core Transaction Deposit Growth
  - Year-to-date up 11% annualized
  - Building customer deposit base
  - Represents 55% of total customer deposits compared to 34% three years ago
  
- Non Performing Assets Declining

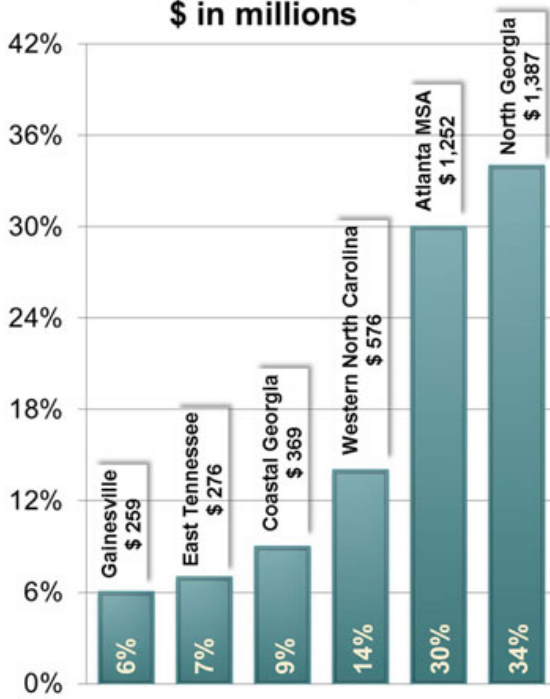


**LOAN PORTFOLIO & CREDIT QUALITY**

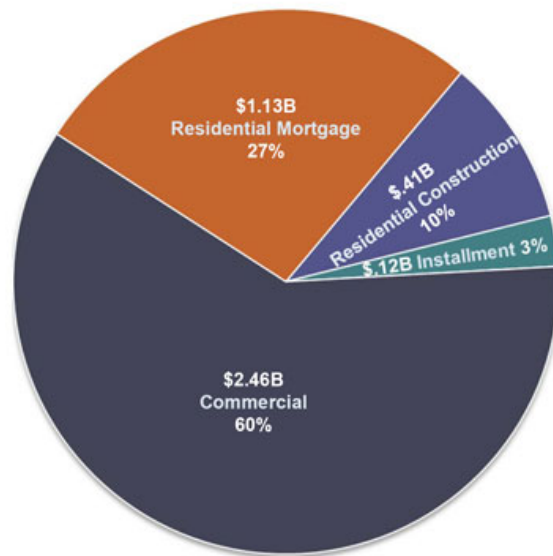
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## Loan Portfolio (total \$4.12 billion)

### Geographic Diversity \$ in millions



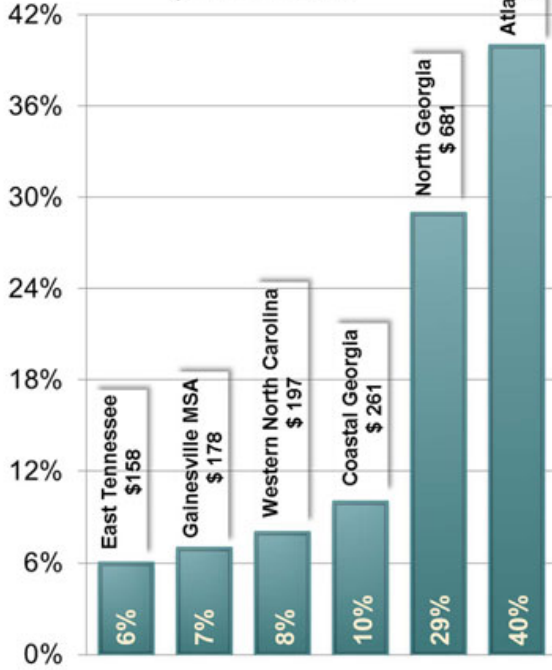
### By Loan Type



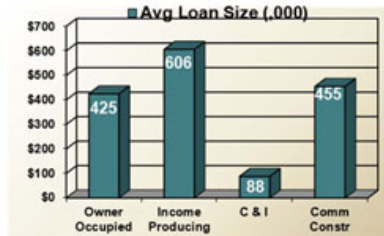
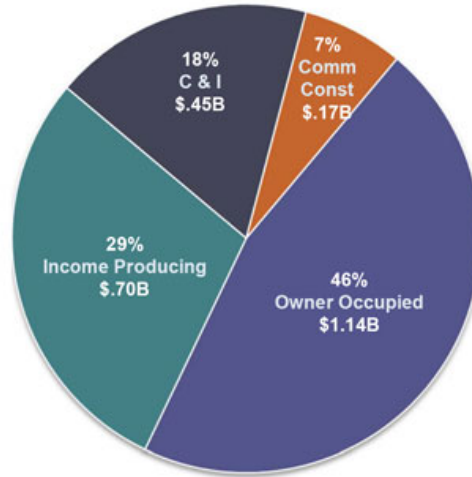


# Commercial Loans (total \$2.46 billion)

**Geographic Diversity**  
\$ in millions



**By Loan Type**



## Commercial Real Estate *(by loan type)*

<i>(in millions)</i>	June 30, 2012			Percent
	Owner Occupied	Income Producing	Total	
Office Buildings	\$ 299	\$ 205	\$ 504	28 %
Retail	118	138	256	15
Small Warehouses/Storage	116	74	190	10
Multi-Residential/Other Properties	62	90	152	8
Churches	141	-	141	8
Convenience Stores	74	24	98	5
Hotels/Motels	-	87	87	5
Franchise / Restaurants	38	34	72	4
Farmland	61	-	61	3
Manufacturing Facility	45	8	53	3
Auto Dealership/Service	45	8	53	3
Golf Course/Recreation	49	-	49	3
Leasehold Property	17	10	27	1
Daycare Facility	17	9	26	1
Carwash	17	1	18	1
Movie Theater/Bowling/Recreation	16	-	16	1
Funeral Home	12	1	13	1
Marina	10	-	10	1
Mobile Home Parks	-	8	8	1
Other Small Business	3	-	3	1
<b>Total</b>	<b>\$ 1,140</b>	<b>\$ 697</b>	<b>\$ 1,837</b>	

### Portfolio Characteristics

- 58.7% owner-occupied
- Small business, doctors, dentists, attorneys, CPAs
- \$12 million project limit
- Average Loan Size
  - \$469 Composite CRE
  - \$425 Owner Occupied
  - \$606 Income Producing

## Commercial Construction *(by loan type)*

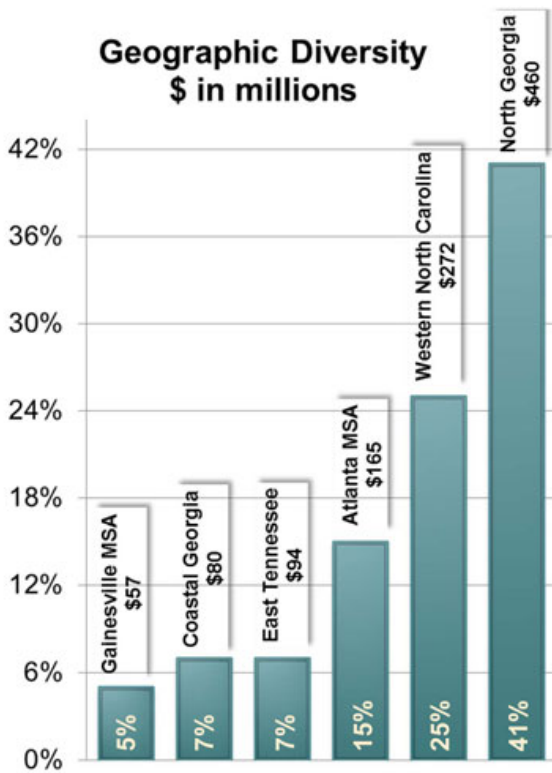
<i>(in millions)</i>	June 30, 2012	
	Amount	Percent
Land Develop - Vacant (Improved)	\$ 64	38 %
Raw Land - Vacant (Unimproved)	59	35
Commercial Land Development	25	15
Office Buildings	5	3
Churches	5	3
Warehouse	2	1
Carwash	1	1
Restaurants/Fast Food/Other Franchise	1	1
Retail Building	1	1
Hotels/Motels	1	0
Mobile Home Parks	1	0
Miscellaneous Construction	4	2
Total Commercial Construction	\$ 169	100 %

### Portfolio Characteristics

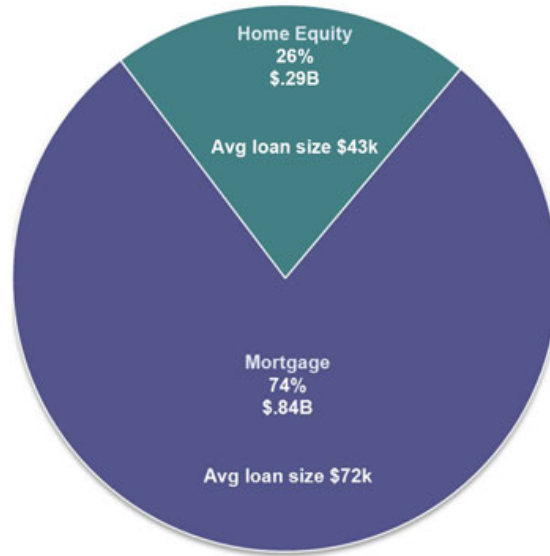
- Average loan size: \$455k

# Residential Mortgage (total \$1.13 billion)

**Geographic Diversity**  
\$ in millions



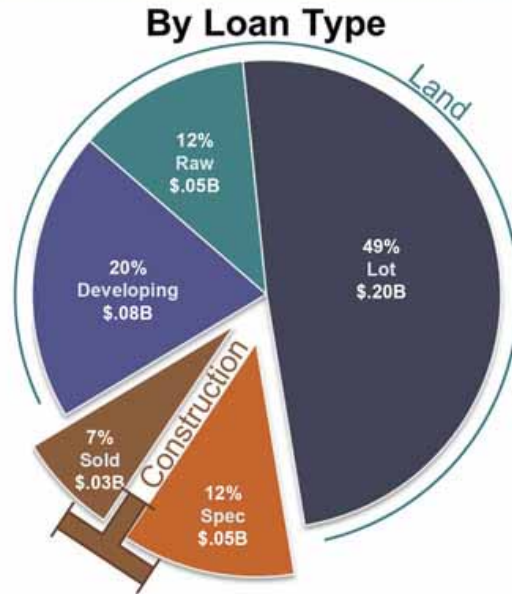
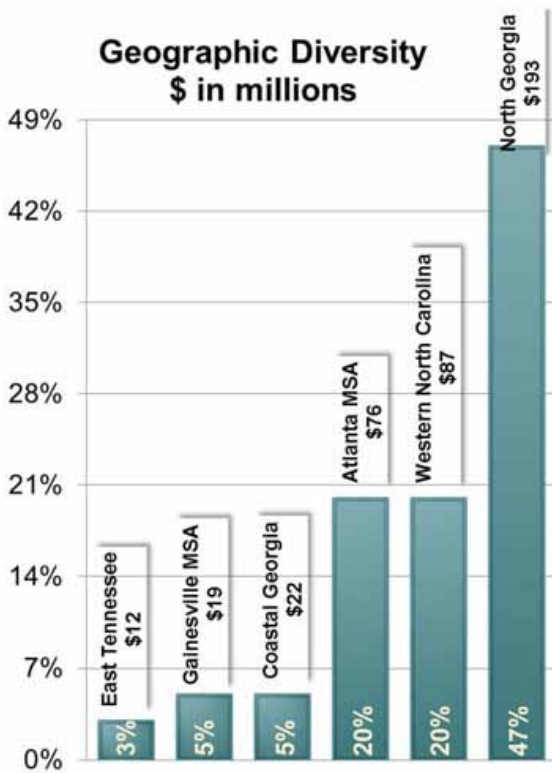
**By Loan Type**



**Origination Characteristics**

- No broker loans
- Policy Max LTV: 80-85%
- 55% of HE Primary Lien

# Residential Construction (total \$0.41 billion)



### Average Loan Size (in thousands)

Spec	\$ 231k
Sold	119k
Develop	604k
Raw Land	111k

ank.

## Residential Construction – Total Company

<i>(in millions)</i>	<u>2Q12</u>	<u>1Q12</u>	<u>4Q11</u>	<u>3Q11</u>	<u>2Q11</u>	<u>2Q12 vs.</u> <u>2Q11</u>
<i>Land Loans</i>						
Developing Land	\$ 78	\$ 86	\$ 88	\$ 97	\$ 105	\$ (27)
Raw Land	45	57	61	60	62	(17)
Lot Loans	203	204	207	216	218	(15)
<b>Total</b>	<b><u>326</u></b>	<b><u>347</u></b>	<b><u>356</u></b>	<b><u>373</u></b>	<b><u>385</u></b>	<b><u>(59)</u></b>
<i>Construction Loans</i>						
Spec	49	57	59	64	74	(25)
Sold	34	32	33	37	43	(9)
<b>Total</b>	<b><u>83</u></b>	<b><u>89</u></b>	<b><u>92</u></b>	<b><u>101</u></b>	<b><u>117</u></b>	<b><u>(34)</u></b>
<b>Total Res Construction</b>	<b><u>\$ 409</u></b>	<b><u>\$ 436</u></b>	<b><u>\$ 448</u></b>	<b><u>\$ 474</u></b>	<b><u>\$ 502</u></b>	<b><u>\$ (93)</u></b>
<i>By Region</i>						
Atlanta	\$ 76	\$ 86	\$ 86	\$ 92	\$ 97	\$ (21)
Gainesville MSA	19	20	20	25	25	(6)
North Georgia	193	206	214	229	249	(56)
North Carolina	87	88	91	92	95	(8)
Coastal Georgia	22	23	24	24	24	(2)
Tennessee	12	13	13	12	12	-
<b>Total Res Construction</b>	<b><u>\$ 409</u></b>	<b><u>\$ 436</u></b>	<b><u>\$ 448</u></b>	<b><u>\$ 474</u></b>	<b><u>\$ 502</u></b>	<b><u>\$ (93)</u></b>

## New Loans Funded – Category and Market

(in millions)

<b>CATEGORY</b>	<b>2Q12</b>	<b>1Q12</b>	<b>MARKET</b>	<b>2Q12</b>	<b>1Q12</b>
Commercial RE:			Atlanta	\$ 35.5	\$ 54.2
Owner Occupied	\$ 25.5	\$ 55.0	Coastal Georgia	9.8	25.4
Income Producing	7.1	15.3	N. Georgia	21.9	25.1
Total Commercial RE	32.6	70.3	Tennessee	9.9	14.1
Commercial C & I	15.3	26.0	North Carolina	5.7	7.9
Commercial Constr.	4.6	2.9	Gainesville	3.7	4.7
Residential	25.1	24.7	<b>Total Markets</b>	<b>\$ 86.5</b>	<b>\$ 131.4</b>
Residential Constr.	7.9	6.4			
Consumer	1.0	1.1			
<b>Total Categories</b>	<b>\$ 86.5</b>	<b>\$ 131.4</b>			

## New Loan Commitments – Category and Market

(in millions)

<b>CATEGORY</b>	<b>2Q12</b>	<b>1Q12</b>	<b>MARKET</b>	<b>2Q12</b>	<b>1Q12</b>
Commercial RE:			Atlanta	\$ 54.7	\$ 70.9
Owner Occupied	\$ 28.0	\$ 55.7	N. Georgia	35.0	36.3
Income Producing	7.7	16.7	Coastal Georgia	11.4	28.0
Total Commercial RE	35.7	72.4	Tennessee	14.8	18.7
Commercial C & I	23.7	39.0	North Carolina	12.5	9.8
Commercial Constr.	7.5	6.1	Gainesville	4.0	4.9
Residential	32.1	29.0	<b>Total Markets</b>	<b>\$ 132.4</b>	<b>\$ 168.6</b>
Residential Constr.	32.2	20.9			
Consumer	1.2	1.2			
<b>Total Categories</b>	<b>\$ 132.4</b>	<b>\$ 168.6</b>			



## Credit Quality

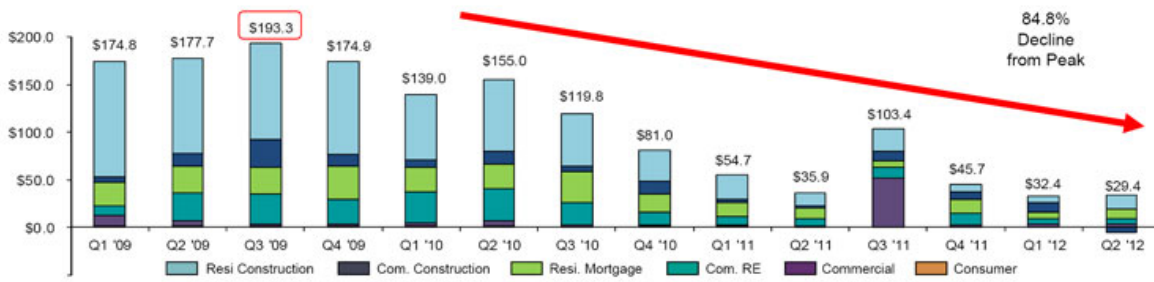
(in millions)

	2Q12	1Q12	4Q11	3Q11	2Q11
<b>Operating Net Charge-offs<sup>(1)</sup></b>	<b>\$ 18.9</b>	<b>\$ 15.9</b>	<b>\$ 20.6</b>	<b>\$ 17.5</b>	<b>\$ 16.5</b>
as % of Average Loans <sup>(1)</sup>	1.85 %	1.55 %	1.99 %	1.68 %	1.58 %
<b>Allowance for Loan Losses</b>	<b>\$ 112.7</b>	<b>\$ 113.6</b>	<b>\$ 114.5</b>	<b>\$ 146.1</b>	<b>\$ 127.6</b>
as % of Total Loans	2.74 %	2.75 %	2.79 %	3.55 %	3.07 %
as % of NPLs	98	88	90	101	180
<b>Past Due Loans (30 - 89 Days)</b>	<b>.65 %</b>	<b>.86 %</b>	<b>.75 %</b>	<b>.70 %</b>	<b>0.65 %</b>
<b>Non-Performing Loans</b>	<b>\$ 115.4</b>	<b>\$ 129.7</b>	<b>\$ 127.5</b>	<b>\$ 144.5</b>	<b>\$ 71.0</b>
OREO	30.4	31.9	32.8	44.2	47.6
<b>Total NPAs</b>	<b>\$ 145.8</b>	<b>\$ 161.6</b>	<b>\$ 160.3</b>	<b>\$ 188.7</b>	<b>\$ 118.6</b>
<b>Accruing TDRs (see page 49)</b>	<b>\$ 141.6</b>	<b>\$ 125.8</b>	<b>\$ 105.8</b>	<b>\$ 69.8</b>	<b>\$ 41.5</b>
<b>As % of Original Principal Balance</b>					
Non-Performing Loans	68.8 %	70.6 %	71.3 %	77.8 %	64.5 %
OREO	39.3	36.1	35.9	33.4	32.6
<b>Total NPAs</b>					
as % of Total Assets	2.16	2.25	2.30	2.74	1.66
as % of Loans & OREO	3.51	3.88	3.87	4.54	2.82

(1) Excludes \$25 million of charge-offs for largest loan relationship in 4Q11.

# NPL Inflow Trends

Quarterly NPL Inflows Since 2009 (\$mm)



Total NPLs (\$mm)



## Net Charge-offs by Loan Category

(in thousands)

	2Q12		% of Average Loans (Annualized)		
	Total	% of Avg Loans	1Q12	4Q12 <sup>(1)</sup>	3Q11
Commercial (Sec. by RE):					
Owner Occupied	\$ 1,305	.46 %	.87 %	1.16 %	.34 %
Income Producing	3,044	1.75	.70	.57	.71
Total Comm (Sec. by RE)	4,349	.95	.81	.90	.50
Commercial & Industrial	775	.70	.62	1.08	3.54
Commercial Construction	88	.21	.81	1.75	.39
Total Commercial	5,212	.86	.78	1.06	.71
Residential Mortgage	3,862	1.38	1.91	2.04	2.09
Residential Construction	9,563	9.14	4.84	6.77	5.19
Consumer/ Installment	259	.88	1.72	1.47	2.75
<b>Total Net Charge-offs</b>	<b>\$ 18,896</b>	<b>1.85</b>	<b>1.55</b>	<b>1.99</b>	<b>1.68</b>

(1) Excludes charge-offs for largest loan relationship of Commercial Construction \$2,863; Commercial & Industrial \$17,046; CRE Income Producing \$901; and, Residential Construction \$4,190

## Net Charge-offs by Market

(in millions)

	2Q12		% of Average Loans (Annualized)		
	Total	% of Avg Loans	1Q12	4Q11 <sup>(1)</sup>	3Q11
North Georgia	\$ 12,474	3.58 %	2.56 %	2.70 %	2.16 %
Atlanta MSA	2,307	.75	.89	1.37	.94
North Carolina	3,634	2.52	1.14	2.10	2.31
Coastal Georgia	211	.23	1.53	.41	.88
Gainesville MSA	(187)	(.29)	1.35	3.84	2.64
East Tennessee	457	.68	.34	.59	.78
<b>Total</b>	<b>\$ 18,896</b>	<b>1.85</b>	<b>1.55</b>	<b>1.99</b>	<b>1.68</b>

(1) Excludes charge-offs for largest loan relationship of in North Georgia of \$25,000

## NPAs by Loan Category and Market

(in thousands)

LOAN CATEGORY	2Q12			MARKETS	2Q12		
	NPLs	OREO	Total NPAs		NPLs	OREO	Total NPAs
Commercial (sec. by RE):				North Georgia	\$ 77,332	\$ 13,546	\$ 90,878
Owner Occupied	\$ 9,399	\$ 7,914	\$ 17,313	Atlanta MSA	17,593	8,651	26,244
Income Producing	9,716	2,672	12,388	North Carolina	10,657	3,287	13,944
Commercial & Industrial	34,982	-	34,982	Coastal Georgia	5,822	785	6,607
Commercial Construction	18,175	2,732	20,907	Gainesville MSA	991	2,998	3,989
<b>Total Commercial</b>	<b>72,272</b>	<b>13,318</b>	<b>85,590</b>	East Tennessee	2,945	1,154	4,099
				<b>Total</b>	<b>\$ 115,340</b>	<b>\$ 30,421</b>	<b>\$ 145,761</b>
Residential Mortgage	16,631	5,591	22,222				
Residential Construction	25,530	11,512	37,042				
Consumer/ Installment	907	-	907				
<b>Total</b>	<b>\$ 115,340</b>	<b>\$ 30,421</b>	<b>\$ 145,761</b>				



**FINANCIAL REVIEW**

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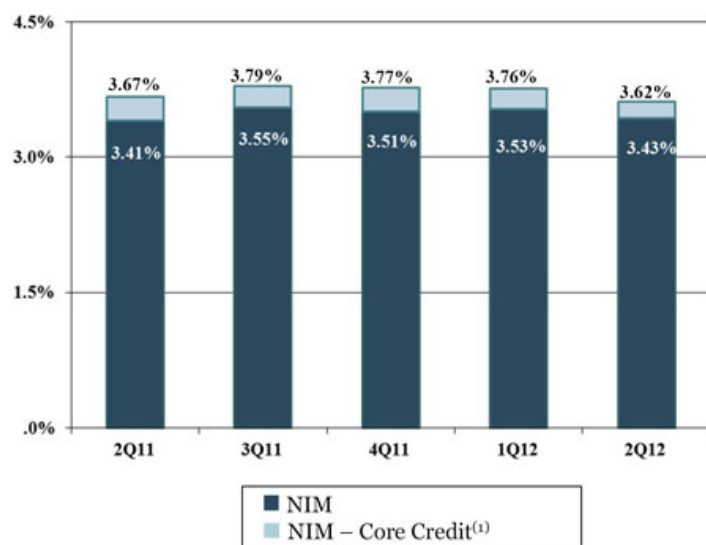
## Core Earnings Summary

(in thousands)

	2Q12	Variance - Incr / (Decr)		
		1Q12	4Q11	1Q11
Net Interest Revenue	\$ 56,836	\$ (2,028)	\$ (2,214)	\$ (2,110)
Fee Revenue	12,764	(327)	1,322	1,668
<b>Gross Revenue</b>	<b>69,600</b>	<b>(2,355)</b>	<b>(892)</b>	<b>(442)</b>
Operating Expense (Excl OREO)	41,312	(1,358)	(2,531)	(4,368)
<b>Pre-Tax, Pre-Credit (Core)</b>	<b>\$ 28,288</b>	<b>\$ (997)</b>	<b>\$ 1,639</b>	<b>\$ 3,926</b>

<b>Net Interest Margin</b>	<b>3.43 %</b>	<b>(.10) %</b>	<b>(.08) %</b>	<b>.02</b>
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## Net Interest Margin



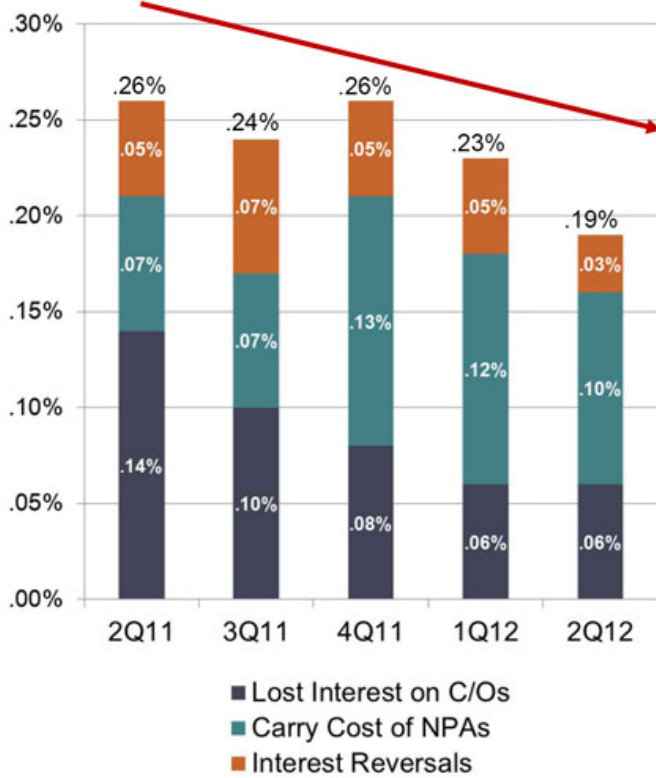
(1) Excluding impact of nonaccrual loans, OREO and interest reversals

### NIM Characteristics

- **Margin**
  - 10 bps vs. 1Q12
  - +2 bps vs. 2Q11
- **Lowered Core and CD Deposit Pricing**
- **Loan Pricing Pressure**
- **2Q Excess Liquidity – Lowered Margin by 44 bps and 53 bps in Q1**



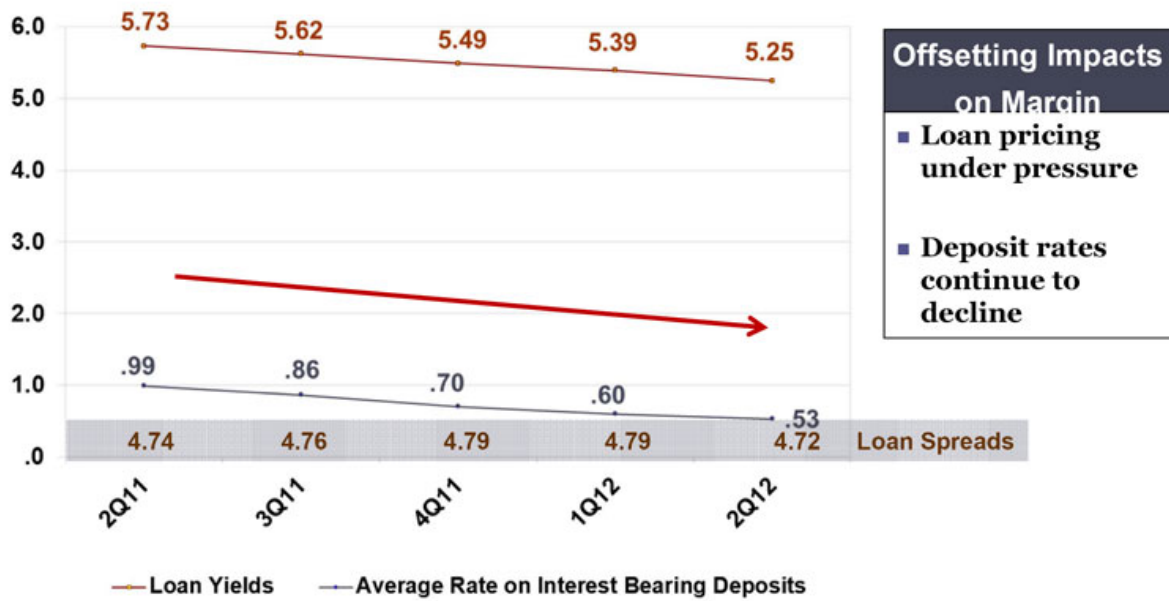
## Margin – Credit Costs



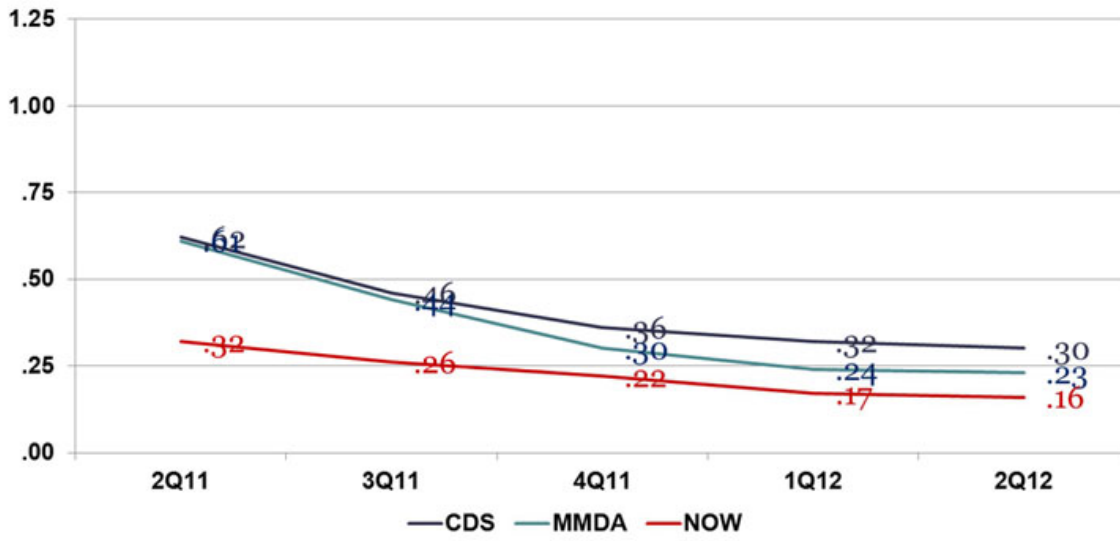
### Credit Costs Impacting Margin

- Historically 8 to 12 bps
- Significant improvement after de-risking balance sheet 1Q11
- Cost 2Q12 vs. Historical – 7 bps (annual earnings impact of \$4.7 million)
- 1 bps = \$667 thousand in NIR

## Key Drivers of Net Interest Revenue / Margin



## Deposit Pricing, Excluding Brokered Deposits

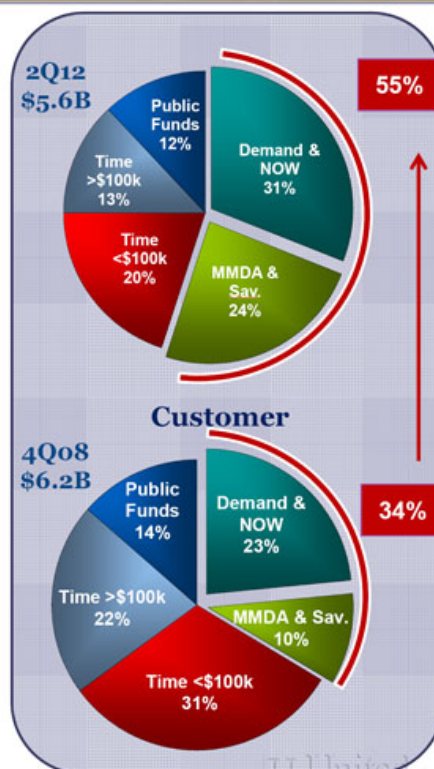


Note – CD pricing reflects the quarter-ending new and renewed yield. MMDA / NOW pricing reflects the deposit yield for each quarter

## Deposit Mix

(in millions)

	2Q12	1Q12	2Q11	4Q08
Demand / NOW	\$ 1,735	\$ 1,722	\$ 1,620	\$ 1,457
MMDA / Savings	1,330	1,331	1,174	630
<b>Core Transaction</b>	<b>3,065</b>	<b>3,053</b>	<b>2,794</b>	<b>2,087</b>
	10% Growth - \$271 Million +978 47% Growth			
Time < \$100,000	1,159	1,201	1,503	1,945 ↓
Public Deposits	623	782	605	755 ↓
<b>Total Core</b>	<b>4,847</b>	<b>5,036</b>	<b>4,902</b>	<b>4,787</b>
Time > \$100,000	728	759	936	1,336 ↓
Public Deposits	36	38	44	87 ↓
<b>Total Customer</b>	<b>5,611</b>	<b>5,833</b>	<b>5,882</b>	<b>6,210</b>
Brokered Deposits	211	168	301	793 ↓
<b>Total Deposits</b>	<b>\$ 5,822</b>	<b>\$ 6,001</b>	<b>\$ 6,183</b>	<b>\$ 7,003</b>



U United  
Community Banks.

## Core Deposit Growth – Category and Market

(in millions, excluding public)

CATEGORY	Growth		
	2Q12	YTD 2Q12	Last 12 Mo
Demand	\$ 35.9	\$ 143.7	\$ 222.6
MM Accounts	(6.2)	81.9	134.9
Savings	5.4	20.7	21.7
NOW	(22.6)	(82.8)	(107.6)
<b>Total Categories</b>	<b>\$ 12.5</b>	<b>\$ 163.5</b>	<b>\$ 271.6</b>

Percent Growth (Annualized)                      2 %                      11 %                      10 %

<b>MARKET</b>			
Atlanta	\$ 2.9	\$ 65.1	\$ 130.2
North Carolina	12.8	43.3	55.3
Coastal Georgia	0.1	25.5	25.7
N. Georgia	(3.5)	17.8	38.2
Tennessee	(1.8)	7.5	12.7
Gainesville	2.0	4.3	9.5
<b>Total Markets</b>	<b>\$ 12.5</b>	<b>\$ 163.5</b>	<b>\$ 271.6</b>

United  
Community Banks.

## Fee Revenue - Core

(in millions)

	2Q12	Variance - Incr / (Decr)		
		1Q12	4Q11	2Q11
NSF & Overdraft Fees	\$ 3,232	\$ (13)	\$ (305)	\$ (426)
Debit Card Fees	3,242	140	273	(37)
Other Service Charges	1,342	(94)	600	671
Total Service Charges and Fees	7,816	33	568	208
Mortgage Loan & Related Fees	2,322	223	497	1,370
Brokerage Fees	809	(4)	27	118
Other	1,817	(579)	230	(28)
Total	<b>\$ 12,764</b>	<b>\$ (327)</b>	<b>\$ 1,322</b>	<b>\$ 1,668</b>

*Excludes net securities gains and charges on prepayment of FHLB advances, hedge ineffectiveness gains, gains from the sale of low income housing tax credits, interest on Federal income tax refund and mark to market adjustments on United's deferred compensation plan assets.*

## Operating Expenses - Core

(in thousands)

	<u>Variance - Incr / (Decr)</u>			
	<u>2Q12</u>	<u>1Q12</u>	<u>4Q11</u>	<u>2Q11</u>
Salaries & Employee Benefits	\$ 23,150	\$ (1,615)	\$ (2,388)	\$ (2,129)
Communications & Equipment	3,211	56	82	(167)
Occupancy	3,539	(232)	(433)	(266)
FDIC Assessment	2,545	35	144	(1,099)
Advertising & Public Relations	1,088	242	(101)	(229)
Postage, Printing & Supplies	916	(63)	(44)	(169)
Professional Fees	1,952	(23)	(54)	(398)
Other Expense	4,911	242	263	89
	<u>\$ 41,312</u>	<u>\$ (1,358)</u>	<u>\$ (2,531)</u>	<u>\$ (4,368)</u>

*Excludes foreclosed property costs, adjustment to reclassify pension plan actuarial gains and losses and unamortized prior service costs to other comprehensive income, severance costs and mark to market adjustments on United's deferred compensation plan liability.*

## Net Operating Income

(in thousands)

	2Q12	1Q12	4Q11	2Q11
Pre-Tax, Pre-Credit (Core)	\$ 28,288	\$ 29,285	\$ 26,649	\$ 24,362
Provision for Loan Loss	(18,000)	(15,000)	(14,000)	(11,000)
Foreclosed Property Costs:				
Write-downs	(1,008)	(2,111)	(3,892)	(3,118)
Losses on Sales	269	(93)	(3,041)	3,218
Maintenance, Taxes, Etc.	(1,112)	(1,621)	(2,369)	(1,991)
Total Foreclosed Property Costs	(1,851)	(3,825)	(9,302)	(1,891)
Hedge Ineffectiveness Gains (Losses)	(180)	115	313	2,810
Securities Gains, Net	6,490	557	4	783
Losses from Prepayment of Borrowings	(6,199)	(482)	-	(791)
Gains from Sale of Low Income Housing Tax Credits	-	728	728	-
Interest on Federal Income Tax Refund	-	1,100	-	-
Reclassification of Pension Actuarial Gains and Losses and Prior Service Costs to OCI	-	-	2,245	-
Severance	(1,155)	(190)	-	(1,150)
Income Tax Expense	(894)	(760)	3,264	(1,095)
<b>Net Income</b>	<b>\$ 6,499</b>	<b>\$ 11,528</b>	<b>\$ 9,901</b>	<b>\$ 12,028</b>
<b>Net Income Per Share</b>	<b>\$ .06</b>	<b>\$ .15</b>	<b>\$ .12</b>	<b>\$ .16</b>

 United Community Banks.



## Net Income

(in thousands)

	2Q12	1Q12	4Q11	2Q11
Net Income	\$ 6,499	\$ 11,528	\$ 9,901	\$ 12,028
Preferred Stock Dividends	(3,032)	(3,030)	(3,025)	(3,016)
Net Income Avail to Common Shareholders	<u>\$ 3,467</u>	<u>\$ 8,498</u>	<u>\$ 6,876</u>	<u>\$ 9,012</u>

Net Income Per Share	\$ .06	\$ .15	\$ .12	\$ .16
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Tangible Book Value	\$ 6.48	\$ 6.54	\$ 6.47	\$ 6.94
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Shares Outstanding (millions)	57.8	57.8	57.6	57.5
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## Capital Ratios

	<u>Well-Capitalized</u>	<u>Minimum Guideline</u>	<u>JUN '12</u>	<u>MAR '12</u>	<u>JUN '11</u>
<b>Bank</b>					
Tier 1 RBC	6 %	10 %	14.3 %	13.7 %	13.3 %
Total RBC	10	11	15.6	15.0	15.1
Leverage	5	8	9.2	9.0	8.3
<b>Holding Company</b>					
Tier 1 RBC	6	10	14.2	13.7	13.6
Total RBC	10	11	15.9	15.4	16.2
Leverage	5	8	9.1	8.9	8.5
Tier I Common RBC	4.5	7	8.7	8.3	8.3
Tangible Equity to Assets			8.2	8.1	7.9



**APPENDIX**

## Experienced Proven Leadership

		Joined <u>UCBI</u>	Years in <u>Banking</u>
Jimmy Tallent	President & CEO	1984	38
Rex Schuette	Chief Financial Officer	2001	35
David Shearrow	Chief Risk Officer	2007	31
Craig Metz	Marketing & Retail Banking	2002	20
<i>Regional Presidents:</i>			
Bill Gilbert	North & Coastal Georgia	2000	36
Tim Schools	North Carolina & Tennessee	2011	12
Glenn White	Atlanta	2007	38

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## Business and Operating Model

- Twenty-seven “community banks”
  - *Local CEOs with deep roots in their communities*
  - *Resources of \$6.7 billion bank*
- Service is point of differentiation
  - *#1 in Customer Satisfaction according to Customer Service Profiles*
  - *J.D. Power Customer Service Champion*
    - ✓ Recognized 40 companies in the U.S.
    - ✓ Only bank to be recognized
  - *Golden rule of banking*
    - ✓ “The Bank That **SERVICE** Built”
  - *Ongoing customer surveys*
    - ✓ 95% satisfaction rate
- Strategic footprint with substantial banking opportunities
  - *Operates in a number of the more demographically attractive markets in the U.S.*
- Disciplined growth strategy
  - *Organic supported by de novos and selective acquisitions*

**“Community bank service, large bank resources”**

## Robust Demographics *(fast growing markets)*

Markets <sup>1</sup>	Population <i>(in thousands)</i>	Population Growth (%)	
		Actual 2000 - 2011	Projected 2011 - 2016
North Georgia	386	21 %	4 %
Atlanta MSA	5,321	25	5
Gainesville MSA	181	30	4
Coastal Georgia	385	15	5
Western North Carolina	441	15	5
East Tennessee	862	14	5
<b>Total Markets</b>			
Georgia	9,775	19	5
North Carolina	9,659	20	7
Tennessee	6,402	13	4
United States	310,704	10	3

<sup>1</sup> Population data is for 2011 and includes those markets where United takes deposits.  
Source: SNL

## Market Share Opportunities

*Excellent growth prospects*

Markets	Market Deposits (in billions) <sup>(1)</sup>	United Deposits <sup>(2)</sup>	Banks	Offices	Deposit Share <sup>(1)</sup>	Rank <sup>(1)</sup>
North Georgia	\$ 6.8	\$ 2.0	11	22	33 %	1
Atlanta MSA	48.2	2.0	10	38	4	7
Gainesville MSA	2.5	.3	1	5	14	3
Coastal Georgia	7.0	.3	2	8	6	7
Western North Carolina	7.3	.9	1	20	13	3
East Tennessee	15.9	.3	2	11	2	10
<b>Total Markets</b>	<b>\$ 87.7</b>	<b>\$ 5.8</b>	<b>27</b>	<b>104</b>		

<sup>1</sup> FDIC deposit market share and rank as of 6/11 for markets where United takes deposits. Source: SNL and FDIC.

<sup>2</sup> Based on current quarter.

## Leading Demographics

Rank	Ticker	Company <sup>(1)</sup>	State	Total Assets (\$B)	2011 - 2016
					Population Growth <sup>(2)</sup>
1	CFR	Cullen/Frost Bankers, Inc.	TX	20.4	8.38
2	IBOC	International Bancshares Corporation	TX	11.8	6.99
3	HBHC	Hancock Holding Company	MS	19.3	6.38
4	PB	Prosperity Bancshares, Inc.	TX	10.9	6.23
5	FCNCA	First Citizens BancShares, Inc.	NC	21.1	6.10
6	GBCI	Glacier Bancorp, Inc.	MT	7.2	5.63
7	FIBK	First Interstate BancSystem, Inc.	MT	7.4	5.43
8	TCBI	Texas Capital Bancshares, Inc.	TX	8.6	5.37
9	FCBN	First Citizens Bancorporation, Inc.	SC	8.3	4.87
<b>10</b>	<b>UCBI</b>	<b>United Community Banks, Inc.</b>	<b>GA</b>	<b>6.7</b>	<b>4.85</b>
11	BOKF	BOK Financial Corporation	OK	25.9	4.77
12	WAL	Western Alliance Bancorporation	AZ	6.9	4.56
13	IBKC	IBERIABANK Corporation	LA	11.8	4.42
14	STSA	Sterling Financial Corporation	WA	9.5	4.20
15	UMPQ	Umpqua Holdings Corporation	OR	11.5	3.98

**NOTE:** Financial information as of March 31, 2012

(1) Includes publicly traded companies with assets between \$5.0 - \$50.0 billion as of March 31, 2012

(2) Population growth weighted by county (cumulative)

**Data Source:** SNL Financial



## Proactively Addressing Credit Environment

- **Structure**
    - *Centralized underwriting and approval process*
    - *Segregated work-out teams*
    - *Highly skilled ORE disposition group*
    - *Seasoned regional credit professionals*
  
  - **Process**
    - *Continuous external loan review*
    - *Intensive executive management involvement:*
      - *Weekly past due meetings*
      - *Weekly NPA/ORE meetings*
      - *Quarterly criticized watch loan review meetings*
      - *Quarterly pass commercial and CRE portfolio review meetings*
    - *Internal loan review of new credit relationships*
  
  - **Policy**
    - *Ongoing enhancements to credit policy*
    - *Periodic updates to portfolio limits*
-

## Lending – Credit Summary

*(in millions)*

■ Legal lending limit	\$158
■ House lending limit	20
Project lending limit	12
■ Top 25 relationships	404

Regional credit review – Standard underwriting

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## Performing Classified Loans

(in millions)

<u>LOANS BY CATEGORY</u>	<u>2Q12</u>	<u>1Q12</u>	<u>4Q11</u>	<u>3Q11</u>	<u>2Q11</u>
Commercial (Sec. by RE):					
Owner Occupied	\$ 54	\$ 78	\$ 79	\$ 69	\$ 72
Income Producing	94	56	64	65	46
Total Comm (Sec. by RE)	148	134	143	134	118
Commercial & Industrial	16	17	16	25	17
Commercial Construction	38	23	18	26	31
<b>Total Commercial</b>	<b>202</b>	<b>174</b>	<b>177</b>	<b>185</b>	<b>166</b>
Residential Mortgage	73	76	76	77	70
Residential Construction	46	64	72	76	74
Consumer / Installment	3	3	3	3	3
<b>Total Classified Loans</b>	<b>\$ 324</b>	<b>\$ 317</b>	<b>\$ 328</b>	<b>\$ 341</b>	<b>\$ 313</b>

## Business Mix Loans (at quarter-end)

(in millions)

LOANS BY CATEGORY	2Q12	1Q12	4Q11	3Q11	2Q11	2Q12 vs. 2Q11
Commercial (Sec. by RE):						
Owner Occupied	\$ 1,140	\$ 1,137	\$ 1,111	\$ 1,037	\$ 1,014	\$ 126
Income Producing	697	706	711	734	728	(31)
Total Comm (Sec. by RE)	1,837	1,843	1,822	1,771	1,742	95
Commercial & Industrial	450	440	428	429	428	22
Commercial Construction	169	167	164	169	195	(26)
<b>Total Commercial</b>	<b>2,456</b>	<b>2,450</b>	<b>2,414</b>	<b>2,369</b>	<b>2,365</b>	<b>91</b>
Residential Mortgage	1,128	1,131	1,135	1,150	1,177	(49)
Residential Construction	409	436	448	474	502	(93)
Consumer / Installment	126	111	113	117	119	7
<b>Total Loans</b>	<b>\$ 4,119</b>	<b>\$ 4,128</b>	<b>\$ 4,110</b>	<b>\$ 4,110</b>	<b>\$ 4,163</b>	<b>\$ (44)</b>

**Loans – Markets Served** *(at quarter-end)**(in millions)*

<b>LOANS BY MARKET</b>	<b>2Q12</b>	<b>1Q12</b>	<b>4Q11</b>	<b>3Q11</b>	<b>2Q11</b>	<b>2Q12 vs. 2Q11</b>
North Georgia	\$ 1,387	\$ 1,408	\$ 1,426	\$ 1,478	\$ 1,500	\$ (113)
Atlanta MSA	1,252	1,239	1,220	1,192	1,188	64
North Carolina	576	588	597	607	626	(50)
Coastal Georgia	369	366	346	316	325	44
Gainesville MSA	259	262	265	272	275	(16)
East Tennessee	276	265	256	245	249	27
<b>Total Loans</b>	<b>\$ 4,119</b>	<b>\$ 4,128</b>	<b>\$ 4,110</b>	<b>\$ 4,110</b>	<b>\$ 4,163</b>	<b>\$ (44)</b>

## Residential Construction – North Georgia

(in millions)

	<u>2Q12</u>	<u>1Q12</u>	<u>4Q11</u>	<u>3Q11</u>	<u>2Q11</u>	<u>2Q12 vs. 2Q11</u>
<i>Land Loans</i>						
Developing Land	\$ 39	\$ 44	\$ 44	\$ 51	\$ 58	\$ (19)
Raw Land	18	26	26	25	25	(7)
Lot Loans	113	113	118	124	129	(16)
<b>Total</b>	<b>170</b>	<b>183</b>	<b>188</b>	<b>200</b>	<b>212</b>	<b>(42)</b>
<i>Construction Loans</i>						
Spec	9	12	12	15	18	(9)
Sold	14	11	14	14	19	(5)
<b>Total</b>	<b>23</b>	<b>23</b>	<b>26</b>	<b>29</b>	<b>37</b>	<b>(14)</b>
<b>Total Res Construction</b>	<b>\$ 193</b>	<b>\$ 206</b>	<b>\$ 214</b>	<b>\$ 229</b>	<b>\$ 249</b>	<b>\$ (56)</b>

## Residential Construction – Atlanta MSA

(in millions)

	<u>2Q12</u>	<u>1Q12</u>	<u>4Q11</u>	<u>3Q11</u>	<u>2Q11</u>	<u>2Q12 vs. 2Q11</u>
<i>Land Loans</i>						
Developing Land	\$ 14	\$ 17	\$ 17	\$ 19	\$ 20	\$ (6)
Raw Land	9	13	14	15	16	(7)
Lot Loans	<u>22</u>	<u>22</u>	<u>22</u>	<u>22</u>	<u>22</u>	<u>-</u>
<b>Total</b>	<b><u>45</u></b>	<b><u>52</u></b>	<b><u>53</u></b>	<b><u>56</u></b>	<b><u>58</u></b>	<b><u>(13)</u></b>
<i>Construction Loans</i>						
Spec	24	27	27	28	30	(6)
Sold	<u>7</u>	<u>7</u>	<u>6</u>	<u>8</u>	<u>9</u>	<u>(2)</u>
<b>Total</b>	<b>31</b>	<b>34</b>	<b>33</b>	<b>36</b>	<b>39</b>	<b>(8)</b>
<b>Total Res Construction</b>	<b><u>\$ 76</u></b>	<b><u>\$ 86</u></b>	<b><u>\$ 86</u></b>	<b><u>\$ 92</u></b>	<b><u>\$ 97</u></b>	<b><u>\$ (21)</u></b>

**Business Mix Loans** *(at year-end)**(in millions)*

	2011	2010	2009	2008	2007
<b>LOANS BY CATEGORY</b>					
Commercial (Sec. by RE)	\$ 1,822	\$ 1,761	\$ 1,779	\$ 1,627	\$ 1,476
Commercial & Industrial	428	441	390	410	418
Commercial Construction	164	297	363	500	527
<b>Total Commercial</b>	<b>2,414</b>	<b>2,499</b>	<b>2,532</b>	<b>2,537</b>	<b>2,421</b>
Residential Mortgage	1,135	1,279	1,427	1,526	1,502
Residential Construction	448	695	1,050	1,479	1,829
Consumer / Installment	113	131	142	163	177
<b>Total Loans</b>	<b>\$ 4,110</b>	<b>\$ 4,604</b>	<b>\$ 5,151</b>	<b>\$ 5,705</b>	<b>\$ 5,929</b>



**Loans – Markets Served** *(at year-end)**(in millions)*

<b>LOANS BY MARKET</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
North Georgia	\$ 1,426	\$ 1,689	\$ 1,884	\$ 2,040	\$ 2,060
Atlanta MSA	1,220	1,310	1,435	1,706	2,002
North Carolina	597	702	772	810	806
Coastal Georgia	346	335	405	464	416
Gainesville MSA	265	312	390	420	399
East Tennessee	256	256	265	265	246
<b>Total Loans</b>	<b>\$ 4,110</b>	<b>\$ 4,604</b>	<b>\$ 5,151</b>	<b>\$ 5,705</b>	<b>\$ 5,929</b>

## TDRs by Loan Type

(in millions)

LOAN TYPE	Accruing <sup>(1)</sup>	Non-Accruing	Total TDRs
<b>As of June 30, 2012</b>			
Commercial (Sec by RE)	\$ 75,901	\$ 6,424	\$ 82,325
Commercial & Industrial	3,713	259	3,972
Commercial Construction	30,727	10,950	41,677
Total Commercial	110,341	17,633	127,974
Residential Mortgage	14,485	2,465	16,950
Residential Construction	16,450	5,728	22,178
Consumer Installment	366	145	511
Total	<u>\$ 141,642</u>	<u>\$ 25,971</u>	<u>\$ 167,613</u>

(1) 78 percent of accruing TDR loans have an interest rate of 4 percent or greater.

<b>As of March 31, 2012</b>			
Commercial (Sec by RE)	\$ 70,293	\$ 9,551	\$ 79,844
Commercial & Industrial	3,288	199	3,487
Commercial Construction	17,891	16,175	34,066
Total Commercial	91,472	25,925	117,397
Residential Mortgage	12,479	2,353	14,832
Residential Construction	21,652	4,296	25,948
Consumer Installment	193	137	330
Total	<u>\$ 125,796</u>	<u>\$ 32,711</u>	<u>\$ 158,507</u>

# NPAs by Loan Category, Market, and Activity

## Credit Quality <sup>(1)</sup>

<i>(in thousands)</i>	Second Quarter 2012			First Quarter 2012			Fourth Quarter 2011		
	Non-performing Loans	Foreclosed Properties	Total NPAs	Non-performing Loans	Foreclosed Properties	Total NPAs	Non-performing Loans	Foreclosed Properties	Total NPAs
<b>NPAs BY CATEGORY</b>									
Commercial (sec. by RE)	\$ 19,115	\$ 10,586	\$ 29,701	\$ 26,081	\$ 10,808	\$ 36,889	\$ 27,322	\$ 9,745	\$ 37,067
Commercial & industrial	34,982	-	34,982	36,314	-	36,314	34,613	-	34,613
Commercial construction	18,175	2,732	20,907	23,319	3,266	26,585	16,655	3,336	19,991
Total commercial	72,272	13,318	85,590	85,714	14,074	99,788	78,590	13,081	91,671
Residential mortgage	16,631	5,591	22,222	18,741	5,882	24,623	22,358	6,927	29,285
Residential construction	25,530	11,512	37,042	24,341	11,931	36,272	25,523	12,851	38,374
Consumer installment	907	-	907	908	-	908	1,008	-	1,008
<b>Total NPAs</b>	<b>\$ 115,340</b>	<b>\$ 30,421</b>	<b>\$ 145,761</b>	<b>\$ 129,704</b>	<b>\$ 31,887</b>	<b>\$ 161,591</b>	<b>\$ 127,479</b>	<b>\$ 32,859</b>	<b>\$ 160,338</b>
<b>Balance as a % of Unpaid Principal</b>	68.8%	39.3%	59.4%	70.6%	36.1%	59.4%	71.3%	35.9%	59.3%
<b>NPAs BY MARKET</b>									
North Georgia	\$ 77,332	\$ 13,546	\$ 90,878	\$ 81,117	\$ 14,559	\$ 95,676	\$ 88,600	\$ 15,136	\$ 103,736
Atlanta MSA	17,593	8,651	26,244	22,321	7,647	29,968	14,480	6,169	20,649
North Carolina	10,657	3,287	13,944	15,765	4,650	20,415	15,100	5,365	20,465
Coastal Georgia	5,822	785	6,607	5,622	1,268	6,890	5,248	1,620	6,868
Gainesville MSA	991	2,998	3,989	2,210	3,387	5,597	2,069	3,760	5,829
East Tennessee	2,945	1,154	4,099	2,669	376	3,045	1,982	809	2,791
<b>Total NPAs</b>	<b>\$ 115,340</b>	<b>\$ 30,421</b>	<b>\$ 145,761</b>	<b>\$ 129,704</b>	<b>\$ 31,887</b>	<b>\$ 161,591</b>	<b>\$ 127,479</b>	<b>\$ 32,859</b>	<b>\$ 160,338</b>
<b>NPA ACTIVITY</b>									
<b>Beginning Balance</b>	\$ 129,704	\$ 31,887	\$ 161,591	\$ 127,479	\$ 32,859	\$ 160,338	\$ 144,484	\$ 44,263	\$ 188,747
Loans placed on non-accrual	29,364	-	29,364	32,437	-	32,437	45,675	-	45,675
Payments received	(15,027)	-	(15,027)	(5,945)	-	(5,945)	(1,884)	-	(1,884)
Loan charge-offs	(19,382)	-	(19,382)	(14,733)	-	(14,733)	(44,757)	-	(44,757)
Foreclosures	(9,319)	9,319	-	(9,534)	9,534	-	(16,039)	16,039	-
Capitalized costs	-	415	415	-	329	329	-	141	141
Note / property sales	-	(10,461)	(10,461)	-	(8,631)	(8,631)	-	(20,651)	(20,651)
Write downs	-	(1,008)	(1,008)	-	(2,111)	(2,111)	-	(3,893)	(3,893)
Net gains (losses) on sales	-	269	269	-	(93)	(93)	-	(3,040)	(3,040)
<b>Ending Balance</b>	<b>\$ 115,340</b>	<b>\$ 30,421</b>	<b>\$ 145,761</b>	<b>\$ 129,704</b>	<b>\$ 31,887</b>	<b>\$ 161,591</b>	<b>\$ 127,479</b>	<b>\$ 32,859</b>	<b>\$ 160,338</b>

<sup>(1)</sup> Excludes non-performing loans and foreclosed properties covered by the loss-sharing agreement with the FDIC, related to the acquisition of Southern Community Bank.

## Net Charge-offs by Category and Market

### Credit Quality <sup>(1)</sup>

<i>(in thousands)</i>	Second Quarter 2012		First Quarter 2012		Fourth Quarter 2011	
	Net Charge-Offs	Net Charge-Offs to Average Loans <sup>(2)</sup>	Net Charge-Offs	Net Charge-Offs to Average Loans <sup>(2)</sup>	Net Charge-Offs	Net Charge-Offs to Average Loans <sup>(2)</sup>
<b>NET CHARGE-OFFS BY CATEGORY</b>						
Commercial (sec. by RE)	\$ 4,349	.95 %	\$ 3,697	.81 %	\$ 4,962	1.09 %
Commercial & industrial	775	.70	669	.62	18,940	17.47
Commercial construction	88	.21	334	.81	3,318	7.88
Total commercial	5,212	.86	4,700	.78	27,220	4.51
Residential mortgage	3,862	1.38	5,375	1.91	5,887	2.04
Residential construction	9,563	9.14	5,314	4.84	12,090	10.36
Consumer installment	259	.88	478	1.72	427	1.47
<b>Total</b>	<b>\$ 18,896</b>	<b>1.85</b>	<b>\$ 15,867</b>	<b>1.55</b>	<b>\$ 45,624</b>	<b>4.39</b>
<b>NET CHARGE-OFFS BY MARKET</b>						
North Georgia	\$ 12,474	3.58 %	\$ 9,022	2.56 %	\$ 34,970	9.46 %
Atlanta MSA	2,307	.75	2,729	.89	4,195	1.37
North Carolina	3,634	2.52	1,679	1.14	3,180	2.10
Coastal Georgia	211	.23	1,329	1.53	335	.41
Gainesville MSA	(187)	(.29)	883	1.35	2,572	3.84
East Tennessee	457	.68	225	.34	372	.59
<b>Total</b>	<b>\$ 18,896</b>	<b>1.85</b>	<b>\$ 15,867</b>	<b>1.55</b>	<b>\$ 45,624</b>	<b>4.39</b>

<sup>(1)</sup> Excludes non-performing loans and foreclosed properties covered by the loss-sharing agreement with the FDIC, related to the acquisition of Southern Community Bank.

<sup>(2)</sup> Annualized.

## Net Charge-offs by Category and Market

### Asset Disposition Plan as of March 31, 2011

#### Credit Quality - Net Charge-Offs First Quarter 2011 <sup>(1)</sup>

(in thousands)	Asset Disposition Plan					First Quarter 2011 Net Charge- Offs
	Bulk Loan Sale <sup>(2)</sup>		Other Bulk Loan Sales <sup>(3)</sup>	Foreclosure Charge-Offs <sup>(4)</sup>	Other Net Charge-Offs	
	Performing Loans	Nonperforming Loans				
<b>NET CHARGE-OFFS BY CATEGORY</b>						
Commercial (sec. by RE)	\$ 29,451	\$ 11,091	\$ 3,318	\$ 1,905	\$ 2,842	\$ 48,607
Commercial construction	32,530	15,328	292	419	1,146	49,715
Commercial & industrial	365	2,303	859	-	513	4,040
Total commercial	62,346	28,722	4,469	2,324	4,501	102,362
Residential construction	43,018	23,459	3,325	11,693	10,643	92,138
Residential mortgage	13,917	14,263	1,676	1,538	4,989	36,383
Consumer / installment	86	168	30	24	383	691
<b>Total</b>	<b>\$ 119,367</b>	<b>\$ 66,612</b>	<b>\$ 9,500</b>	<b>\$ 15,579</b>	<b>\$ 20,516</b>	<b>\$ 231,574</b>
<b>NET CHARGE-OFFS BY MARKET</b>						
Atlanta MSA	\$ 37,186	\$ 8,545	\$ 1,428	\$ 6,034	\$ 3,296	\$ 56,489
Gainesville MSA	3,563	2,442	957	700	954	8,616
North Georgia	57,969	47,699	2,508	6,585	8,544	123,305
Western North Carolina	11,138	4,743	2,415	1,402	6,749	26,447
Coastal Georgia	6,835	2,180	2,013	634	341	12,003
East Tennessee	2,676	1,003	179	224	632	4,714
<b>Total</b>	<b>\$ 119,367</b>	<b>\$ 66,612</b>	<b>\$ 9,500</b>	<b>\$ 15,579</b>	<b>\$ 20,516</b>	<b>\$ 231,574</b>

<sup>(1)</sup> Excludes non-performing loans and foreclosed properties covered by the loss-sharing agreement with the FDIC, related to the acquisition of Southern Community Bank.

<sup>(2)</sup> Charge-offs totaling \$186 million were recognized on the bulk loan sale in the first quarter of 2011. The loans were transferred to the loans held for sale category in anticipation of the second quarter bulk loan sale that was completed on April 18, 2011.

<sup>(3)</sup> Losses on smaller bulk sale transactions completed during the first quarter of 2011.

<sup>(4)</sup> Loan charge-offs recognized in the first quarter of 2011 related to loans transferred to foreclosed properties. Such charge-offs were elevated in the first quarter as a result of the asset disposition plan, which called for aggressive write downs to expedite sales in the second and third quarters of 2011.

## Credit Quality – Bulk Loan Sale Summary as of March 31, 2011

### Credit Quality - Bulk Loan Sale Summary <sup>(1)</sup>

<i>(in thousands)</i>	Performing Loans			Nonperforming Loans			Total Loans		
	Carrying Amount <sup>(2)</sup>	Charge-Offs <sup>(3)</sup>	Loans Held for Sale <sup>(4)</sup>	Carrying Amount <sup>(2)</sup>	Charge-Offs <sup>(3)</sup>	Loans Held for Sale <sup>(4)</sup>	Carrying Amount <sup>(2)</sup>	Charge-Offs <sup>(3)</sup>	Loans Held for Sale <sup>(4)</sup>
<b>BY CATEGORY</b>									
Commercial (sec. by RE)	\$ 40,902	\$ 29,451	\$ 11,451	\$ 17,202	\$ 11,090	\$ 6,112	\$ 58,104	\$ 40,541	\$ 17,563
Commercial construction	45,490	32,530	12,960	22,440	15,328	7,112	67,930	47,858	20,072
Commercial & industrial	504	365	139	3,397	2,302	1,095	3,901	2,667	1,234
Total commercial	86,896	62,346	24,550	43,039	28,720	14,319	129,935	91,066	38,869
Residential construction	59,747	43,018	16,729	35,508	23,459	12,049	95,255	66,477	28,778
Residential mortgage	19,342	13,917	5,425	21,716	14,262	7,454	41,058	28,179	12,879
Consumer / installment	120	86	34	238	169	69	358	255	103
<b>Total</b>	<b>\$ 166,105</b>	<b>\$ 119,367</b>	<b>\$ 46,738</b>	<b>\$ 100,501</b>	<b>\$ 66,610</b>	<b>\$ 33,891</b>	<b>\$ 266,606</b>	<b>\$ 185,977</b>	<b>\$ 80,629</b>
<b>BY MARKET</b>									
Atlanta MSA	\$ 51,647	\$ 37,186	\$ 14,461	\$ 13,755	\$ 8,545	\$ 5,210	\$ 65,402	\$ 45,731	\$ 19,671
Gainesville MSA	4,949	3,563	1,386	3,695	2,442	1,253	8,644	6,005	2,639
North Georgia	80,831	57,969	22,862	70,900	47,698	23,202	151,731	105,667	46,064
Western North Carolina	15,468	11,138	4,330	7,228	4,743	2,485	22,696	15,881	6,815
Coastal Georgia	9,493	6,835	2,658	3,527	2,179	1,348	13,020	9,014	4,006
East Tennessee	3,717	2,676	1,041	1,396	1,003	393	5,113	3,679	1,434
<b>Total</b>	<b>\$ 166,105</b>	<b>\$ 119,367</b>	<b>\$ 46,738</b>	<b>\$ 100,501</b>	<b>\$ 66,610</b>	<b>\$ 33,891</b>	<b>\$ 266,606</b>	<b>\$ 185,977</b>	<b>\$ 80,629</b>

<sup>(1)</sup> This schedule presents a summary of classified loans included in the bulk loan sale transaction that closed on April 18, 2011.

<sup>(2)</sup> This column represents the book value, or carrying amount, of the loans prior to charge offs to mark loans to expected proceeds from sale.

<sup>(3)</sup> This column represents the charge-offs required to adjust the loan balances to the expected proceeds from the sale based on indicative bids received from prospective buyers, including principal payments received or committed advances made after the cutoff date through March 31, 2011 that are part of the settlement.

<sup>(4)</sup> This column represents the expected proceeds from the bulk sale based on indicative bids received from prospective buyers and equals the balance shown on the consolidated balance sheet as loans held for sale.

## Loans / Deposits - Liquidity

(in millions)

	2Q12	1Q12	2Q11	Variance	
				vs 1Q12	vs 2Q11
Loans	\$ 4,119	\$ 4,128	\$ 4,163	\$ (9)	\$ (44)
Core (DDA, MMDA, Savings)	\$ 3,065	\$ 3,053	\$ 2,794	\$ 12	\$ 271
Public Funds	659	820	649	(161)	10
CD's	1,887	1,960	2,439	(73)	(552)
Total Deposits (excl Brokered)	<u>\$ 5,611</u>	<u>\$ 5,833</u>	<u>\$ 5,882</u>	<u>\$ (222)</u>	<u>\$ (271)</u>
<b>Loan to Deposit Ratio</b>	<b>73%</b>	<b>71%</b>	<b>71%</b>		
<hr/>					
Investment Securities:					
Available for Sale	\$ 1,259	\$ 1,359	\$ 1,194	\$ (100)	\$ 65
Held to Maturity	283	304	371	(21)	(88)
Total Investment Securities	1,542	1,663	1,565	(121)	(23)
Floating Rate CMD, Bonds	442	540	623	(98)	(181)
Total Securities Portfolio	<u>1,984</u>	<u>2,203</u>	<u>2,188</u>	<u>(219)</u>	<u>(204)</u>
<b>Percent of Assets (Excludes Floating)</b>	<b>19%</b>	<b>23%</b>	<b>22%</b>		
<hr/>					
Commercial Paper & Reverse Repo	\$ 120	\$ 235	\$ 175	\$ (115)	\$ (55)
Floating Rate Securities	442	540	623	(98)	(181)
Excess Reserves	94	103	42	(9)	52
Total Excess Liquidity	<u>\$ 656</u>	<u>\$ 878</u>	<u>\$ 840</u>	<u>\$ (222)</u>	<u>\$ (184)</u>

## Wholesale Borrowings - Liquidity

(in millions)

	Unused Capacity	2Q12	1Q12	2Q11	Variance	
					vs 1Q12	vs 2Q11
<b>Wholesale Borrowings</b>						
Brokered Deposits	\$ 1,474 <sup>(1)</sup>	\$ 211	\$ 168	\$ 301	\$ 43	\$ (90)
FHLB	629	125	215	41	(90)	84
Fed Funds	125	-	-	-	-	-
Other Wholesale	478	54	102	104	(48)	(50)
<b>Total</b>	<b>\$ 2,706</b>	<b>\$ 390</b>	<b>\$ 485</b>	<b>\$ 446</b>	<b>\$ (95)</b>	<b>\$ (56)</b>
<b>Long-Term Debt</b>						
Sub-Debt		\$ 65	\$ 65	\$ 95	\$ -	\$ (30)
Trust Preferred Securities		55	55	55	-	-
<b>Total Long-Term Debt</b>		<b>\$ 120</b>	<b>\$ 120</b>	<b>\$ 150</b>	<b>\$ -</b>	<b>\$ (30)</b>

(1) Estimated Brokered Deposit Total Capacity at 25% of Assets



**Business Mix – Deposits** *at quarter-end**(in millions)*

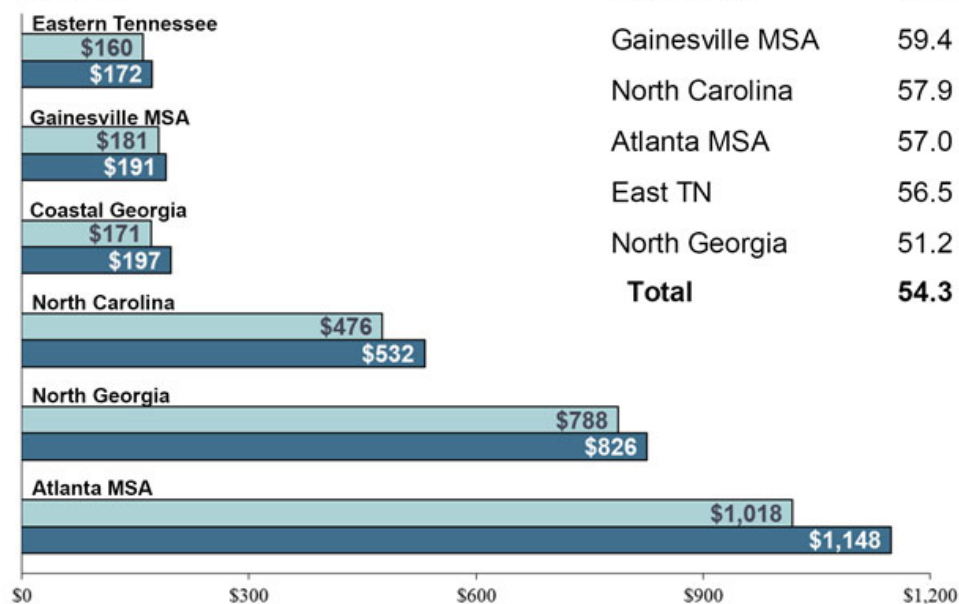
<b>DEPOSITS BY CATEGORY</b>	<b>2Q12</b>	<b>1Q12</b>	<b>4Q11</b>	<b>3Q11</b>	<b>2Q11</b>	<b>2Q12 vs. 2Q11</b>
Demand & Now	\$ 1,735	\$ 1,722	\$ 1,674	\$ 1,686	\$ 1,620	\$ 115
MMDA & Savings	1,330	1,331	1,228	1,220	1,174	156
<b>Core Transaction Deposits</b>	<b>3,065</b>	<b>3,053</b>	<b>2,902</b>	<b>2,906</b>	<b>2,794</b>	<b>271</b>
Time < \$100,000	1,159	1,201	1,326	1,387	1,503	(344)
Public Deposits	623	782	844	597	605	18
Total Core Deposits	4,847	5,036	5,072	4,890	4,902	(55)
Time > \$100,000	728	759	807	867	936	(208)
Public Deposits	36	38	40	38	44	(8)
<b>Total Customer Deposits</b>	<b>5,611</b>	<b>5,833</b>	<b>5,919</b>	<b>5,795</b>	<b>5,882</b>	<b>(271)</b>
Brokered Deposits	211	168	179	210	301	(90)
<b>Total Deposits</b>	<b>\$ 5,822</b>	<b>\$ 6,001</b>	<b>\$ 6,098</b>	<b>\$ 6,005</b>	<b>\$ 6,183</b>	<b>\$ (361)</b>

## Core Transaction Deposits

### Geographic Diversity

2Q 11 2Q 12

\$ in millions



### Core Transactions / Total Deposits (%)

	2Q12	2Q11
Coastal GA	64.0 %	42.4 %
Gainesville MSA	59.4	53.1
North Carolina	57.9	50.3
Atlanta MSA	57.0	50.4
East TN	56.5	48.5
North Georgia	51.2	51.1
<b>Total</b>	<b>54.3 %</b>	<b>47.5 %</b>

## Non GAAP Reconciliation Tables

(in thousands except EPS)

	Operating Earnings to GAAP Earnings Reconciliation		
	2Q12	1Q12	2Q11
<b>Core net interest revenue reconciliation</b>			
Core net interest revenue	\$ 56,836	\$ 58,864	\$ 58,946
Taxable equivalent adjustment	(444)	(446)	(429)
<b>Net interest revenue (GAAP)</b>	<b>\$ 56,392</b>	<b>\$ 58,418</b>	<b>\$ 58,517</b>
<b>Core fee revenue reconciliation</b>			
Core fee revenue	\$ 12,764	\$ 13,091	\$ 11,096
Securities gains, net	6,490	557	783
Loss on prepayment of borrowings	(6,199)	(482)	(791)
Gains from sales of low income housing tax credits	-	728	-
Hedge ineffectiveness (losses) gains	(180)	115	2,810
Interest on Federal tax refund	-	1,100	-
Mark to market on deferred compensation plan assets	(8)	270	7
<b>Fee revenue (GAAP)</b>	<b>\$ 12,867</b>	<b>\$ 15,379</b>	<b>\$ 13,905</b>
<b>Core operating expense reconciliation</b>			
Core operating expense	\$ 41,312	\$ 42,670	\$ 45,680
Foreclosed property expense	1,851	3,825	1,891
Severance	1,155	190	1,150
Mark to market on deferred compensation plan liability	(8)	270	7
<b>Operating expense (GAAP)</b>	<b>\$ 44,310</b>	<b>\$ 46,955</b>	<b>\$ 48,728</b>

## Non GAAP Reconciliation Tables

### Operating Earnings to GAAP Earnings Reconciliation

	<u>2Q12</u>		<u>1Q12</u>		<u>2Q11</u>
<b><i>Net interest margin - pre credit reconciliation</i></b>					
Net interest margin - pre credit	3.62	%	3.76	%	3.67
Effect of interest reversals, lost interest, and carry costs of NPAs	(.19)		(.23)		(.26)
<b>Net interest margin</b>	<b>3.43</b>		<b>3.53</b>		<b>3.41</b>
<b><i>Tangible common equity and tangible equity to tangible assets reconciliation</i></b>					
Tangible common equity to tangible assets	5.45	%	5.33	%	1.37
Effect of preferred equity	2.79		2.75		6.56
<b>Tangible equity to tangible assets</b>	<b>8.24</b>		<b>8.08</b>		<b>7.93</b>
Effect of goodwill and other intangibles	.09		.11		.13
<b>Equity to assets (GAAP)</b>	<b>8.33</b>	%	<b>8.19</b>	%	<b>8.06</b>
<b><i>Tangible common equity to risk-weighted assets reconciliation</i></b>					
Tangible common equity to risk-weighted assets	8.38	%	8.21	%	8.69
Effect of preferred equity	4.36		4.23		4.20
<b>Tangible equity to risk weighted assets</b>	<b>12.74</b>		<b>12.44</b>		<b>12.89</b>
Effect of other comprehensive income	.28		.10		(.42)
Effect of trust preferred	1.19		1.15		1.15
<b>Tier I capital ratio (Regulatory)</b>	<b>14.21</b>	%	<b>13.69</b>	%	<b>13.62</b>

## Analyst Coverage

■ **FIG Partners**

*(Market Perform - May 8, 2012)*

■ **Guggenheim Securities, LLC**

*(Neutral - Apr 30, 2012)*

■ **Keefe, Bruyette & Woods**

*(Market Perform - Apr 26, 2012)*

■ **Macquarie Capital (USA)**

*(Neutral - Jan 25, 2012)*

■ **Raymond James & Assoc.**

*(Market Perform - Apr 27, 2012)*

■ **Sandler O'Neill & Partners**

*(Hold, May 17, 2012)*

■ **Stephens, Inc.**

*(Equal Weight - Apr 27, 2012)*

■ **SunTrust Robinson Humphrey**

*(Neutral - Apr 26, 2012)*

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# United Community Banks, Inc.

Investor Presentation

Second Quarter 2012

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