UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the Quarterly Period Ended March 31, 2002

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 0-21656

UNITED COMMUNITY BANKS, INC.

Exact name of registrant as specified in its charter)

Georgia	**58-180-7304**
(State of Incorporation)	**(I.R.S. Employer Identification No.)**

P.O. Box 398, 63 Highway 515 **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 ☑ **NO** ☐

Common stock, par value $1 per share: 10,700,172 shares
outstanding as of March 31, 2002

(This does not give effect to the 2 for 1 stock split effective May 29, 2002 for shareholders of record May 15, 2002.)

United Community Banks

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Part I – FINANCIAL INFORMATION
Item 1 – Financial Statements

UNITED COMMUNITY BANKS, INC.

Consolidated Statement of Income
For the Three Months Ended March 31, 2002 and 2001

	Three Months Ended March 31,	
(in thousands, except per share data)	**2002**	**2001**
Interest revenue:	(Unaudited)	(Unaudited)
Interest and fees on loans	$ 41,399	$ 45,371
Interest on federal funds sold and deposits in banks	168	559
Interest on investment securities:		
Taxable	5,946	7,604
Tax-exempt	826	899
Total interest revenue	48,339	54,433
Interest expense:		
Interest on deposits:		
Demand	2,416	3,813
Savings	132	533
Time	12,091	19,015
Other borrowings	5,051	5,763
Total interest expense	19,690	29,124
Net interest revenue	28,649	25,309
Provision for loan losses	1,500	1,550
Net interest revenue after provision for loan losses	27,149	23,759
Fee revenue:		
Service charges and fees	2,744	2,340
Mortgage loan and related fees	1,807	996
Consulting fees	991	1,341
Trust and brokerage fees	497	240
Securities gains, net	-	175
Other	882	823
Total fee revenue	6,921	5,915
Total revenue	34,070	29,674
Operating expenses:		
Salaries and employee benefits	13,776	11,825
Occupancy	2,115	1,928
Communications and equipment	1,509	1,337
Postage, printing and supplies	1,001	924
Professional fees	818	890
Advertising and public relations	730	668
Amortization of intangibles	85	190
Other	2,339	2,236
Total operating expenses	22,373	19,998
Income before income taxes	11,697	9,676
Income taxes	3,977	3,241
Net income	$ 7,720	$ 6,435
Net income available to common shareholders	$ 7,694	$ 6,392

Earnings per share (Note 4):		
Basic	$ .36	$ .30
Diluted	.35	.30
Average common shares outstanding (Note 4):		
Basic	21,407	21,033
Diluted	22,063	21,581

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

UNITED COMMUNITY BANKS, INC.
Consolidated Balance Sheet

($ in thousands)	March 31, 2002	December 31, 2001	March 31, 2001
ASSETS	(Unaudited)	(Audited)	(Unaudited)
Cash and due from banks	$ 84,845	$ 87,299	$ 81,525
Interest-bearing deposits in banks	11,169	17,604	18,907
Federal funds sold	37,706	18,124	49,657
Cash and cash equivalents	133,720	123,027	150,089
Securities available for sale	466,630	494,274	507,630
Mortgage loans held for sale	10,818	16,538	13,117
Loans, net of unearned income	2,153,743	2,007,990	1,814,981
Less - allowance for loan losses	28,134	27,124	25,133
Loans, net	2,125,609	1,980,866	1,789,848
Premises and equipment, net	66,516	64,066	57,387
Accrued interest receivable	20,876	22,544	25,184
Other assets	47,674	47,942	40,842
Total assets	$ 2,871,843	$ 2,749,257	$ 2,584,097
LIABILITIES AND STOCKHOLDERS' EQUITY			
Liabilities:			
Deposits:			
Demand	$ 299,692	$ 278,995	$ 286,666
Interest-bearing demand	604,778	526,608	447,762
Savings	97,860	96,992	89,311
Time	1,253,906	1,213,904	1,201,672
Total deposits	2,256,236	2,116,499	2,025,411
Accrued expenses and other liabilities	24,825	22,294	29,540
Federal funds purchased and repurchase agreements	70,775	77,214	40,801
Federal Home Loan Bank advances	278,795	290,394	278,024
Long-term debt	44,509	48,191	41,386
Total liabilities	2,675,140	2,554,592	2,415,162
Stockholders' equity (Note 4):			
Preferred stock, $1 par value; $10 stated value; 10,000,000 shares authorized;172,600, 172,600 and 287,411 shares issued and outstanding	1,726	1,726	2,874
Common stock, $1 par value; 50,000,000 shares authorized; 21,805,924, 21,805,924 and 21,043,496 shares issued	21,806	21,806	21,043
Capital surplus	62,554	62,829	48,965
Retained earnings	114,729	108,371	91,057
Treasury stock; 405,580 and 294,948 shares, at cost	(7,907)	(5,749)	-
Accumulated other comprehensive income	3,795	5,682	4,996
Total stockholders' equity	196,703	194,665	168,935
Total liabilities and stockholders' equity	$ 2,871,843	$ 2,749,257	$ 2,584,097

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

UNITED COMMUNITY BANKS, INC.
Consolidated Statement of Changes in Stockholders' Equity
For the Three Months Ended March 31,

(in thousands)	Preferred Stock	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Total
Balance, December 31, 2000	$ 2,874	$ 21,028	$ 48,872	$ 85,718	$ -	$ (104)	$ 158,388
Comprehensive income:							
Net income				6,435			6,435
Other comprehensive income:							
Unrealized holding gains on investment securities net of deferred tax expense and reclassification adjustment						5,100	5,100
Comprehensive income				6,435		5,100	11,535
Cash dividends declared ($.05 per share)				(1,053)			(1,053)
Exercise of stock options (issued 15,598 shares)		15	93				108
Dividends declared on preferred stock ($.15 per share)				(43)			(43)
Balance, March 31,2001	$ 2,874	$ 21,043	$ 48,965	$ 91,057	$ -	$ 4,996	$ 168,935
Balance, December 31, 2001	$ 1,726	$ 21,806	$ 62,829	$ 108,371	$ (5,749)	$ 5,682	$ 194,665
Comprehensive income:							
Net income				7,720			7,720
Other comprehensive loss:							
Unrealized holding losses on investment securities net of deferred tax expense and reclassification adjustment						(1,381)	(1,381)
Unrealized losses on derivative financial instruments qualifying as cash flow hedges net of deferred tax benefit						(506)	(506)
Comprehensive income (loss)				7,720		(1,887)	5,833
Cash dividends declared ($.0625 per share)				(1,336)			(1,336)
Exercise of stock options (23,288 shares)			(294)		454		160
Acquisition of treasury stock (146,390 shares)					(2,855)		(2,855)
Employee stock grant (12,470 shares)					243		243
Tax benefit from option exercises			19				19
Dividends declared on preferred stock ($.15 per share)				(26)			(26)
Balance, March 31,2002	$ 1,726	$ 21,806	$ 62,554	$ 114,729	$ (7,907)	$ 3,795	$ 196,703

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

UNITED COMMUNITY BANKS, INC.
Consolidated Statement of Cash Flows
For the Three Months Ended March 31,

(in thousands)	**2002**	**2001**
	(Unaudited)	(Unaudited)
Operating activities:		
Net income	$ 7,720	$ 6,435
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, amortization and accretion	1,884	1,337
Provision for loan losses	1,500	1,550
Gain on sale of securities available for sale	-	(175)
Employee stock grant	243	-
Changes in assets and liabilities:		
Other assets and accrued interest receivable	777	(3,595)
Accrued expenses and other liabilities	3,448	6,022
Mortgage loans held for sale	5,720	(6,992)
Net cash provided by operating activities	21,292	4,582
Investing activities:		
Proceeds from sales of securities available for sale	1,232	11,799
Proceeds from maturities and calls of securities available for sale	60,202	40,214
Purchases of securities available for sale	(36,337)	(19,302)
Net increase in loans	(146,947)	(25,667)
Purchases of premises and equipment	(3,958)	(1,793)
Proceeds from sale of other real estate	989	302
Net cash (used) provided by investing activities	(124,819)	5,553
Financing activities		
Net change in deposits	139,737	29,546
Net change in federal funds purchased and repurchase agreements	(6,439)	(11,839)
Net change in notes payable and other borrowings	(3,682)	143
Proceeds from FHLB advances	48,600	97,000
Repayments of FHLB advances	(60,199)	(76,201)
Proceeds from exercise of stock options	160	108
Purchase of treasury stock	(2,855)	-
Cash dividends on common stock	(1,076)	(1,053)
Cash dividends on preferred stock	(26)	(43)
Net cash provided by financing activities	114,220	37,661
Net change in cash and cash equivalents	10,693	47,796
Cash and cash equivalents at beginning of period	123,027	102,293
Cash and cash equivalents at end of period	$ 133,720	$ 150,089
Supplemental disclosures of cash flow information:		
Cash paid during the period for:		
Interest	$ 19,808	$ 29,937
Income taxes	612	778

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

United Community Banks, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 1 - Significant Accounting Policies

The accounting and financial reporting policies of United Community Banks, Inc. ("United") and its subsidiaries conform to generally accepted accounting principles and general banking industry practices. 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 the 2001 annual report filed on Form 10-K.

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 considered normal and recurring accruals considered necessary for a fair and accurate presentation. The results for interim periods are not necessarily indicative of results for the full year or any other interim periods.

Note 2 - Earnings Per Share

The following table sets forth the computation of basic and diluted earnings per share for three months ended March 31 *(in thousands, except per share data).* All amounts have been restated to reflect the two for one stock split effective May 29, 2002, for shareholders of record May 15, 2002, that was announced on April 25, 2002.

	Three Months Ended March 31, 2002	Three Months Ended March 31, 2001
Basic earnings per share:		
Weighted average shares outstanding	21,407	21,033
Net income available to common shareholders	$ 7,694	$ 6,392
Basic earnings per share	$ .36	$ .30
Diluted earnings per share:		
Weighted average shares outstanding	21,407	21,033
Net effect of the assumed exercise of stock options based on the treasury stock method using average market price for the period	376	268
Effect of conversion of subordinated debt	280	280
Total weighted average shares and common stock equivalents outstanding	22,063	21,581
Net income available to common shareholders	$ 7,694	$ 6,392
Income effect of conversion of subordinated debt, net of tax	28	52
Net income, adjusted for effect of conversion of subordinated debt, net of tax	7,722	6,444
Diluted earnings per share	$ .35	$ .30

Note 3 – Recent Developments

On March 18, 2002, United began trading on The Nasdaq Stock Market under the symbol UCBI. Previously, the stock was listed on the over-the-counter market on the Pink Sheets.

Note 4 – Subsequent Events

On April 25, 2002, United announced a two-for-one stock split in the form of a 100% stock dividend effective May 29, 2002 for shareholders of record May 15, 2002. All financial statements and per share amounts included in the financial statements and accompanying notes have been restated to reflect the change in the number of shares outstanding as of the beginning of the earliest period presented.

Note 5 – Reclassification

Certain amounts for the comparative periods of 2001 have been reclassified to conform to the 2002 presentation.

Part I

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Forward-Looking Statements

This Form 10-Q, contains forward-looking statements regarding United Community Banks, Inc., including, without limitation, statements relating to United's expectations with respect to revenue, credit losses, levels of nonperforming assets, expenses, earnings and other measures of financial performance. Words such as "may", "could", "would", "should", "believes", "expects", "anticipates", "estimates", "intends", "plans", "targets" or similar expressions are intended to identify forward-looking statements. These forward-looking statements are not guarantees of future performance and involve certain risks and uncertainties that are subject to change based on various factors (many of which are beyond United's control). The following factors, among others, could cause United's financial performance to differ materially from the expectations expressed in such forward-looking statements: (1) business increases, productivity gains and other investments are lower than expected or do not occur as quickly as anticipated; (2) competitive pressures among financial services companies increase significantly; (3) the strength of the United States economy in general and/or the strength of the local economies of the states in which United conducts operations changes; (4) trade, monetary and fiscal policies and laws, including interest rate policies of the Board of Governors of the Federal Reserve System, change; (5) inflation, interest rates and/or market conditions fluctuate; (6) conditions in the stock market, the public debt market and other capital markets deteriorate; (7) United fails to develop competitive new products and services and/or new and existing customers do not accept these products and services; (8) financial services laws and regulations change; (9) technology changes and United fails to adapt to those changes; (10) consumer spending and saving habits change; (11) unanticipated regulatory or judicial proceedings occur; and (12) United is unsuccessful at managing the risks involved in the foregoing. Additional information with respect to factors that may cause actual results to differ materially from those contemplated by such forward-looking statements may also be included in other reports that United files with the Securities and Exchange Commission. United cautions that the foregoing list of factors is not exclusive and not to place undue reliance on forward-looking statements. United does not intend to update any forward-looking statement, whether written or oral, relating to the matters discussed in this Form 10-Q.

Overview

United is a bank holding company registered under the Bank Holding Company Act of 1956, and was incorporated under the laws of the state of Georgia in 1987 and commenced operations in 1988. United's activities are primarily conducted by its nine wholly-owned banking subsidiaries (which are collectively referred to as the "Banks" in this discussion) and Brintech, Inc. a consulting firm providing professional services to the financial services industry.

At March 31, 2002, United had total consolidated assets of $2.9 billion, total loans of $2.2 billion, total deposits of $2.3 billion and stockholders' equity of $197 million.

On April 25, 2002, United announced a two-for-one stock split in the form of a 100% stock dividend effective May 29, 2002 for shareholders of record May 15, 2002. All financial information and per share amounts included in Management's Discussion and Analysis have been restated to reflect the change in the number of shares outstanding as of the beginning of the earliest period presented.

Results of Operations

Net operating income was $7.7 million for the three months ended March 31, 2002, an increase of $1.3 million, or 20%, from the same period in 2001. Diluted earnings per share were $.35 for the three months ended March 31, 2002, compared with $.30 for the same period in 2001, an increase of 17%. Return on average common stockholders' equity for the first quarter of 2002 was 16.52%, compared with 16.31% for the first quarter of 2001. Return on average assets for the three months ended March 31, 2002 was 1.12%, compared to 1.03% for the three months ended March 31, 2001.

Table 1 - Condensed Consolidated Operating Income Summary
For the Three Months Ended March 31,
(in thousands, taxable equivalent)

	Three Months Ended March 31, 2002	Three Months Ended March 31, 2001	Change 2002-2001
Interest revenue	$ 48,951	$ 55,015	
Interest expense	19,690	29,124	
Net interest revenue	29,261	25,891	13 %
Provision for loan losses	1,500	1,550	
Net interest revenue after provision for loan losses	27,761	24,341	14
Fee revenue	6,921	5,915	17
Total revenue	34,682	30,256	15
Operating expenses	22,373	19,998	12
Income before income taxes	12,309	10,258	20
Income tax expense	4,589	3,823	20
Net income	$ 7,720	$ 6,435	20

Net Interest Revenue (Taxable Equivalent)

Net interest revenue (the difference between the interest earned on assets and the interest paid on deposits and liabilities) is the single largest component of United's total revenue. United actively manages this revenue source to provide an optimal level of revenue while balancing interest rate, credit and liquidity risks. Net interest revenue of $29.3 million was up 13% over last year. This increase was driven by loan growth, and to a lesser extent, by net interest margin improvement. Loans increased $339 million or 19% from March of last year. This was due to a rise in demand starting late in the fourth quarter of 2001, adding seasoned commercial lenders in the metro Atlanta market and the merger with Peoples Bancorp, Inc. ("United Community Bank West Georgia"). Of the $339 million increase in loans over last year, $205 million was across United's markets in north Georgia. The balance of the increase, $134 million was in the metro Atlanta market, including $62 million relating to the merger, as well as strong growth in the remainder of our metro Atlanta market.

Average interest-earning assets increased $237 million, or 10%, over the balance at March 31, 2001, reflecting the growth in loans net of attrition in the investment securities portfolio. The increase in interest-earning assets was almost completely funded by interest-bearing sources as the increase in interest-bearing liabilities was approximately $218 million over March 31, 2001.

The banking industry uses two key ratios to measure relative profitability of net interest revenue. The net interest rate spread measures the difference between the average yield on interest-earning assets and the average rate paid on interest-bearing liabilities. The interest rate spread eliminates the impact of non-interest-bearing deposits and gives a direct perspective on the effect of market interest rate movements. The net interest margin is defined as net interest revenue as a percent of average total interest-earning assets and takes into account the positive impact of investing non interest-bearing deposits.

For the three months ended March 31, 2002 and 2001, United's net interest spread was 4.10% and 3.68%, respectively, while the net interest margin was 4.51% and 4.39%, respectively. The 12 basis point increase in the net interest margin in first quarter 2002 was primarily attributed to management's continued focus on improving net interest margin through a disciplined deposit and loan pricing strategy and a positive shift in interest-earning asset and interest-bearing liability mix. During the first quarter of 2002, average loans represented 79% of interest-earning assets compared with 76% for the same period of 2001.

The average cost of interest-bearing liabilities for the first quarter 2001 was 3.45%, a decrease of 219 basis points from first quarter 2001. This was primarily due to lower rates paid on interest-bearing demand deposits and savings accounts and lower pricing on new and renewed time deposits spurred by the Federal Reserve Bank's multiple rate decrease actions in 2001. At March 31, 2002, core deposits, which include transaction accounts, savings accounts and non-brokered certificates of deposit less than $100,000, increased $86 million, or 5%, to $1.747 billion from a year ago.

The following tables show the relationship between interest revenue and expense and the average balances of interest-earning assets and interest-bearing liabilities for the three months ended March 31, 2002 and 2001.

Table 2 - Average Consolidated Balance Sheets and Net Interest Analysis
For the Three Months Ended March 31,
(In thousands, taxable equivalent)

	2002			2001		
	Average Balance	**Interest**	**Avg. Rate**	**Average Balance**	**Interest**	**Avg. Rate**
Assets:						
Interest-earning assets:						
Loans, net of unearned income (1)	$ 2,085,153	$ 41,325	8.04%	$ 1,813,368	$ 45,405	10.15%
Taxable investments (3)	400,794	5,946	5.93	439,159	7,604	6.93
Tax-exempt investments (1)	71,261	1,359	7.63	79,424	1,349	6.79
Federal funds sold and other interest-earning assets	67,442	321	1.90	55,637	657	4.72
Total interest-earning assets	2,624,650	48,951	7.55	2,387,588	55,015	9.32
Non-interest-earning assets:						
Allowance for loan losses	(27,856)			(25,414)		
Cash and due from banks	70,961			54,115		
Premises and equipment	65,435			56,820		
Other assets	73,385			64,732		
Total assets	$ 2,806,575			$ 2,537,841		
Liabilities and Stockholders' Equity						
Interest-bearing liabilities:						
Interest-bearing deposits:						
Transaction accounts	$ 560,056	$ 2,416	1.75	$ 420,117	$ 3,813	3.68
Savings deposits	96,030	132	0.56	86,340	533	2.50
Certificates of deposit	1,237,123	12,091	3.96	1,223,954	19,015	6.30
Total interest-bearing deposits	1,893,209	14,639	3.14	1,730,411	23,361	5.48
Federal Home Loan Bank advances	288,126	3,673	5.17	273,889	4,057	6.01
Long-term debt and other borrowings	130,056	1,378	4.30	89,085	1,706	7.77
Total borrowed funds	418,182	5,051	4.90	362,974	5,763	6.44
Total interest-bearing liabilities	2,311,391	19,690	3.45	2,093,385	29,124	5.64
Non-interest-bearing liabilities:						
Non-interest-bearing deposits	276,636			257,446		
Other liabilities	21,653			22,642		
Total liabilities	2,609,680			2,373,473		
Stockholders' equity	196,895			164,368		
Total liabilities and stockholders' equity	$ 2,806,575			$ 2,537,841		
Net interest revenue		$ 29,261			$ 25,891	
Net interest-rate spread			4.10%			3.68%
Net interest margin (2)			4.51%			4.39%

(1) Interest revenue on tax-exempt securities and loans has been increased to reflect comparable interest on taxable securities.
(2) Net interest margin is taxable equivalent net-interest revenue divided by average interest-earning assets.

(3) Securities available for sale are reported at amortized cost. Pretax unrealized gains of $5.6 million in 2002 and $7.8 million in 2001 are included in other assets for purposes of this presentation.

The following table shows the relative impact on net interest revenue for changes in the average outstanding balances (volume) of interest-earning assets and interest-bearing liabilities and the rates earned and paid by United on such assets and liabilities. Variances resulting from a combination of changes in rate and volume are allocated in proportion to the absolute dollar amounts of the change in each category.

Table 3 - Change in Interest Revenue and Expense on a Tax Equivalent Basis
(in thousands)

	For the Three Months Ended March 31, 2002 Compared to 2001 Increase (decrease) due to changes in		
	Volume	**Rate**	**Total**
Interest-earning assets:			
Loans	$ 3,997	$ (8,077)	$ (4,080)
Taxable investments	(604)	(1,054)	(1,658)
Tax-exempt investments	222	(212)	10
Federal funds sold and other interest revenue	45	(381)	(336)
Total interest-earning assets	3,660	(9,724)	(6,064)
Interest-bearing liabilities:			
Transaction accounts	409	(1,806)	(1,397)
Savings deposits	12	(413)	(401)
Certificates of deposit	127	(7,051)	(6,924)
Total interest-bearing deposits	548	(9,270)	(8,722)
FHLB advances	169	(553)	(384)
Long-term debt and other borrowings	210	(538)	(328)
Total borrowed funds	379	(1,091)	(712)
Total interest-bearing liabilities	927	(10,361)	(9,434)
Increase in net interest revenue	$ 2,733	$ 637	$ 3,370

Provision for Loan Losses

The provision for loan losses was at approximately the same level for the first quarters of 2002 and 2001, $1.5 and $1.6 million, respectively. As a percentage of average outstanding loans, the first quarter's provision for loan losses was .29% and ...34% for 2002 and 2001, respectively, on an annualized basis. United continues to experience strong credit quality and a stable level of non-performing assets. Net loan charge-offs as a percentage of average outstanding loans for the three months ended March 31, 2002 were .10% as compared with .25% for the same period in 2001.

The provision for loan losses is based on management's evaluation of inherent risks in the loan portfolio and the corresponding analysis of the allowance for loan losses. Additional discussion on loan quality and the allowance for loan losses is included in the Asset Quality section of this report.

Fee Revenue

Fee revenue for the first quarter of 2002, totaled $6.9 million, compared with $5.9 million for 2001. Fee revenue was approximately 20% of total revenue, consistent with a year ago. United is focused on increasing this percent through new products and services. The following table presents the components of fee revenue for the first quarter of 2002 and 2001.

Table 4 - Fee Revenue
For the Three Months Ended March 31,
(in thousands, taxable equivalent)

	Three Months Ended March 31, 2002	Three Months Ended March 31, 2001	Change 2002-2001
Service charges and fees	$ 2,744	$ 2,340	17 %
Mortgage loan and related fees	1,807	996	81
Consulting fees	991	1,341	(26)
Trust and brokerage fees	497	240	107
Securities gains, net	-	175	-
Other	882	823	7
Total	$ 6,921	$ 5,915	17

A major contributor of fee revenue this quarter was mortgage loan and related fees of $1.8 million, up $800,000. Mortgage loan demand continued to be strong in United's markets during the first quarter of 2002 as mortgage rates remained low. In the first quarter of 2002, United closed 574 loans with an aggregate principal amount of $67 million compared with 499 loans with an aggregate principal amount of $56 million in the first quarter of 2001. Substantially all of these originated residential mortgages were sold into the secondary market, including the right to service these loans.

Another factor in fee revenue growth was service charges on deposit accounts of $2.7 million, up $400,000, or 17%, over the first quarter of 2001. The increase in service charges and fees was primarily due to growth in ATM fees, as well as an increase in the number of accounts, transaction activity and higher fees related to a new overdraft courtesy service that was introduced in the North Carolina markets during the first quarter of 2002. This service was rolled out to other markets in April of 2002.

Consulting fees for the quarter were $1.0 million, flat with the fourth quarter and down 26% from a year ago. The events of September 11th slowed business dramatically for a good portion of the fourth quarter. Late in the first quarter business started to show signs of a rebound.

Trust and brokerage fees of $.5 million more than doubled from the amount reported in the first quarter of 2001. Over the last two years, United has been building its brokerage business by recruiting brokers and offering brokerage services to its existing customer base.

Operating Expenses

For the three months ended March 31, 2002, total operating expenses were $22.4 million, compared with $20.0 million for 2001. The following table presents the components of operating expenses for the three months ended March 31, 2002 and 2001.

Table 5 - Operating Expenses
For the Three Months Ended March 31,
(in thousands)

	Three Months Ended March 31, 2002	Three Months Ended March 31, 2001	Change 2002-2001
Salaries and employee benefits	$ 13,776	$ 11,825	16 %
Occupancy	2,115	1,928	10
Communications and equipment	1,509	1,337	13
Postage, printing and supplies	1,001	924	8
Professional fees	818	890	(8)
Advertising and public relations	730	668	9
Amortization of intangibles	85	190	(55)
Other	2,339	2,236	5
Total	$ 22,373	$ 19,998	12

Salaries and benefits for the first quarter of 2002 totaled $13.8 million, an increase of 16% over the same period in 2001. United's full-time equivalent staff increased to 1,070, up about 100 staff from the run rate of a year ago. The head count growth was evenly divided between a merger, business development and infrastructure. The merger with United Community Bank West Georgia added 33 staff. Business development at various banks added 40 staff, including 14 lenders in the metro Atlanta market, plus three new branch locations and other customer support. The holding company and operations added 30 staff, which included staff for two new processing centers and other support areas. Other components of compensation included mortgage and brokerage commissions, up $260,000 due to volume increases, and other bonus expense, up $250,000 related to the gifting to employees of five shares of stock when United listed on Nasdaq.

Occupancy expense was $2.1 million, up 10% compared to first quarter of 2001. The increase was primarily due to lease payments, depreciation, property taxes and insurance on new facilities, including those added through the merger with United Community Bank West Georgia.

Communications and equipment expense of $1.5 million, which includes software-related expenses, data circuit costs, local phone service, long-distance service and cellular service, increased $.2 million, or 13% compared with the first quarter of 2001. The increase was primarily due to the growth in customers and transactions, and software and related maintenance costs incurred in connection with automation projects.

Amortization of intangibles of $85,000 decreased $105,000 from last year. This decrease was due to implementation of Statement of Financial Accounting Standards No. 142 "Goodwill and Other Intangibles" which discontinued amortization of existing goodwill effective January 1, 2002.

The efficiency ratio measures total operating expenses as a percentage of total revenue, excluding the provision for loan losses and net securities gains and losses. United's efficiency ratio for the first quarter of 2002 was 61.83% as compared with 63.22% for the first quarter of 2001. The improvement in the efficiency ratio is due to managements' focus on controlling operating expenses and improving operating results.

Income Taxes

Income taxes, excluding taxable equivalent adjustments, were $4.0 million in the first quarter of 2002, compared with $3.2 million in the first quarter of 2001. The effective tax rates (as a percentage of pre-tax net income) for first quarter 2002 and 2001 were 34.0% and 33.5%, respectively. These effective tax rates are lower than the statutory tax rate primarily due to interest revenue on certain investment securities and loans that are exempt from income taxes. Additional information regarding income taxes can be found in Note 10 to the Consolidated Financial Statements filed with United's 2001 Form 10-K.

Balance Sheet Review

Total assets at March 31, 2002 were $2.872 billion, 4% higher than the $2.749 billion as of December 31, 2001 and 11% higher than the $2.584 billion as of March 31, 2001. Average total assets for the first quarter of 2002 were $2.807 billion, up $269 million from averages in the first quarter of 2001.

Loans

At March 31, 2002, total loans were $2.154 billion, an increase of $339 million, or 19% from March 31, 2001 and an increase of $146 million, or 7%, from December 31, 2001. Average total loans for the first quarter of 2002 were $2.085 billion, an increase of $272 million, or 15% over first quarter of 2001. Over the past five years, United has experienced strong loan growth in all markets, with particular strength in loans secured by real estate, both residential and non-residential. Substantially all of United's loans are to customers located in Georgia and North Carolina, the immediate market areas of the Banks. This includes loan customers who have a seasonal residence in the Banks' market areas. After some softness in the first three quarters of 2001, loan demand began to pick up in the fourth quarter of 2001 and continued through the first quarter of 2002. Most of the increase occurred in the commercial real estate and construction portfolios, although growth in residential real estate has also been strong.

Asset Quality and Risk Elements

United manages asset quality and controls credit risk through diversification of the loan portfolio and the application of policies designed to promote sound underwriting and loan monitoring practices. United's loan administration function is charged with monitoring asset quality, establishing credit policies and procedures and enforcing the consistent application of these policies and procedures at all of the Banks. Additional information on United's loan administration function is included in Item 1 under the heading *Loan Review and Non-performing Assets* in United's Annual Report on Form 10-K.

The provision for loan losses charged to earnings is based upon management's judgment of the amount necessary to maintain the allowance at a level adequate to absorb probable losses. The amount each year is dependent upon many factors including loan growth, net charge-offs, changes in the composition of the loan portfolio, delinquencies, management's assessment of loan portfolio quality, the value of collateral, and economic factors and trends. The evaluation of these factors is performed by United's credit administration department through an analysis of the adequacy of the allowance for loan losses.

Reviews of non-performing, past due loans and larger credits, designed to identify potential charges to the allowance for loan losses, as well as determine the adequacy of the allowance, are conducted on a regular basis during the year. These reviews are performed by the responsible lending officers, as well as a separate loan review department, and consider such factors as the financial strength of borrowers, the value of the applicable collateral, past loan loss experience, anticipated loan losses, growth in the loan portfolio, prevailing and anticipated economic conditions and other factors.

The following table presents a summary of changes in the allowance for loan losses for the three months ended March 31, 2002 and 2001.

Table 6 - Summary of Loan Loss Experience
For the Three Months Ended March 31,
(in thousands)

	Three Months Ended March 31,	
	2002	**2001**
Balance beginning of period	$ 27,124	$ 24,698
Loans charged-off	(848)	(1,405)
Recoveries	358	290
Net charge-offs	(490)	(1,115)
Provision for loan losses	1,500	1,550
Balance end of period	$ 28,134	$ 25,133
Total loans:		
At period end	$ 2,153,743	$ 1,814,981
Average	2,085,153	1,813,368
As a percentage of average loans:		
Net charge-offs	.10 %	.25 %
Provision for loan losses	.29	.34
Allowance as a percentage of period end loans	1.31	1.38
Allowance as a percentage of non-performing loans	346	389

Management believes that the allowance for loan losses at March 31, 2002 is adequate to absorb losses inherent in the loan portfolio. This assessment involves uncertainty and judgment; therefore, the adequacy of the allowance for loan losses cannot be determined with precision and may be subject to change in future periods. In addition, bank regulatory authorities, as part of their periodic examination of the Banks, may require additional charges to the provision for loan losses in future periods if the results of their review warrant such additions.

Non-performing Assets

Non-performing loans, which include non-accrual loans and accruing loans past due over 90 days, totaled $8.1 million at March 31, 2002, compared with $8.6 million at December 31, 2001 and $6.5 million at March 31, 2001. One of two lending relationships with balances greater than $1 million that were added to the list of non-accrual loans during 2001 was repaid in full in the first quarter. There is no concentration of non-performing loans attributable to any specific industry. At March 31, 2002, the ratio of non-performing loans to total loans was .38%, compared with .43% at December 31, 2001and .36% at March 31, 2001. Non-performing assets, which include non-performing loans and foreclosed real estate, totaled $9.1 million at March 31, 2002, compared with $9.7 million at December 31, 2001 and $9.0 million at March 31, 2001.

United’s policy is to place loans on non-accrual status when, in the opinion of management, the principal and interest on a loan is not likely to be repaid in accordance with the loan terms or when the loan becomes 90 days past due and is not well secured and in the process of collection. When a loan is placed on non-accrual status, interest previously accrued but not collected is reversed against current interest revenue. Depending on management’s evaluation of the borrower and loan collateral, interest revenue on a non-accrual loan may be recognized on a cash basis as payments are received. Loans made by the Banks to facilitate the sale of other real estate are made on terms comparable to loans of similar risk.

There were no commitments to lend additional funds to customers whose loans were on non-accrual status at March 31, 2002. The table below summarizes United's non-performing assets.

Table 7 - Non-Performing Assets
(in thousands)

	March 31, 2002	December 31, 2001	March 31, 2001
Non-accrual loans	$ 8,078	$ 8,610	$ 6,187
Loans past due 90 days or more and still accruing	57	-	279
Total non-performing loans	8,135	8,610	6,466
Other real estate owned	995	1,060	2,485
Total non-performing assets	$ 9,130	$ 9,670	$ 8,951
Total non-performing loans as a percentage of total loans	.38%	.43%	.36%
Total non-performing assets as a percentage of total assets	.32	.35	.35

At March 31, 2002, United had $15.5 million of loans that were not classified as non-performing but for which known information about the borrowers’ financial condition caused management to have concern about the ability of the borrowers to comply with the repayment terms of the loans. These loans were identified through the loan review process described in the *Asset Quality and Risk Elements* section of this discussion above that provides for assignment of a risk rating based on a ten-grade scale to all commercial and commercial real estate loans. Based on the evaluation of current market conditions, loan collateral, other secondary sources of repayment and cash flow generation, management does not anticipate any significant losses related to these loans. These loans are subject to continuing management attention and are considered in the determination of the allowance for loan losses.

Investment Securities

The composition of the investment securities portfolio reflects United's investment strategy of maintaining an appropriate level of liquidity while providing a relatively stable source of income. The investment securities portfolio also provides a balance to interest rate risk and credit risk in other categories of the balance sheet while providing a vehicle for the investment of available funds, furnishing liquidity, and supplying securities to pledge as required collateral for certain deposits.

Total average investment securities decreased 9% from first quarter of 2001 primarily due to accelerated prepayment of mortgages underlying mortgage-backed securities, brought on by the current lower rate environment, as well as other scheduled maturities. Most of the runoff was not immediately replaced by new securities due to the unattractive yields currently available.

The investment securities portfolio consists of U.S. Government and agency securities, municipal securities, various equity securities and U.S. Government sponsored agency mortgage-backed securities. A mortgage-backed security relies on the underlying mortgage pools of loans to provide a cash flow of principal and interest. The actual maturities of these securities will differ from the contractual maturities because the loans underlying the security may prepay with or without prepayment penalties. Decreases in interest rates will generally cause an acceleration of prepayment levels. In a declining interest rate environment, United may not be able to reinvest the proceeds from these prepayments in assets that have comparable yields.

Deposits

Total deposits at March 31, 2002 were $2.256 billion, an increase of $231 million from March 31, 2001. Total non-interest-bearing demand deposit accounts increased $13 million and interest-bearing demand accounts increased $157 million from the first quarter of 2001. Total time deposits as of March 31, 2002 were approximately $1.254 billion, an increase of $52 million from the first quarter 2001.

Time deposits of $100,000 and greater totaled $368 million at March 31, 2002, compared with $304 million at March 31, 2001. During 1999, United began to utilize “brokered” time deposits, issued in certificates of less than $100,000, as an alternative source of cost-effective funding. Brokered time deposits outstanding at March 31, 2002 and March 31, 2001 were $141 and $61 million, respectively.

Wholesale Funding

At March 31, 2002, all of the Banks were shareholders in the Federal Home Loan Bank of Atlanta. Through this affiliation, secured advances totaling $279 million were outstanding at rates competitive with time deposits of like maturities. United anticipates continued utilization of this short and long term source of funds to minimize interest rate risk. The FHLB advances outstanding at March 31, 2002 had both fixed and floating interest rates ranging from 1.90% to 7.81%. Approximately 20% of the FHLB advances mature prior to December 31, 2002. Additional information regarding FHLB advances, including scheduled maturities, is provided in Note 8 to the consolidated financial statements filed with United’s 2001 Form 10-K.

Interest Rate Sensitivity Management

The absolute level and volatility of interest rates can have a significant impact on United's profitability. The objective of interest rate risk management is to identify and manage the sensitivity of net interest revenue to changing interest rates, in order to achieve United's overall financial goals. Based on economic conditions, asset quality and various other considerations, management establishes tolerance ranges for interest rate sensitivity and manages within these ranges.

The Company’s net interest revenue, and the fair value of its financial instruments, are influenced by changes in the level of interest rates. The Company manages its exposure to fluctuations in interest rates through policies established by Asset/Liability Management Committee (“ALCO”) of United and of its subsidiary Banks. The ALCO meets periodically and has responsibility for approving asset/liability management policies, formulating and implementing strategies to improve balance sheet positioning and/or earnings and reviewing the interest rate sensitivity of the Company.

One of the tools management utilizes to estimate the sensitivity of net interest revenue to changes in interest rates is an interest rate simulation model. Such estimates are based upon a number of assumptions for each scenario, including the level of balance sheet growth, deposit repricing characteristics and the rate of prepayments. The simulation model measures the potential change in net interest revenue over a twelve-month period under six interest rate scenarios. The first scenario assumes rates remain flat (“flat rate scenario”) over the next twelve months and is the scenario that all others are compared to in order to measure the change in net interest revenue. The second scenario is a most likely scenario that projects the most likely change in rates over the next twelve months based on the slope of the yield curve. United runs shock scenarios assuming an immediate change interest rates up and down 300 basis points and ramp scenarios that assume gradual increases and decreases of 300 basis points each over the next twelve months. United’s policy for net interest revenue simulation is limited to a change from the flat rate scenario of less than 15% for the up or down 300 basis point ramp scenarios over twelve months. At March 31, 2002, United’s simulation model indicated that a 300 basis point increase in rates over the next twelve months would cause an approximate 5% increase in net interest revenue and a 300 basis point decrease in rates over the next twelve months would cause an approximate 6% decrease in net interest revenue.

In order to assist in achieving a desired level of interest rate sensitivity, United has entered into off-balance sheet contracts that are considered derivative financial instruments during 2002 and 2001. Derivative financial instruments can be a cost and capital effective means of modifying the repricing characteristics of on-balance sheet assets and liabilities. These contracts involve interest rate swaps under which United pays a variable rate and receives a fixed rate.

The following table presents United's interest rate swap contracts outstanding at March 31, 2002.

Table 8 - Interest Rate Swap Contracts
As of March 31, 2002
(in thousands)

Type/Maturity	Notional Amount	Rate Received	Rate Paid (1)	Fair Value
Fair Value Contracts				
June 7, 2002	$ 10,000	9.05 %	4.75%	$ 71
June 14, 2002	10,000	9.12	4.75	80
June 24, 2002	10,000	8.80	4.75	91
June 24, 2002	10,000	9.09	4.75	98
July 29, 2002	25,000	9.04	4.75	305
August 10, 2002	10,000	9.60	4.75	167
January 2, 2003	15,000	7.21	4.75	10
Total Fair Value Contracts	$ 90,000	8.79 %	4.75	$ 822
Cash Flow Contracts				
March 24, 2003	$ 25,000	7.80 %	4.75%	$ 445
June 18, 2003	25,000	7.85	4.75	462
January 2, 2004	20,000	6.35	4.75	(76)
September 19, 2004	5,000	7.01	4.75	(39)
November 22, 2004	15,000	7.00	4.75	130
August 29, 2006	10,000	8.32	4.75	(8)
September 5, 2006	5,000	8.16	4.75	(31)
September 6, 2006	5,000	8.35	4.75	5
September 24, 2011	10,000	8.61	4.75	(414)
September 28, 2011	10,000	8.60	4.75	(276)
Total Cash Flow Contracts	$ 130,000	7.66 %	4.75%	$ 198
Total/weighted average	$ 220,000	8.12 %	4.75%	$ 1,020

(1) Based on prime rate at March 31, 2002

United's derivative financial instruments are classified as fair value and cash flow hedges. Fair value hedges recognize currently in earnings both the impact of change in the fair value of the derivative financial instrument and the offsetting impact of the change in fair value of the hedged asset or liability. The change in fair value of cash flow hedges is recognized in other comprehensive income.

United requires all derivative financial instruments be used only for asset/liability management through the hedging of specific transactions or positions, and not for trading or speculative purposes. Management believes that the risk associated with using derivative financial instruments to mitigate interest rate risk sensitivity is minimal and should not have any material unintended impact on United's financial condition or results of operations.

Liquidity Management

The objective of liquidity management is to ensure that sufficient funding is available, at reasonable cost, to meet the ongoing operational cash needs of United and to take advantage of income producing opportunities as they arise. While the desired level of liquidity will vary depending upon a variety of factors, it is the primary goal of United to maintain a sufficient level of liquidity in all expected economic environments. Liquidity is defined as the ability of a bank to convert assets into cash or cash equivalents without significant loss and to raise additional funds by increasing liabilities. Liquidity management involves maintaining United's ability to meet the daily cash flow requirements of the Banks' customers, both depositors and borrowers.

The primary objectives of asset/liability management are to provide for adequate liquidity in order to meet the needs of customers and to maintain an optimal balance between interest-sensitive assets and interest-sensitive liabilities, so that United can also meet the investment requirements of its shareholders as market interest rates change. Daily monitoring of the sources and use of funds is necessary to maintain a position that meets both requirements.

The asset portion of the balance sheet provides liquidity primarily through loan principal repayments and the maturities and sales of securities. Mortgage loans held for sale totaled $10.8 million at March 31, 2002, and typically turn over every 45 days as the closed loans are sold to investors in the secondary market. Other short-term investments such as federal funds sold are additional sources of liquidity.

The liability section of the balance sheet provides liquidity through interest-bearing and noninterest-bearing deposit accounts. Federal funds purchased, FHLB advances and securities sold under agreements to repurchase are additional sources of liquidity and represent United's incremental borrowing capacity. These sources of liquidity are short-term in nature and are used as necessary to fund asset growth and meet other short-term liquidity needs.

As disclosed in United's consolidated statements of cash flows, net cash provided by operating activities was $21.3 million for the three months ended March 31, 2002. The major sources of cash provided by operating activities are net income plus a decrease in mortgage loans held for sale caused by moderate slowing in refinancing activity. Net cash used by investing activities of $124.8 million consisted primarily of a net increase in loans and purchases of securities totaling $146.9 million and $36.3 million, respectively, net of proceeds from maturities and calls of securities of $60.2 million. Net cash provided by financing activities consisted primarily of a $139.7 million increase in deposits, partially offset by a net decrease in federal funds and repurchase agreements of $6.4 million, a net decrease in notes payable and other borrowings of $3.7 million, cash paid to purchase treasury stock of $2.9 million and cash dividends payments of $1.1 million. In the opinion of management, United's liquidity position at March 31, 2002, is sufficient to meet its expected cash flow requirements.

Capital Resources and Dividends

Stockholders' equity at March 31, 2002 was $196.7 million, an increase of $27.8 million from March 31, 2001. Accumulated other comprehensive income (loss) is not included in the calculation of regulatory capital adequacy ratios. Excluding the change in the accumulated other comprehensive gain, stockholders' equity increased by 18% from March 31, 2001. Dividends of $1.4 million, or $.0625 per share, were declared on common stock during the first quarter of 2002, an increase of 25% per share from the amount declared in the first quarter of 2001. The dividend payout ratio for the first quarter of both 2002 and 2001 was 17%. United has historically retained the majority of its earnings in order to provide a cost effective source of capital for continued growth and expansion. However, in recognition that cash dividends are an important component of shareholder value, management has instituted a dividend program that provides for increased cash dividends when earnings and capital levels permit.

On July 18, 2001, United's Board of Directors authorized the repurchase of up to 600,000 shares of the Company's common stock through the end of 2002 for general corporate purposes. On December 19, 2001, the Board of Directors increased the authorization to 1,000,000 shares. Through March 31, 2002, United repurchased a total of 441,338 shares under this authorization.

On March 18, 2002, United began trading on The Nasdaq Stock Market under the symbol UCBI. Previously, the stock was listed on the over-the-counter market on the Pink Sheets. For periods prior to March 18, 2002, relevant information is not available regarding the period ending, high and low prices of United's common stock. For the period from March 18 through March 31, 2002, the high and low trading prices for United's common stock were $28.60 and $20.50 respectively, and the closing price for the period was $28.62.

The following table presents the cash dividends declared in the first quarter of 2002 and all quarters of 2001 and the respective payout ratios as a percentage of net income.

Table 9 - Dividend Payout Information
(All prior period amounts have been restated to reflect the 2 for 1 stock split announced April 25, 2002)

	2002		2001	
	Dividend	**Payout %**	**Dividend**	**Payout %**
First quarter	$ .0625	17	$ .05	16
Second quarter			.05	15
Third quarter			.05	15
Fourth quarter			.05	14

The Board of Governors of the Federal Reserve System has issued guidelines for the implementation of risk-based capital requirements by U.S. banks and bank holding companies. These risk-based capital guidelines take into consideration risk factors, as defined by regulators, associated with various categories of assets, both on and off balance sheet. Under the guidelines, capital strength is measured in two tiers which are used in conjunction with risk adjusted assets to determine the risk based capital ratios. The guidelines require an 8% total risk-based capital ratio, of which 4% must be Tier I capital.

The following table shows United’s capital ratios, as calculated under regulatory guidelines, at March 31, 2002 and March 31, 2001.

Table 10 - Capital Ratios
(in thousands)

	2002		2001	
	Actual Amount	**Regulatory Minimum**	**Actual Amount**	**Regulatory Minimum**
Tier I Leverage:				
Amount	$ 215,903	$ 83,807	$ 191,463	$ 75,210
Ratio	7.7%	3.0%	7.6%	3.0%
Tier I Risk Based:				
Amount	$ 215,903	$ 85,843	$ 191,463	$ 72,619
Ratio	10.1%	4.0%	10.5%	4.0%
Total Risk Based:				
Amount	$ 242,294	$ 171,686	$ 217,438	$ 145,238
Ratio	11.3%	8.0%	12.0%	8.0%

United's Tier I capital, which excludes other comprehensive income, consists of stockholders' equity and qualifying capital securities less goodwill and deposit-based intangibles, totaled to $216 million at March 31, 2002. Tier II capital components include supplemental capital components such as a qualifying allowance for loan losses and qualifying subordinated debt. Tier I capital plus Tier II capital components is referred to as Total Risk-based Capital and was $242 million at March 31, 2002. The capital ratios, as calculated under the guidelines, were 10.1% and 11.3% for Tier I and Total Risk-based Capital, respectively, at March 31, 2002.

A minimum leverage ratio is required in addition to the risk-based capital standards and is defined as Tier I capital divided by average assets adjusted for goodwill and deposit-based intangibles. Although a minimum leverage ratio of 3% is required for the highest-rated bank holding companies which are not undertaking significant expansion programs, the Federal Reserve Board requires a bank holding company to maintain a leverage ratio greater than 3% if it is experiencing or anticipating significant growth or is operating with less than well-diversified risks in the opinion of the Federal Reserve Board. The Federal Reserve Board uses the leverage and risk-based capital ratios to assess capital adequacy of banks and bank holding companies. United's leverage ratios at March 31, 2002 and March 31, 2001 were 7.7% and 7.6%, respectively.

The capital ratios of United and the Banks currently exceed the minimum ratios required in 2002 as defined by federal regulators. United monitors these ratios to ensure that United and the Banks remain above regulatory minimum guidelines.

Impact of Inflation and Changing Prices

A bank's asset and liability structure is substantially different from that of an industrial firm in that primarily all assets and liabilities of a bank are monetary in nature, with relatively little investment in fixed assets or inventories. Inflation has an important impact on the growth of total assets and the resulting need to increase equity capital at higher than normal rates in order to maintain an appropriate equity to assets ratio.

United's management believes the impact of inflation on financial results depends on United's ability to react to changes in interest rates and, by such reaction, reduce the inflationary impact on performance. United has an asset/liability management program which attempts to manage United's interest rate sensitivity position. In addition, periodic reviews of banking services and products are conducted to adjust pricing in view of current and expected costs.

Part I

Item 3. Quantitative and Qualitative Disclosure About Market Risk

There have been no material changes in United’s quantitative and qualitative disclosures about market risk as of March 31, 2002 from that presented in United’s Annual Report on Form 10-K for the year ended December 31, 2001.

Part II. Other Information

Item 1. Legal Proceedings – None

Item 2. Changes in Securities – None

Item 3. Defaults upon Senior Securities – None

Item 4. Submission of Matters to a Vote of Securities Holders – None

Item 5. Other Information – None

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

10.12	Executive Revenue Neutral Retirement Agreement dated March 13, 2000, by and between United Community Banks, Inc. and Jimmy C. Tallent.
10.13	First Amendment to the United Community Banks, Inc. Executive Revenue Neutral Retirement Agreement dated March 13, 2000, for Jimmy C. Tallent dated June 6, 2000, by and between United Community Banks, Inc. and Jimmy C. Tallent.
10.14	Split Dollar Agreement dated March 13, 2000, by and between Towns County Bank and Jimmy C. Tallent.
10.15	Split Dollar Agreement dated March 13, 2000, by and between Carolina Community Bank and Jimmy C. Tallent.
10.16	Executive Revenue Neutral Retirement Agreement dated August 2, 1999, by and between Peoples Bank of Fannin County and Thomas C. Gilliland.
10.17	First Amendment to the Peoples Bank of Fannin County Executive Revenue Neutral Retirement Agreement dated August 2, 1999, for Thomas C. Gilliland dated June 6, 2000, by and between Peoples Bank of Fannin County and Thomas C. Gilliland.

10.18	Split Dollar Agreement dated March 2, 2000, by and between Peoples Bank of Fannin County and Thomas C. Gilliland.

(b) Reports on Form 8-K

A current report on Form 8-K dated March 19, 2002, was filed with the Securities and Exchange Commission publishing materials presented by Jimmy C. Tallent, President and Chief Executive Officer and Rex S. Schuette, Executive Vice President and Chief Financial Officer on March 19, 2002 to stock analysts in New York, NY.

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 thereunto duly authorized.

UNITED COMMUNITY BANKS, INC.

By: /s/ *Jimmy C. Tallent*
Jimmy C. Tallent
President and Chief Executive Officer
(Principal Executive Officer)

Date: May 10, 2002

By /s/ *Rex S. Schuette*
Rex S. Schuette
Executive Vice President and
Chief Financial Officer
(Principal Financial Officer)

Date: May 10, 2002

EXHIBIT INDEX

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UNITED COMMUNITY BANKS, INC.
EXECUTIVE REVENUE NEUTRAL RETIREMENT AGREEMENT

THIS AGREEMENT is made this 13th day of March, 2000, by and between the UNITED COMMUNITY BANKS, INC., located in Blairsville, Georgia (the "Corporation"), and JIMMY C. TALLENT (the "Executive"). This agreement shall be effective as of January 1, 1999.

INTRODUCTION

To attract, retain and reward quality management, and to provide a potentially higher level of retirement income, the Corporation is willing to provide the Executive with this Executive Revenue Neutral Retirement Agreement. The Corporation will pay the benefits from its general assets.

AGREEMENT

The Executive and the Corporation agree as follows:

Article 1
Definitions

Whenever used in this Agreement, the following words and phrases shall have the meanings specified:

1.1 *"Adjustment Rate"* shall mean the figure equal to one minus the Corporation's highest marginal Federal and State income tax rate for the current calendar year.

1.2 *"Change of Control*" shall mean any of the following:

(A) any person (as such term is used in Sections 13d and 14d-2 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), other than the Corporation, a subsidiary of the Corporation, an employee benefit plan (or related trust) of the Corporation or a direct or indirect subsidiary of the Corporation, or affiliates of the Corporation (as defined in Rule 12b-2 under the Exchange Act), becomes the beneficial owner (as determined pursuant to Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Corporation representing more than 25% of the combined voting power of the Corporation's then outstanding securities (other than a person owning 10 % or more of the voting power of stock on the date hereof) or announces a tender offer or exchange offer for securities of the Corporation representing more than 25% of the combined voting power of the Corporation's then outstanding securities; or

(B) the liquidation or dissolution of the Corporation or the occurrence of, or execution of an agreement providing for a sale of all or substantially all of the assets of the Corporation to an entity which is not a direct or indirect subsidiary of the Corporation; or

(C) the occurrence of; or execution of an agreement providing for a reorganization, merger, consolidation or other similar transaction or connected series of transactions of the Corporation as a result of which either (a) the Corporation does not survive or (b) pursuant to which shares of the Corporation common stock ("Common Stock") would be converted into cash, securities or other property, unless, in case of either (a) or (b), the holders of the Corporation Common Stock immediately prior to such transaction will, following the consummation of the transaction, beneficially own, directly or indirectly, more than 50% of the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors of the corporation surviving, continuing or resulting from such transaction; or

(D) the occurrence of, or execution of an agreement providing for a reorganization, merger, consolidation or similar transaction of the Corporation, or before any connected series of such transactions, if upon consummation of such transaction or transactions, the persons who are members of the Board of Directors of the Corporation immediately before such transaction or transactions cease or, in the case of the execution of an agreement for such transaction or transactions, it is contemplated in such agreement that upon consummation such persons would cease to constitute a majority of the Board of Directors of the Corporation or, in the case where the Corporation does not survive in such transaction, of the corporation surviving, continuing or resulting from such transaction or transactions; or

(E) any other event which is at any time designated as a "Change of Control" for purposes of this Agreement by a resolution adopted by the Board of Directors of the Corporation with the affirmative vote of a majority of the non-employee directors in office at the time the resolution is adopted; in the event any such resolution is adopted, the Change of Control event specified thereby shall be deemed incorporated herein by reference and thereafter may not be amended, modified or revoked without the written agreement of the Executive.

Notwithstanding anything else to the contrary set forth in this Agreement, if (i) an agreement is executed by the Corporation providing for any of the transactions or events constituting a Change of Control as defined herein, and the agreement subsequently expires or is terminated without the transaction or event being consummated, and (ii) Executive's employment did not terminate during the period after the agreement and prior to such expiration or termination, for purposes of this Agreement it shall be as though such agreement was never executed and no Change of Control event shall be deemed to have occurred as a result of the execution of such agreement.

1.3 *"Corporation"* means United Community Banks, Inc.

1.4 *"Employment Date"* means the date which the Executive was first employed on a full-time basis by the Corporation or any subsidiary of the Corporation.

1.5 *"Excess Benefit Payment"* means the additional annual payment amount as a result of crediting interest to the Retirement Account as determined under Section 2.3during the post retirement years. Interest shall be credited at the rate of 7 % per annum compounded monthly. This rate may be changed prospectively upon approval by the Board of Directors of the Corporation. For example, the annual payment on a $100,000 Retirement Account, paid over 10 years without interest, would be $10,000. The annual payment with interest credited at 7 percent would equal $13,933, resulting in an Excess Benefit Payment of $3,933.

1.6 *"Normal Retirement Benefit"* means the benefit described in Article *3*.

1.7 *"Normal Retirement Age"* means the Executive's 50^{th} birthday.

1.8 *"Normal Retirement Date"* means the later of the Normal Retirement Age or Termination of Employment.

1.9 *"Plan Year"* means each calendar year from January 1 through December 31. In the year of implementation, it shall commence with the effective date of this Agreement and end on December 31, 1999.

1.10 *"Retirement Account"* means the account maintained on the books of the Corporation as described in Section 2.3.

1.11 *"Simulated Investments"* mean investments specified by the Corporation for use in measuring the Retirement Benefit. Subject to Article 2, the Corporation can change the Simulated Investments only with the Executive's written agreement. The Simulated Investments shall be of equal initial amounts.

1.12 *"Termination of Employment"* means the Executive ceases to be employed by the Corporation or any subsidiary of the Corporation or their successor for any reason other than death.

Article 2
Retirement Account

2.1 *Simulated Investments.* The Corporation shall establish two simulated investments as of January 1, 1999as follows:

2.1.1 Simulated Investment Number One shall track the cash surrender value of a portfolio of life insurance policies with an aggregate single premium investment of $8,060,000 as detailed in Appendix A. After tax earnings shall be based on the annual growth in the cash surrender value ("CSV") of these policies. The annual growth in such CSV is calculated as follows:

Total portfolio CSV at the end of the Plan Year
minus
Total portfolio CSV at the beginning of the Plan Year

The following example will illustrate this calculation:

Portfolio CSV - 12/31/99	$1,050,000
Portfolio CSV - 12/31/98	$1,000,000
Simulated Investment Number One growth in CSV for 1999	$50,000

For purposes of this calculation, if an individual covered by a simulated life insurance policy as described in Appendix A dies during a Plan Year, the policy cash surrender value will be excluded from the calculation of both the beginning of year and end of year portfolio cash surrender values.

2.1.2 Simulated Investment Number Two shall track the value of a simulated investment account comprised of both principal and accumulated net after-tax interest earnings. Principal contributions to this account will be equal to premium contributions made to Simulated Investment Number One and credited at the same time as premium contributions. Pre-tax interest earnings shall be based on the Federal Funds Rate. This rate shall be adjusted quarterly. Simulated Investment Number Two assumes the income tax rate to be the Corporation's highest marginal tax rate for the current calendar year, and assumes that interest (net of tax) shall be compounded on an annual basis at the end of each Plan Year. The annual growth is calculated as follows:

Total account value at the end of the Plan Year
minus
Total account value at the beginning of the Plan Year

The following example will illustrate this calculation:

Account value - 12/31/99*	$1,027,000
Account value - 12/31/98	$1,000,000
Simulated Investment Number Two growth for 1999	$27,000

*Assumes 4.5 percent Federal Funds Rate and 40 percent tax bracket.

For purposes of this calculation, if an individual covered by a simulated life insurance policy as described in Appendix A dies during a Plan Year, the principal and cumulative interest earnings associated with the premium contributions from that policy will be excluded from the calculation of both the beginning of year and end of year account values.

2.2 *Allocated Earnings.* The earnings allocated to the Executive's Retirement Account shall equal the growth for the applicable Plan Year of Simulated Investment Number One under Section 2.1.1 minus the growth for the applicable Plan Year of Simulated Investment Number Two under Section 2.1.2. This amount shall then be divided by the Adjustment Rate as defined in Section 1.1 and then multiplied by the allocation percentage from Appendix B. If the growth of Simulated Investment Number Two exceeds the growth of Simulated Investment Number One (earnings deficit) for any Plan Year, no amount is allocated to the Executive's Retirement Account for that year. In addition, subsequent Allocated Earnings must first be reduced by the Executive's allocated portion of the cumulative remaining earnings deficit from prior years before allocation to the Executive's Retirement Account.

2.3 *Retirement Account.* The Corporation shall establish a Retirement Account on its books for the Executive, which shall be equal to the cumulative Allocated Earnings (as determined under Section 2.2) as of the end of the applicable Plan Year.

2.4 *Statement of Accounts.* The Corporation or its successor shall provide to the Executive, within one hundred twenty (120) days after each Plan Year, a statement setting forth the Retirement Account balance, as well as copies of all supporting documentation requested by the Executive showing the manner in which such Retirement Account balance is calculated.

2.5 *Accounting Device Only.* he Retirement Account and Simulated Investments are solely devices for measuring amounts to be paid under this Agreement. They are not a trust fund of any kind. The Executive is a general unsecured creditor of the Corporation for the payment of benefits. The benefits represent the mere Corporation promise to pay such benefits. The Executive's rights are not subject in any manner to anticipation, alienation, transfer, assignment, pledge, encumbrance, attachment, or garnishment by the Executive's creditors.

Article 3
Normal Retirement

3.1 *Normal Retirement Benefit.* Subject to the general limitations of Article 9, upon reaching the Normal Retirement Age while in full-time employment with the Corporation, the Executive shall be entitled to both the primary and secondary retirement benefits described in Sections 3.1.1 and 3.1.2.

3.1.1 *Primary Normal. Retirement Benefit.* Commencing within one hundred twenty (120)days after the end of the Plan Year following the Executive's Normal Retirement Date, the Corporation shall pay the Primary Normal Retirement Benefit to the Executive which is equal to the Executive's Retirement Account balance as of the end of the Plan Year immediately preceding the Executive's Normal Retirement Date. The Primary Normal Retirement Benefit shall be paid over a fifteen (15) year period in equal annual installments.

3.1.2 *Secondary Normal Retirement Benefit.* Commencing within one hundred twenty (120)days following the end of the Plan Year following the Executive's Normal Retirement Date, and continuing until the Executive's death, the Corporation shall pay the Secondary Normal Retirement Benefit to the Executive. The Secondary Normal Retirement Benefit shall be paid annually in an amount calculated as follows:

(After-tax earnings for the Plan Year on Simulated Investment Number One
minus
After-tax earnings for the Plan Year on Simulated Investment Number Two)
divided
by the Adjustment Rate
multiplied
by the Allocation Percentage as determined by Appendix B
minus
Excess Benefit Payment as defined in section 1.5

If the after-tax earnings on Simulated Investment Number Two exceed the after-tax earnings on Simulated Investment Number One (earnings deficit) for any Plan Year following the Executive's Normal Retirement Date, no payment will be made under this section. In addition, subsequent payment under this section must first be reduced by the cumulative remaining earnings deficit from prior years. Earnings shall be determined pursuant to the method set forth in Section 2.1 hereof.

Article 4
Early Termination of Employment

If the Executive's Termination of Employment occurs prior to Normal Retirement Age, the Corporation shall pay to the Executive the Primary Normal Retirement Benefit as described in Section 3.1.1 and Secondary Normal Retirement Benefit as described in Section 3.1.2, subject to the following vesting schedule:

Plan Years	Vested Percentage
0-4 years	0%
5 or more years	100%

Payment of the Primary Normal Retirement Benefit shall be based on the Executive's Retirement Account balance as of the end of the Plan Year immediately preceding the Executive's Normal Retirement Age, including any Allocated Earnings after the Executive's Termination of Employment. Payments shall be made in 15 equal annual installments commencing within one hundred twenty (120) days after the end of the Plan Year following the Executive's Normal Retirement Age. The Secondary Normal Retirement Benefit shall be paid annually as described in Section 3.1.2 commencing within one hundred twenty (120) days after the end of the Plan Year following the Executive's Normal Retirement Age.

Article 5
Competition After Termination of Employment

The Executive shall forfeit his right to any further Primary Normal Retirement Benefit or Secondary Normal Retirement Benefit under this Agreement if the Executive, after termination of employment, without the prior written consent of the Corporation, engages in, becomes interested in, directly or indirectly, as a sole proprietor, as a partner in a partnership, or as a substantial shareholder in a corporation, or becomes associated with, in the capacity of an employee, director, officer, principal, agent, trustee or in any other capacity whatsoever with any business enterprise providing services similar to those the Executive provides to the Corporation or its affiliates, or with any business enterprise providing or offering goods or services identical to or reasonably substitutable for the corporation conducted in the trading area (a 50 mile radius) of the Corporation.

Article 6
Change of Control

6.1 If the Executive is in full-time employment with the Corporation at the date of a Change of Control, the Bank shall pay the Primary Normal Retirement Benefit and the Secondary Normal Retirement Benefit described in Section 3.1.1 and 3.1.2 calculated as if the Executive has reached the Executive's Normal Retirement Age with the Corporation. Payments of the Executive's Primary Normal Retirement Benefit shall be made in 15 equal annual installments commencing with the Executive's Normal Retirement Date. Payments of the Executive's Secondary Normal Retirement Benefit shall be made in annual installments payable over the number of years from the Executive's Normal Retirement Date until the Executive's expected mortality age of 85. Upon a Change of Control, no additional participants shall be added to the plan and no further changes shall be made to the allocations set forth on Appendix B, except upon the death of an existing participant.

6.2 Notwithstanding the provisions of Section 6.1, the Corporation shall have the option to elect to pay to the Executive, in lieu of any of the benefits under this Agreement, a lump sum cash benefit equal to 110% of the sum of (a) the Retirement Account Balance at the date of the Change of Control, and (b) the present value of the Secondary Normal Retirement Benefit from the date of the Change of Control through the Executive's age 85. This benefit will be calculated using (1) the policy crediting rates and mortality rates in effect for Simulated Investment Number One at the date of the Change of Control, (2) the Federal Funds Rate in effect for Simulated Investment Number Two at the date of the Change of Control, and (3) the Corporation's highest marginal tax rate for the calendar year preceding the date of the Change of Control. The discount rate for purposes of calculating this present value shall be the bank's prime rate of interest.

Article 7
Death Benefits

Upon the Executive's death, the Corporation shall pay to the Executive's beneficiary the Executive's Retirement Account balance as of the end of the Plan Year immediately preceding the

Executive's death. The Corporation shall pay the death benefit as calculated above to the beneficiary in a lump sum within one hundred twenty (120) days following the Executive's death.

Article 8
Beneficiaries

8.1 *Beneficiary Designations.* The Executive shall designate a beneficiary by filing a written designation with the Corporation. The Executive may revoke or modify the designation at any time by filing a new designation. However, designations will only be effective if signed by the Executive and accepted by the Corporation during the Executive's lifetime. The Executive's beneficiary designation shall be deemed automatically revoked if the beneficiary predeceases the Executive, or if the Executive names a spouse as beneficiary and the marriage is subsequently dissolved. If the Executive dies without a valid beneficiary designation, all payments shall be made to the Executive's estate.

8.2 *Facility of Payment.* If a benefit is payable to a minor, to a person declared incompetent, or to a person incapable of handling the disposition of his or her property the Corporation may pay such benefit to the guardian, legal representative or person having the care or custody of such minor, incompetent person or incapable person. The Corporation may require proof of incompetence, minority or guardianship as it may deem appropriate prior to distribution of the benefit. Such distribution shall completely discharge the Corporation from all liability with respect to such benefit.

Article 9
General Limitations

9.1 *Termination for Cause.* Notwithstanding any provision of this Agreement to the contrary, the Corporation shall not pay any benefit under this Agreement if the Corporation terminates the Executive's employment for:

(a) Gross negligence or gross neglect of duties;

(b) Conviction for a felony or a gross misdemeanor involving moral turpitude; or

(c) Fraud, disloyalty, dishonesty or willful violation of any law or significant Corporation policy committed in connection with the Executive's employment and resulting in an adverse material effect on the Corporation.

With respect to clauses (a) and (c) above, the Executive shall not be considered Terminated for Cause until the Corporation has delivered notice to the Executive specifying the conduct deemed to constitute cause and allowed a reasonable time (not less than 30 days) within which the Executive may take corrective action.

9.2 *Suicide or Misstatement.* Notwithstanding any provision of this Agreement to the contrary, the Corporation shall not pay any benefit under this Agreement if the Executive commits suicide within two years after the date of this Agreement, or if the Executive has made any material misstatement of fact on any application for life insurance purchased by the Corporation or any of its subsidiaries or affiliates.

Article 10
Claims and Review Procedures

10.1 *Claims Pro*cedure. The Corporation shall notify any person or entity that makes a claim against the Agreement (the "Claimant") in writing, within ninety (90)days of Claimant's written application for benefits, of his or her eligibility or non-eligibility for benefits under the Agreement. If the Corporation determines that the Claimant is not eligible for benefits or full benefits, the notice shall set forth (1) the specific reasons for such denial, (2) a specific reference to the provisions of the Agreement on which the denial is based, (3) a description of any additional information or material necessary for the Claimant to perfect his or her claim, and a description of why it is needed, and (4) an explanation of the Agreement's claims review procedure and other appropriate information as to the steps to be taken if the Claimant wishes to have the claim reviewed. If the Corporation determines that there are special circumstances requiring additional time to make a decision, the Corporation shall notify the Claimant of the special circumstances and the date by which a decision is expected to be made, and may extend the time for up to an additional ninety (90) days.

10.2 *Review Procedure*. If the Claimant is determined by the Corporation not to be eligible for benefits, or if the Claimant believes that he or she is entitled to greater or different benefits, the Claimant shall have the opportunity to have such claim reviewed by the Corporation by filing a petition for review with the Corporation within sixty (60) days after receipt of the notice issued by the Corporation. Said petition shall state the specific reasons which the Claimant believes entitles him or her to benefits or to greater or different benefits. Within sixty (60) days after receipt by the Corporation of the petition, the Corporation shall afford the Claimant (and counsel, if any) an opportunity to present his or her position to the Corporation verbally or in writing, and the Claimant (or counsel) shall have the right to review the pertinent documents. The Corporation shall notify the Claimant of its decision in writing within the 60-day period, stating specifically the basis of its decision, written in a manner calculated to be understood by the Claimant and the specific provisions of the Agreement on which the decision is based. If, because of the need for a hearing, the 60-day period is not sufficient, the decision may be deferred for up to another sixty (60) days at the election of the Corporation, but notice of this deferral shall be given to the Claimant.

Article 11
Amendments and Termination

This Agreement may be amended or terminated only by a written agreement signed by the Corporation and the Executive.

Article 12
Administration

12.1 *Administration.* Unless otherwise determined by the Corporation's Board of Directors ("Board"), the Board or its designee shall be the named fiduciary and shall act for the Corporation under this Agreement.

12.2 *Powers of the Corporation.* The Corporation shall have all powers necessary to administer this Agreement, including, without limitation, powers:

(a) to interpret the provisions of the Agreement; and

(b) to establish rules for the administration of the Agreement and to prescribe any forms required to administer the Agreement.

12.3 *Actions of the Corporation.* All determinations, interpretations, rules, and decisions of the Corporation shall be conclusive and binding upon all persons having or claiming to have any interest or right under this Agreement.

Article 13
Miscellaneous

13.1 *Binding Effect.* This Agreement shall bind the Executive and the Corporation, and their beneficiaries, survivors, executors, administrators and transferees.

13.2 *Non-Transferability.* Benefits under this Agreement cannot be sold, transferred, assigned, pledged, attached or encumbered in any manner.

13.3 *Tax Withholding.* The Corporation shall withhold any taxes that are required to be withheld from the benefits provided under this Agreement.

13.4 *Applicable Law.* The Agreement and all rights hereunder shall be governed by the laws of the State of Georgia, except to the extent preempted by the laws of the United States of America.

13.5 *Unfunded Arrangement.* The Executive is a general unsecured creditor of the Corporation for the payment of benefits under this Agreement. The benefits represent the mere promise by the Corporation to pay such benefits. The rights to benefits are not subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, attachment, or garnishment by creditors. Any insurance on the Executive's life or any other asset held in connection with this Agreement is a general asset of the Corporation to which the Executive has no preferred or secured claim.

IN WITNESS WHEREOF, the Executive and a duly authorized Corporation officer have signed this Agreement.

CORPORATION:

UNITED COMMUNITY BANKS, INC.

By: /s/ Christopher J. Bledsoe

Title: SVP/CFO

EXECUTIVE:

/s/ Jimmy C. Tallent

Jimmy C. Tallent

Appendix A
Simulated Policy Data

Insured	Insurer	Policy No.	Product Type	Issue Date	Classification
Tallent, Jimmy C.	AH	AH5052195	ESPIVNO	12/31/98	Standard S
Tallent, Jimmy C.	AH	AH5052196	ESPIVNO	12/31/98	Standard S

AH = Alexander Hamilton Life Insurance Company

Appendix B

Executives	Initial Points	Initial Allocation Percent*
Jimmy C. Tallent	18.33	18.33%
Other Participants	81.67	81.67%
Total	100.00	100.00%

*If an Executive included above dies during a Plan Year, the Points allocated to that person above shall be eliminated and the allocated percentages shall be recalculated for that Plan Year and all subsequent Plan Years.

For example, assume the following Executives are in the plan with the following Points and Initial Allocation Percent:

Executives	Points	Initial Allocation Percent
Executive A	50	50%
Executive B	30	30%
Executive C	20	20%
Total	100	100%

Executive A dies, the Points remain the same, but the Allocation Percent changes, as follows:

Executives	Points	Revised Allocation Percent
Executive B	30	60% (30 ÷ 50)
Executive C	20	40% (20 ÷ 50)
Total	50	100%

Exhibit 10.13

Prepared 5/9/00

**FIRST AMENDMENT
TO THE
UNITED COMMUNITY BANKS, INC.
EXECUTIVE REVENUE NEUTRAL RETIREMENT AGREEMENT
DATED MARCH 13, 2000
FOR
JIMMY C. TALLENT**

THIS AMENDMENT executed on this 6th day of June, 2000, by and between UNITED COMMUNITY BANKS, INC., located in Blairsville, Georgia (the "Corporation") and JIMMY C. TALLENT (the "Executive").

On March 13, 2000, the Corporation and the Executive executed the UNITED COMMUNITY BANKS, INC. EXECUTIVE REVENUE NEUTRAL RETIREMENT AGREEMENT (the "Agreement").

The undersigned hereby amends, in part, said Agreement for the purpose of 1) updating the Corporation's Aggregate Premium Investment, and 2) revising the Executive's Initial Points and Initial Allocation Percent. Therefore,

Appendix A and Appendix B to the Agreement shall be amended in their entirety and replaced with the following new Appendix A and Appendix B attached to this Amendment.

IN WITNESS OF THE ABOVE, the Executive and the Corporation have agreed to this First Amendment.

Executive:	**Corporation:**
	UNITED COMMUNITY BANKS, INC,
/s/ Jimmy C. Tallent	By: /s/ Christopher J. Bledsoe
Jimmy C. Tallent	
	Title: SVP/CFO

Appendix A

Aggregate Premium Investment

Premium	$1,410,000

Simulated Policy Data

Insured	Insurer	Policy No.	Product Type	Issue Date	Classification
Tallent, Jimmy C.	AH	AH5052195	ESPIVNO	12/31/98	Standard S
Tallent, Jimmy C.	AH	AH5052196	ESPIVNO	12/31/98	Standard S

AH = Alexander Hamilton Life Insurance Company

Appendix B

Executives	Initial Points	Initial Allocation Percent*
Jimmy C. Tallent	16.214	16.214%
Other Participants	83.786	83.786%
Total	100.00	100.00%

*If an Executive included above dies during a Plan Year, the Points allocated to that person above shall be eliminated and the allocated percentages shall be recalculated for that Plan Year and all subsequent Plan Years.

For example, assume the following Executives are in the plan with the following Points and Initial Allocation Percent:

Executives	Points	Initial Allocation Percent
Executive A	50	50%
Executive B	30	30%
Executive C	20	20%
Total	100	100%

Executive A dies, the Points remain the same, but the Allocation Percent changes, as follows:

Executives	Points	Revised Allocation Percent
Executive B	30	60% (30 ÷ 50)
Executive C	20	40% (20 ÷ 50)
Total	50	100%

TOWNS COUNTY BANK
SPLIT DOLLAR AGREEMENT

THIS AGREEMENT is made and entered into this 13th day of March, 2000, by and between TOWNS COUNTY BANK, located in Hiawassee, Georgia (the "Bank"), and JIMMY C. TALLENT (the "Executive"). This Agreement shall append the Split Dollar Endorsement entered into on March 13, 2000, or as subsequently amended, by and between the aforementioned parties.

INTRODUCTION

To encourage the Executive to remain an employee of the Bank, the Bank is willing to divide the death proceeds of a life insurance policy on the Executive's life. The Bank will pay life insurance premiums from its general assets.

Article 1
General Definitions

The following terms shall have the meanings specified:

1.1 *"Change of Control"* shall mean any of the following:

(A) any person (as such term is used in Sections 13d and 14d-2 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), other than the Corporation, a subsidiary of the Corporation, an employee benefit plan (or related trust) of the Corporation or a direct or indirect subsidiary of the Corporation, or affiliates of the Corporation (as defined in Rule 12b-2 under the Exchange Act), becomes the beneficial owner (as determined pursuant to Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Corporation representing more than 25 percent of the combined voting power of the Corporation's then outstanding securities (other than a person owning 10% or more of the voting power of stock on the date hereof) or announces a tender offer or exchange offer for securities of the Corporation representing more than 25 percent of the combined voting power of the Corporation's then outstanding securities; or

(B) the liquidation or dissolution of the Corporation or the Bank or the occurrence of, or execution of an agreement providing for a sale of all or substantially all of the assets of the Corporation or the Bank to an entity which is not a direct or indirect subsidiary of the Corporation; or

(C) the occurrence of, or execution of an agreement providing for a reorganization, merger, consolidation or other similar transaction or connected series of transactions of the Corporation as a result of which either (a) the Corporation does not survive or (b) pursuant to which shares of the Corporation common stock ("Common Stock") would be converted into cash, securities or other property, unless, in case of either (a) or (b), the holders of the Corporation Common Stock immediately prior to such transaction will, following the consummation of the transaction, beneficially own, directly or indirectly, more than 50 percent of the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors of the corporation surviving, continuing or resulting from such transaction; or

(D) the occurrence of, or execution of an agreement providing for a reorganization, merger, consolidation or similar transaction of the Corporation, or before any connected series of such transactions, if upon consummation of such transaction or transactions, the persons who are members of the Board of Directors of the Corporation immediately before such transaction or transactions cease or, in the case of the execution of an agreement for such transaction or transactions, it is contemplated in such agreement that upon consummation such persons would cease to constitute a majority of the Board of Directors of the Corporation or, in the case where the Corporation does not survive in such transaction, of the corporation surviving, continuing or resulting from such transaction or transactions; or

(E) any other event which is at any time designated as a "Change of Control" for purposes of this Agreement by a resolution adopted by the Board of Directors of the Corporation with the affirmative vote of a majority of the non-employee directors in office at the time the resolution is adopted; in the event any such resolution is adopted, the Change of Control event specified thereby shall be deemed incorporated herein by reference and thereafter may not be amended, modified or revoked without the written agreement of the Executive.

Notwithstanding anything else to the contrary set forth in this Agreement, if (i) an agreement is executed by the Corporation or the Bank providing for any of the transactions or events constituting a Change of Control as defined herein, and the agreement subsequently expires or is terminated without the transaction or event being consummated, and (ii) Executive's employment did not terminate during the period after the agreement and prior to such expiration or termination, for purposes of this Agreement it shall be as though such agreement was never executed and no Change of Control event shall be deemed to have occurred as a result of the execution of such agreement.

1.2 *"Corporation"* means United Community Banks, Inc.

1.3 *"Disability"* means, if the Executive is covered by a Bank-sponsored disability policy, total disability as defined in such policy without regard to any waiting period. If the Executive is not covered by such a policy, Disability means the Executive suffering a sickness, accident or injury which, in the judgment of a physician satisfactory to both the Executive and the Bank, prevents the Executive from performing substantially all of the Executive's normal duties for the Bank.

1.4 *"Insured"* means the Executive.

1.5 *"Insurer"* means Alexander Hamilton Life Insurance Company.

1.6 *"Policy"* means insurance policy AH5052196issued by the Insurer.

1.7 *"Plan Year"* means a twelve-month period commencing on January 1st and ending on December 31st of each year. The initial Plan Year shall commence on the effective date of this Agreement and end on December 31, 1999.

1.8 *"Normal Retirement Age"* means the Executive's 50^{th} birthday.

1.9 *"Termination of Employment"* means the Executive ceasing to be employed by the Bank for any reason whatsoever, other than by reason of an approved leave of absence.

Article 2
Policy Ownership/Interests

2.1 *Bank Ownership.* The Bank is the sole owner of the Policy and shall have the right to exercise all incidents of ownership. The Bank shall be the beneficiary of the death proceeds of the Policy remaining after the Executive's interest is determined according to Section *2.2* below.

2.2 *Executive's Interest.* If the Executive dies during active service with the Company, subject to the general limitations of Article 5, the Executive shall have the right to designate the beneficiary of a portion of the death proceeds of the Policy equal to the lesser of (1) 70%of the excess of (i) the total death benefit proceeds of the Policy, over (ii) the Policy's cash surrender value as of the day prior to the date of the Executive's death, or (2) 70%of the excess of the amount by which the total death proceeds of the Policy exceed the aggregate premiums paid on the Policy by the Company less any outstanding indebtedness to the insurer.

If the Executive dies after terminating his employment prior to Normal Retirement Age, the Executive shall have the interest determined in the above paragraph of this Section 2.2 subject to the following vesting schedule:

Plan Years	Vested Percentage
0-4 years	0%
5 or more years	100%

The Executive shall also have the right to elect and change settlement options that may be permitted.

2.3 *Comparable Coverage*. The Bank shall maintain the Policy in full force and effect and in no event shall the Bank amend, terminate or otherwise abrogate the Executive's interest in the Policy, except, however, if the Bank replaces the Policy with a comparable insurance policy to cover the benefit provided under this Agreement. The Policy or any comparable policy shall be subject to the claims of the Bank's creditors.

Article 3
Premiums

3.1 *Premium Payment.* The Bank shall pay any premiums due on the Policy.

3.2 *Imputed Income.* The Bank shall impute income to the Executive in an amount equal to the current term rate for the Executive's age multiplied by the aggregate death benefit payable to the Executive's beneficiary or in such a manner as may be mandated by the Internal Revenue Service. The "current term rate" is the minimum amount required to be imputed under Revenue Rulings 64-328 and 66-110, or any subsequent applicable authority.

Article 4
Assignment

The Executive may not assign or transfer the Executive's interests in the Policy other than by will or by the laws of descent and distribution. Notwithstanding the foregoing, the Executive's interests in the Policy may be transferred, in whole or in part, without consideration, by written instrument signed by the Executive, to any members of the immediate family of the Executive (i.e., spouse, children and grandchildren), any trusts for the benefit of such family members or any partnerships whose only partners are such family members (the "Permitted Transferees"). Appropriate evidence of any such transfer to the Permitted Transferees shall be delivered to the Company at its principal executive office. If all or part of the Executive's interests in the Policy is transferred to a Permitted Transferee, the Permitted Transferee's rights hereunder shall be subject to the same restrictions and limitations with respect to the Executive's interests in the Policy as the Executive.

Article 5
Insurer

The Insurer shall be bound only by the terms of the Policy. Any payments the Insurer makes or actions it takes in accordance with the Policy shall fully discharge it from all claims, suits and demands of all entities or¯persons. The Insurer shall not be bound by or be deemed to have notice of the provisions of this Agreement.

Article 6
Claims Procedure

6.1 *Claims Procedure.* The Bank shall notify the Executive, the Executive's transferee or beneficiary, or any other party who claims a right to an interest under the Agreement (the "Claimant') in writing, within ninety (90) days of his or her written application for benefits, of his or her eligibility or ineligibility for benefits under this Agreement. If the

Bank determines that the Claimant is not eligible for benefits or full benefits, the notice shall set forth (1) the specific reasons for such denial, (2) a specific reference to the provisions of this Agreement on which the denial is based, (3) a description of any additional information or material necessary for the Claimant to perfect his or her claim, and a description of why it is needed, and (4) an explanation of this Agreement's claims review procedure and other appropriate information as to the steps to be taken if the Claimant wishes to have the claim reviewed. If the Bank determines that there are special circumstances requiring additional time to make a decision, the Bank shall notify the Claimant of the special circumstances and the date by which a decision is expected to be made, and may extend the time for up to an additional ninety (90) days.

6.2 *Review Procedure*. If the Claimant is determined by the Bank not to be eligible for benefits, or if the Claimant believes that he or she is entitled to greater or different benefits, the Claimant shall have the opportunity to have such claim reviewed by the Bank by filing a petition for review with the Bank within sixty (60) days after receipt of the notice issued by the Bank. Said petition shall state the specific reasons which the Claimant believes entitle him or her to benefits or to greater or different benefits. Within sixty (60) days after receipt by the Bank of the petition, the Bank shall afford the Claimant (and counsel, if any) an opportunity to present his or her position to the Bank verbally or in writing, and the Claimant (or counsel) shall have the right to review the pertinent documents. The Bank shall notify the Claimant of its decision in writing within the sixty-day period, stating specifically the basis of its decision, written in a manner calculated to be understood by the Claimant and the specific provisions of this Agreement on which the decision is based. If, because of the need for a hearing, the sixty-day period is not sufficient, the decision may be deferred for up to another sixty (60) days at the election of the Bank, but notice of this deferral shall be given to the Claimant.

Article 7
Amendments and Termination

This Agreement may be amended or terminated only by a written agreement signed by the Bank and the Executive.

Article 8
Miscellaneous

8.1 *Binding Effect*. This Agreement shall bind the Executive and the Bank, their beneficiaries, survivors, executors, administrators and transferees, and any Policy beneficiary.

8.2 *No Guarantee of Employment.* This Agreement is not an employment policy or contract. It does not give the Executive the right to remain an employee of the Bank, nor does it interfere with the Bank's right to discharge the Executive. It also does not require the Executive to remain an employee nor interfere with the Executive's right to terminate employment at any time.

8.3 *Applicable Law.* The Agreement and all rights hereunder shall be governed by and construed according to the laws of the State of Georgia, except to the extent preempted by the laws of the United States of America.

8.4 *Reorganization*. If the Bank merges or consolidates into or, with another company, or reorganizes, or sells substantially all of its assets to another company, firm or person, the bank will require such succeeding or continuing company, firm or person to assume and discharge the obligations of the Bank.

8.5 *Notice.* Any notice, consent or demand required or permitted to be given under the provisions of this Split Dollar Agreement by one party to another shall be in writing, shall be signed by the party giving or making the same, and may be given either by delivering the same to such other party personally, or by mailing the same, by United States certified mail, postage prepaid, to such party, addressed to his or her last known address as shown on the records of the Bank. The date of such mailing shall be deemed the date of such mailed notice, consent or demand.

8.6 *Entire Agreement.* This Agreement constitutes the entire agreement between the Bank and the Executive as to the subject matter hereof. No rights are granted to the Executive by virtue of this Agreement other than those specifically set forth herein.

8.7 *Administration.* The Bank shall have powers which are necessary to administer this Agreement, including but not limited to:

(a) Interpreting the provisions of the Agreement;

(b) Establishing and revising the method of accounting for the Agreement;

(c) Maintaining a record of benefit payments; and

(d) Establishing rules and prescribing any forms necessary or desirable to administer the Agreement.

8.8 *Named Fiduciary.* For purposes of the Employee Retirement Income Security Act of 1974, if applicable, the Bank shall be the named fiduciary and plan administrator under the Agreement. The named fiduciary may delegate to others certain aspects of the management and operation responsibilities of the plan including the employment of advisors and the delegation of ministerial duties to qualified individuals

IN WITNESS WHEREOF, the parties have executed this Agreement the day and year first above written.

BANK:

TOWNS COUNTY BANK

By: /s/

Title: President

EXECUTIVE

/s/ Jimmy C. Tallent

Jimmy C. Tallent

By execution hereof, the Corporation consents to and agrees to be bound by the terms and condition of this Agreement.

CORPORATION:

UNITED COMMUNITY BANKS, INC.

By: /s/ Christopher J. Bledsoe

Title: SVP/CFO

Policy amended at owner's request
and change recorded at the Home
Office of Alexander Hamilton Life
Insurance Company, this 10th
day of August 2000.

/s/ Robert A. Reed

CAROLINA COMMUNITY BANK
SPLIT DOLLAR AGREEMENT

THIS AGREEMENT is made and entered into this 13th day of March, 2000 by and between CAROLINA COMMUNITY BANK, located in Murphy, North Carolina (the "Bank"), and JIMMY C. TALLENT (the "Executive"). This Agreement shall append the Split Dollar Endorsement entered into on March 13 , 2000, or as subsequently amended, by and between the aforementioned parties.

INTRODUCTION

To encourage the Executive to remain an employee of the Bank, the Bank is willing to divide the death proceeds of a life insurance policy on the Executive's life, The Bank will pay life insurance premiums from its general assets.

Article 1
General Definitions

The following terms shall have the meanings specified:

1.1 "Change of Control" shall mean any of the following:

(A) any person (as such term is used in Sections 13d and14d-2 of the Securities Exchange Act of 1934, as amended *(the* "Exchange Act"), other than the Corporation, a subsidiary of the Corporation, an employee benefit plan (or related trust) of the Corporation or a direct or indirect subsidiary of the Corporation, or affiliates of the Corporation (as defined in Rule 12b-2 under the Exchange Act), becomes the beneficial owner (as determined pursuant to Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Corporation representing more than 25 percent of the combined voting power of the Corporation's then outstanding securities (other than a person owning 10% or more of the voting power of stock on the date hereof) or announces a tender offer or exchange offer for securities of the Corporation representing more than 25 percent of the combined, voting power of the Corporation's then outstanding securities; or

(B) the liquidation or dissolution of the Corporation or the Bank or the occurrence of, or execution of an agreement providing for a sale of all or substantially all of the assets of theCorporation or the Bank to an entity which is not. a direct or indirect subsidiary of the Corporation; or

(C) the occurrence of, or execution of an agreement providing for a reorganization, merger, consolidation or other similar transaction or connected series of transactions of theCorporation as a result of which either (a) the Corporation does not survive or (b) pursuant to which shares of the Corporation common stock ("Common Stock") would be converted into cash, securities or other property, unless, in case of either (a) or (b), the holders of the Corporation Common Stock immediately prior to such transaction will, following the consummation of the transaction, beneficially own, directly or indirectly, more than 50 percent of the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors of the corporation surviving, continuing or resulting from such transaction; or

(D) the occurrence of, or execution of an agreement providing for a reorganization, merger, consolidation or similar transaction of the Corporation, or before any connected series of such transactions, if upon consummation of such transaction or transactions, the persons who are members of the Board of Directors of the Corporation immediately before such transaction or transactions cease or,in the case of the execution of an agreement for such transaction or transactions, it is contemplated in such agreement that upon consummation such persons would cease to constitute a majority of the Board of Directors of the Corporation or, in the case where the Corporation does not survive in such transaction, of the corporation surviving, continuing or resulting from such transaction or transactions; or

(E) any other event which is at any time designated as a "Change of Control" for purposes of this Agreement by a resolution adopted by the Board of Directors of the Corporation with the affirmative vote of a majority of the non employee directors in office at the time the resolution is adopted; in the event any such resolution is adopted, the Change of Control event specified thereby shall be deemed incorporated herein by reference and thereafter may not be amended, modified or revoked without the written agreement of the Executive.

Notwithstanding anything else to the contrary set forth in this Agreement, if (i) an agreement is executed by the Corporation or the Bank providing for any of the transactions or events constituting a Change of Control as defined herein, and the agreement subsequently expires or is terminated without the transaction or event being consummated, and (ii) Executive's employment did not terminate during the period after the agreement and prior to such expiration or termination, for purposes of this Agreement it shall be as though such agreement was never executed and no Change of Control event shall be deemed to have occurred as a result of the execution of such agreement.

1.2 *"Corporation"* means United Community Banks, Inc.

1.3 *"Disability"* means, if the Executive is covered by a Bank-sponsored disability policy, total disability as defined in such policy without regard to any waiting period. If the Executive is not covered by such a policy, Disability means the Executive suffering a sickness, accident or injury which, in the judgment of a physician satisfactory to both the Executive and the Bank, prevents the Executive from performing substantially all of the Executive's normal duties for the Bank.

1.4 *"Insured"* means the Executive.

1.5 *"Insurer"* means Alexander Hamilton, Life Insurance Company.

1.6 *"Policy"* means insurance policy AH5052195 issued by the Insurer.

1.7 *"Plan Year"* means a twelve-month, period commencing on January 1st and ending on December 31st of each year. The initial Plan Year shall commence on the effective date of this Agreement and end on December 31, 1999.

1.8 *"Normal Retirement Age"* means the Executive's 50th birthday.

1.9 *"Termination of Employment"* means the Executive ceasing m be employed by the Bank for any reason whatsoever, other than by reason of an approved leave of absence.

Article 2
Policy Ownership/interests

2.1 *Bank Ownership.* The Bank is the sole owner of the Policy and shall have the right to exercise all incidents of ownership. The Bank shall be the beneficiary of the death proceeds of the Policy remaining after the Executive's interest is determined according to Section 2.2 below.

2.2 *Executive's Interest*. If the Executive dies during active service with the Company, subject to the general limitations of Article 5, the Executive shall have the right to designate the beneficiary of a portion, of the death proceeds of the Policy equal to the lesser of (1) 70% of the excess of (i) the total death benefit proceeds of the Policy, over (ii) the Policy's cash surrender value as of the day prior to the date of the Executive's death, or (2) 70% of the excess of the amount by which the total death proceeds of the Policy exceed the aggregate premiums paid on the Policy by the Company less any outstanding indebtedness to the insurer.

If the Executive dies after terminating his employment prior to Normal Retirement Age, the Executive shall have the interest determined in the above paragraph of this Section 2.2 subject to the following vesting schedule:

Plan Years	Vested Percentage
0-4 years	0 %
5 or more years	100%

The Executive shall also have the right to elect and change settlement options that may be permitted.

2.3 *Comparable Coverage*. The Bank shall maintain the Policy in full force and effect and in no event shall the Bank amend, terminate or otherwise abrogate the Executive's interest in the Policy, except, however, if the Bank replaces the Policy with a comparable insurance policy to cover the benefit provided under this Agreement. The Policy or any comparable policy shall be subject to the claims of the Bank's creditors.

Article 3
Premiums

3.1 *Premium Payment*. The Bank shall pay any premiums due on the Policy.

3.2 *Imputed Income.* The Bank shall impute income to the Executive in an amount equal to the current term rate for the Executive's age multiplied by the aggregate death benefit payable to the Executive's beneficiary or in such a manner as may be mandated by the Internal Revenue Service. The “current term rate” is the minimum amount required to be imputed under Revenue Rulings 64-328 and 66-110, or any subsequent applicable authority.

Article 4
Assignment

The Executive may not assign or transfer the Executive's interests in the Policy other than by will or by the laws of descent and distribution. Notwithstanding the foregoing, the Executive's interests in the Policy may be transferred, in whole or in part, without consideration, by written instrument signed by the Executive, to any members of the immediate family of the Executive (i.e., spouse, children and grandchildren), any trusts for the benefit of such family members or any partnerships whose only partners are such family members (the “Permitted Transferees”). Appropriate evidence of any such transfer to the Permitted Transferees shall be delivered to the Company at its principal executive office. If all or part of the Executive's interests in the Policy is transferred to a Permitted Transferee, the Permitted Transferee's rights hereunder shall be subject to the same restrictions and limitations with respect to the Executive's interests in the Policy as the Executive.

Article 5
Insurer

The Insurer shall be bound only by the terms of the Policy. Any payments the Insurer makes or actions it takes in accordance with the Policy shall fully discharge it from all claims, suits and demands of all entities or persons. The Insurer shall not be bound by or be deemed to have notice of the provisions of this Agreement.

Article 6
Claims Procedure

6.1 *Claims Procedure.* The Bank shall notify the Executive, the Executive's transferee or beneficiary, or any other party who claims a right to an interest under the Agreement (the “Claimant') in writing, within ninety (90) days of his or her written application for benefits, of his or her eligibility or ineligibility for benefits under this Agreement. If the Bank determines that the Claimant is not eligible for benefits or full benefits, the notice shall set forth (1) the specific reasons for such denial, (2) a specific reference to the provisions of this Agreement on which the denial is based, (3) a description of any additional information or material necessary for the Claimant to perfect his or her claim, and a description of why it is needed, and (4) an explanation of this Agreement's claims review procedure and other appropriate information as to the steps to be taken if the Claimant wishes to have the claim reviewed. If the Bank determines that there are special circumstances requiring additional time to make a decision, the Bank shall notify the Claimant of the special circumstances and the date by which a decision is expected to be made, and may extend the time for up to an additional ninety (90) days.

6.2 *Review Procedure*. If the Claimant is determined by the Bank not to be eligible for benefits, or if the Claimant believes that he or she is entitled to greater or different benefits, the Claimant shall have the opportunity to have such claim reviewed by the Bank by filing a petition for review with the Bank within sixty(60) days after receipt of the notice issued by the Bank. Said petition shall state the specific reasons which the Claimant believes entitle him, or her to benefits or to greater or different benefits. Within sixty (60) days after receipt by the Bank of the petition, the Bank shall afford the Claimant (and counsel, if any) an opportunity to present his or her position to the Bank verbally or in writing, and the Claimant (or counsel) shall have the right to review the pertinent documents. The Bank shall notify the Claimant of its decision in writing within the sixty-day period, stating specifically the basis of its decision, written in a manner calculated to be understood by the Claimant and the specific provisions of this Agreement on which the decision is based. If, because of the need for a hearing, the sixty-day period is not sufficient, the decision may be deferred for up to another sixty (60) days at the election of the Bank, but notice of this deferral shall be given to the Claimant.

Article 7
Amendments and Termination

This Agreement may be amended or terminated only by a written agreement signed by the Bank and the Executive.

Article 8
Miscellaneous

8.1 *Binding Effect.* This Agreement shall bind the Executive and the Bank, their beneficiaries, survivors, executors, administrators and transferees, and any Policy beneficiary.

8.2 *No Guarantee of Employment.* This Agreement is not an employment policy or contract. It does not give the Executive the right to remain an employee of the Bank, nor does it interfere with the Bank's right to discharge the Executive. It also does not require the Executive to remain an employee nor interfere with the Executive's right to terminate employment at any time.

8.3 *Applicable Law.* The Agreement and all rights hereunder shall be governed by and construed according to the laws of the State of Georgia, except to the extent preempted by the laws of the United States of America.

8.4 *Reorganization.* If the Bank merger or consolidates into or with another company, or reorganizes, or sells substantially all of its assets to another company, firm or person, the Bank will require such succeeding or continuing company, firm or person to assume and discharge the obligations of the Bank.

8.5 *Notice.* Any notice, consent or demand required or permitted to be given under the provisions of this Split Dollar Agreement by one party to another shall be in writing, shall be signed by the party giving or making the same, and may be given either by delivering the same to such other party personally, or by mailing the same, by United States certified mail, postage prepaid, to such party, addressed to his or her last known address as shown on the records of the Bank. The date of such mailing shall be deemed the date of such mailed notice, consent or demand.

8.6 *Entire Agreement.* This Agreement constitutes the entire agreement between the Bank and the Executive as to the subject matter hereof. No rights are granted to the Executive by virtue of this Agreement other than those specifically set forth herein.

8.7 *Administration.* The Bank shall have powers which are necessary to administer this Agreement, including but not limited to:

(a) Interpreting the provisions of the Agreement;

(b) Establishing and revising the method of accounting for the Agreement;

(c) Maintaining a record of benefit payments; and

(d) Establishing rules and prescribing any forms necessary or desirable to administer the Agreement.

8.8 *Named Fiduciary.* For purposes of the Employee Retirement Income Security Act of 1974, if applicable, the Bank shall be the named fiduciary and plan administrator under the Agreement. The named fiduciary may delegate to others certain aspects of the management and operation, responsibilities of the plan including the employment of advisors and the delegation of ministerial duties to qualified individuals.

IN WITNESS WHEREOF, the parties have executed this Agreement the day and year first above written.

BANK:

CAROLINA COMMUNITY BANK

By: /s/ Billy M Decker

Title: ______________________________

EXECUTIVE:

/s/ Jimmy C. Tallent
Jimmy C. Tallent

By execution hereof, the Corporation consents to and agrees to be bound by the terms and condition of this Agreement.

CORPORATION
UNITED COMMUNITY BANKS, INC.

By: /s/ Christopher J. Bledsoe
Title: SVP/CFO

PEOPLES BANK OF FANNIN COUNTY
EXECUTIVE REVENUE NEUTRAL RETIREMENT AGREEMENT

THIS AGREEMENT is made this 2nd day of August, 1999, by and between the PEOPLES BANK OF FANNIN COUNTY, located in Blue Ridge, Georgia (the "Bank"), and THOMAS C. GILLILAND (the "Executive"). This agreement shall be effective as of January 1, 1999.

INTRODUCTION

To attract, retain and reward quality management, and to provide a potentially higher level of retirement income, the Bank is willing to provide the Executive with this Executive Revenue Neutral Retirement Agreement. The Bank will pay the benefits from its general assets.

AGREEMENT

The Executive and the Bank agree as follows:

Article 1
Definitions

Whenever used in this Agreement, the following words and phrases shall have the meanings specified:

1.1 "*Adjustment Rate*" shall mean the figure equal to one minus the Bank's highest marginal Federal and State Income tax rate for the current calendar year.

1.2 "*Change of Control*" shall mean any of the following:

(A) any person (as such term is used in Sections 13d and 14d-2 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), other than the Corporation, a subsidiary of the Corporation, an employee benefit plan (or related trust) of the Corporation or a direct or indirect subsidiary of the Corporation, or affiliates of the Corporation (as defined in Rule 12b-2 under the Exchange Act), becomes the beneficial owner (as determined pursuant to Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Corporation representing more than 25% of the combined voting power of the Corporation's then outstanding securities (other than a person owning 10% or more of the voting power of stock on the date hereof) or announces a tender offer or exchange offer for securities of the Corporation representing more than 25% of the combined voting power of the Corporation's then outstanding securities; or

(B) the liquidation or dissolution of the Corporation or the Bank or the occurrence of, or execution of an agreement providing for a sale of all or substantially all of the assets of the Corporation or the Bank to an entity which is not a direct or indirect subsidiary of the Corporation; or

(C) the occurrence of, or execution of an agreement providing for a reorganization, merger, consolidation or other similar transaction or connected series of transactions of the Corporation as a result of which either (a) the Corporation does not survive or (b) pursuant to which shares of the Corporation common stock ("Common Stock") would be converted into cash, securities or other property, unless, in case of either (a) or (b), the holders of the Corporation Common Stock immediately prior to such transaction will, following the consummation of the transaction, beneficially own, directly or indirectly, more than 50% of the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors of the corporation surviving, continuing or resulting from such transaction; or

(D) the occurrence of, or execution of an agreement providing for a reorganization, merger, consolidation or similar transaction of the Corporation, or before any connected series of such transactions, if upon consummation of such transaction or transactions, the persons who are members of the Board of Directors of the Corporation immediately before such transaction cease or, in the case of the execution of an agreement for such transaction or transactions, it is contemplated in such agreement that upon consummation such persons would cease to constitute a majority of the Board of Directors of the Corporation or, in the case where the Corporation does not survive in such transaction, of the corporation surviving, continuing or resulting from such transaction or transactions; or

(E) any other event which is at any time designated as a "Change of Control" for purposes of this Agreement by a resolution adopted by the Board of Directors of the Corporation with the affirmative vote of a majority of the non-employee directors in office at the time the resolution is adopted; in the event any such resolution is adopted, the Change of Control event specified thereby shall be deemed incorporated herein by reference and thereafter may not be amended, modified or revoked without the written agreement of the Executive.

Notwithstanding anything else to the contrary set forth in this Agreement, if (i) an agreement is executed by the Corporation or the Bank providing for any of the transactions or events constituting a Change of Control as defined herein, and the agreement subsequently expires or is terminated without the transaction or event being consummated, and (ii) Executive's employment did not terminate during the period after the agreement and prior to such expiration or termination, for purposes of this Agreement it shall be as though such agreement was never executed and no Change of Control event shall be deemed to have occurred as a result of the execution of such agreement.

1.3 "*Corporation*" means United Community Banks, Inc.

1.4 "*Employment Date*" means the date which the Executive was first employed on a full-time basis by the Bank or the Corporation, or any subsidiary of the Bank or Corporation.

1.5 "*Excess Benefit Payment*" means the additional annual payment amount as a result of crediting interest to the Retirement Account as determined under Section 2.3 during the post retirement years. Interest shall be credited at the rate of 7% per annum compounded monthly. This rate may be changed prospectively upon approval by the Board of Directors of the Corporation. For example, the annual payment on a $100,000 Retirement Account, paid over 10 years without interest, would be $10,000. The annual payment with interest crested at 7 percent would equal $13,933, resulting in an Excess Benefit Payment of $3,933.

1.6 "*Normal Retirement Benefits*" means the benefit described in Article 3.

1.7 "*Normal Retirement Age*" means the Executive's 55^{th} birthday.

1.8 "*Normal Retirement Date*" means the later of the Normal Retirement Age or Termination of Employment.

1.9 "*Plan Year*" means each calendar year from January 1 through December 31. In the year of implementation, it shall commence with the effective date of this Agreement and end on December 31, 1999.

1.10 "*Retirement Account*" means the account maintained on the books of the Bank as described in Section 2.3.

1.11 "*Simulated Investments*" mean investments specified by the Bank for use its measuring the Retirement Benefit. Subject to Article 2, the Bank can change the Simulated Investments only with the Executive's written agreement. The Simulated Investments shall be of equal initial amounts.

1.12 "*Termination of Employment*" means the Executive ceases to be employed by the Bank or the Corporation or any subsidiary of the Bank or Corporation or their successor for any reason other than death.

Article 2
Retirement Account

2.1 *Simulated Investments*. The Bank shall establish two simulated investments as of _____________, 1999 as follows:

2.1.1 Simulated Investment Number One shall track the cash surrender value of a portfolio of life insurance policies with an aggregate single premium investment of $8,060,000 as detailed in Appendix A. After tax earnings shall be based on the annual growth in the cash surrender value ("CSV") of these policies. The annual growth in such CSV is calculated as follows:

Total portfolio CSV at the end of the Plan Year
minus
Total portfolio CSV at the beginning of the Plan Year

The following example will illustrate this calculation:

Portfolio CSV –12/31/99	$1,050,000
Portfolio CSV –12/31/98	$1,000,000
Simulated Investment Number One growth in CSV for 1999	$50,000

For purposes of this calculation, if an individual covered by a simulated life insurance policy as described in Appendix A dies during a Plan Year, the policy cash surrender value will be excluded from the calculation of both the beginning of year and end of year portfolio cash, surrender values.

2.1.2 Simulated Investment Number Two shall track the value of a simulated investment account comprised of both principal and accumulated net after-tax interest earnings. Principal contributions to this account will be equal to premium contributions made to Simulated Investment Number One and credited at the same time as premium contributions. Pre-tax interest earnings shall, be based on the Federal Funds Rate. This rate shall be adjusted quarterly. Simulated Investment Number Two assumes the income tax rate to be the Bank's highest marginal tax rate for the current calendar year, and assumes that interest (net of tax) shall be compounded on an annual basis at the end of each Plan Year. The annual growth is calculated as follows:

Total account value at the end of the Plan Year
minus
Total account value at the beginning of the Plan Year

The following example will illustrate this calculation:

Account value – 12/31/99	$1,027,000
Account value – 12/31/98	$1,000,000
Simulated Investment Number Two Growth for 1999	$27,000

*Assumes 4.5 percent Federal Funds Rate and 40 percent tax bracket.

For purposes of this calculation, if an individual covered by a simulated life insurance policy as described in. Appendix A dies during a plan Year, the principal and cumulative interest earnings associated with the premium, contributions from that policy will be excluded from the calculation of both the beginning of year and end of year account values.

2.2 *Allocated Earnings*. The earnings allocated to the Executive's Retirement Account shall equal the growth for the applicable Plan Year of Simulated Investment Number One under Section 2.1.1 minus the growth for the applicable Plan Year of Simulated Investment Number Two under Section 2.1.2. This amount shall then be divided by the Adjustment Rate as defined in Section 1.1 and then multiplied by the allocation percentage from Appendix B. If the growth of Simulated Investment Number Two exceeds the growth of Simulated Investment Number One (earnings deficit) for any Plan Year, no amount is allocated to the Executive's Retirement Account for that year. In addition, subsequent Allocated Earnings must first be reduced by the Executive's allocated portion of the cumulative remaining earnings deficit from prior years before allocation to the Executive's Retirement Account.

2.3 *Retirement Account*. The Bank shall establish a Retirement Account on its books far the Executive, which shall be equal to the cumulative Allocated Earnings (as determined under Section 2.2) as of the end of the applicable Plan Year.

2.4 *Statement of Accounts*. The Bank or its successor shall provide to the Executive, within one hundred twenty (120) days after each Plan Year, a statement setting forth the Retirement Account balance, as well as copies of all supporting documentation requested by the Executive showing the manner in which such Retirement Account balance is calculated.

2.5 *Accounting Device Only*. The Retirement Account and Simulated Investments are solely devices far measuring amounts to be paid under this Agreement. They are not a trust fund of any kind. The Executive is a general unsecured creditor of the Bank for the payment of benefits. The benefits represent the mere Bank promise to pay such benefits. The Executive's rights are not subject in any manner to anticipation. alienation, transfer, assignment, pledge, encumbrance, attachment, or garnishment by the Executive's creditors.

Article 3
Normal Retirement

3.1 *Normal Retirement Benefit*. Subject to the general limitations of Article 9, upon reaching the Normal Retirement Age while in full-time employment with the Bank, the

Executive shall be entitled to both the primary and secondary retirement benefits described in Sections 3.1.1 and 3.1.2.

3.1.1 *Primary Normal Retirement Benefit.* Commencing within one hundred twenty (120) days after the end of the Plan Year following the Executive's Normal Retirement Date, the Bank shall pay the Primary Normal Retirement Benefit to the Executive which is equal to the Executive's Retirement Account balance as of the end of the Plan Year immediately preceding the Executive's Normal Retirement Date. The Primary Normal Retirement Benefit: shall be paid over a fifteen (15) year period in equal annual installments.

3.1.2 *Secondary Normal Retirement Benefit.* Commencing within one hundred twenty (120) days following the end of the Plan Year following the Executive's Normal Retirement Date, and continuing until the Executive's death, the Bank shall pay the Secondary Normal Retirement Benefit to the Executive. The Secondary Normal Retirement Benefit shall be paid annually in an amount calculated as follows:

(After-tax earnings for the Plan Year on Simulated Investment Number One
minus
After-tax earnings for the Plan Year on Simulated Investment Number Two)
divided
by the Adjustment Rate
multiplied
by the Allocation Percentage as determined by Appendix B
minus
Excess Benefit Payment as defined in section 1.5

If the after-tax earnings on Simulated Investment Number Two exceed the after-tax earnings on Simulated Investment Number one (earnings deficit) for any Plan Year following the Executive's Normal Retirement Date, no payment will be made under this section. In addition, subsequent payment under this section must first be reduced by the cumulative remaining earnings deficit from prior years. Earnings shall be determined pursuant to the method set forth in Section 2.1 hereof.

Article 4
Early Termination of Employment

If the Executive's Termination of Employment occurs prior to Normal Retirement Age, the Bank shall pay to the Executive the Primary Normal Retirement Benefit as described in Section 3.1.1 and Secondary Normal Retirement Benefit as described in Section 3.1.2, subject to the following vesting schedule:

Plan Years	Vested Percentage
0-4 years	0%
5 or more years	100%

Payment of the Primary Normal Retirement Benefit shall be based on the Executive’s Retirement Account balance as of the end of the Plan Year immediately preceding the Executive's Normal Retirement Age, including any Allocated Earnings after the Executive's Termination of Employment. Payments shall be made in 15 equal annual installments commencing within one hundred twenty (120) days After the end of the Plan Year following the Executive's Normal Retirement Age. The Secondary Normal Retirement Benefit shall be paid annually as described in Section 3.1.2 commencing within one hundred twenty (120) days after the end of the Plan Year following the Executive's Normal Retirement Age.

Article 5
Competition After Termination of Employment

The Executive shall forfeit his right to any further Primary Normal Retirement Benefit or Secondary Normal Retirement Benefit under this Agreement if the Executive, after termination of employment, without the prior written consent of the Bank, engages in, becomes interested in, directly or indirectly, as a sole proprietor, as a partner in a partnership, or as a substantial shareholder in a corporation, or becomes associated with, in the capacity of an employee, director, officer, principal, agent, trustee or in any other capacity whatsoever with any business enterprise providing services similar to those the Executive provides to the Bank or its affiliates, or with any business enterprise providing or offering goods or services identical to or reasonably substitutable for the corporation conducted in the trading area (a 50 mile radius) of the Bank.

Article 6
Change of Control

6.1 If the Executive is in full-tune employment with the Bank at the date of a Change of Control, the Bank shall pay the Primary Normal Retirement Benefit and the Secondary Normal Retirement Benefit described in Section 3.1.1 and 3.1.2 calculated as if the Executive has reached the Executive's Normal Retirement Age with the Bank. Payments of the Executive's Primary Normal Retirement Benefit shall be made in 15 equal annual installments commencing with the Executive's Normal Retirement Date. Payments of the Executive's Secondary Normal Retirement Benefit shall be made in annual installments payable over the number of years from the Executive's Normal Retirement Date until the Executive's expected mortality age of 85. Upon a Change of Control, no additional participants shall be added to the plan and to further changes shall be made to the allocations set forth on Appendix B, except upon the death of an existing participant.

6.2 Notwithstanding the provisions of Section 6.1, the Bank shall have the option to elect to pay to the Executive, in lieu of any of the benefits under this Agreement, a lump sum cash benefit equal to 110% of the sum of (a) the Retirement Account Balance at the date of the Change of Control, and (b) the present value of the Secondary Normal Retirement Benefit from the date of the Change of Control through the Executive's age 85. This benefit will be calculated using (1) the policy crediting rates and mortality rates in effect for Simulated Investment Number One at the date of the Change of Control, (2) the Federal Funds Rate in effect for Simulated Investment Number Two at the date of the Change of Control, and (3) the Bank's highest marginal tax rate for the calendar year preceding the date of the Change of Control. The discount rate fox purposes of calculating this present value shall be the bank's prime rate of interest.

Article 7
Death Benefits

Upon the Executive's death, the Bank shall pay to the Executive's beneficiary the Executive's Retirement Account balance as of the end of the Plan Year immediately preceding the Executive's death. The Bank shall pay the death benefit as calculated above to the beneficiary in a lump sum within one hundred twenty (120) days following the Executive's death.

Article 8
Beneficiaries

8.1 *Beneficiary Designations*. The Executive shall designate a beneficiary by filing a written designation with the Bank. The Executive may revoke or modify the designation at any time by filing a new designation. However, designations will only be effective if signed by the Executive and accepted by the Bank during the Executive's lifetime. The Executive's beneficiary designation shall be automatically revoked if the beneficiary predeceases the Executive, or if the Executive names a spouse as beneficiary and the marriage is subsequently dissolved. If the Executive dies without a valid beneficiary designation, all payments shall be made to the Executive's estate.

8.2 *Facility of Payment.* If a benefit is payable to a minor, to a person declared incompetent, or to a person incapable of handling the disposition of his or her property the Bank may pay such benefit to the guardian, legal representative or person having the care or custody of such minor, incompetent person or incapable person. The Bank may require proof of incompetence, minority or guardianship as it my deem appropriate prior to distribution of the benefit. Such distribution shall completely discharge the Bank from all liability with respect to such benefit.

Article 9
General Limitations

9.1 *Termination for Cause*. Notwithstanding any provision of this Agreement to the contrary, the Bank shall not pay any benefit under this Agreement if the Bank terminates the Executive's employment for:

(a) Gross negligence or gross neglect of duties;

(b) Conviction of a felony or a gross misdemeanor involving moral turpitude; or

(c) Fraud, disloyalty, dishonesty or willful violation of any law or significant Bank policy committed in connection with the Executive's employment and resulting in an adverse material effect on the Bank.

With respect to clauses (a) and (c) above, the Executive shall not be considered Terminated for Cause until the Bank has delivered notice to the Executive specifying the conduct deemed to constitute cause and allowed a reasonable time (not less than 30 days) within which the Executive may take corrective action.

9.2 *Suicide or Misstatement*. Notwithstanding any provision of this Agreement to the contrary, the Bank shall not pay any benefit under this Agreement if the Executive commits suicide within two years after the date of this Agreement, or if the Executive has made any material misstatement of fact on any application for life insurance purchased by the Bank.

Article 10
Claims and Review Procedures

10.1 *Claims Procedure*. The Bank shall notify any person or entity that makes a claim against the Agreement (the "Claimant") in writing, within ninety (90) days of Claimant's written application for benefits, of his or her eligibility or non-eligibility for benefits under the Agreement. If the Bank determines that the Claimant is not eligible for benefits or full benefits, the notice shall set forth (1) the specific reasons for such denial, (2) a specific reference to the provisions of the Agreement on which the denial is based, (3) a description of any additional information or material necessary for the Claimant to perfect his or her claim, and a description of why it is needed, and (4) an explanation of the Agreement's claims review procedure and other appropriate information as to the steps to be taken if the Claimant wishes to have the claim reviewed. If the Bank determines that there are special circumstances requiring additional time to make a decision, the Bank shall notify the Claimant of the special circumstances and the date by which a decision is expected to be made, and may extend the time for up to an additional ninety (90) days.

10.2 *Review Procedure*. If the Claimant is determined by the Bank not to be eligible for benefits, or if the Claimant believes that he or she is entitled to greater or different benefits, the Claimant shall have the opportunity to have such claim reviewed by the Bank by filing a petition for review with the Bank within sixty (60) days after receipt of the notice issued by the Bank. Said petition shall state the specific reasons which the Claimant believes entitles him or her to benefits or to greater or different benefits. Within sixty (60) days after receipt by the Bank of the petition, the Bank shall afford the Claimant (and counsel, if any) as opportunity to present his or her position to the Bank verbally or in writing, and the Claimant (or counsel) shall have the right to review the pertinent documents. The Bank shall notify the Claimant of its decision in writing within the 60-day period, stating specifically the basis of its decision, written in a manner calculated to be understood by the Claimant and the specific provisions of the Agreement on which the decision is based. If, because of the need for a hearing, the 60 day period is not sufficient, the decision may be deferred for up to another sixty (60) days at the election of the Bank, but notice of this deferral shall be given to the Claimant.

Article 11
Amendments and Termination

This Agreement may be amended or terminated only by a written agreement signed by the Bank and the Executive.

Article 12
Administration

12.1 *Administration*. Unless otherwise determined by the Bank's Board of Directors ("Board"), the Board or its designee shall be the named fiduciary and shall act far the Bank under this Agreement.

12.2 *Powers of the Bank*. The Bank shall have all powers necessary to administer this Agreement, including, without limitation, powers:

(a) to interpret the provisions of the Agreement; and

(b) to establish rules for the administration of the Agreement and to prescribe any forms required to administer the Agreement.

12.5 *Actions of the Bank*. All determinations, interpretations, rules and decisions of the Bank shall be conclusive and binding upon all persons having or claiming to have any interest or right under this Agreement.

Article 13
Miscellaneous

13.1 *Binding Effect*. This Agreement shall bind the Executive and the Bank, and their beneficiaries, survivors, executors, administrators and transferees.

13.2 *Non-Transferability*. Benefits under this Agreement cannot be sold, transferred, assigned, pledged, attached or encumbered in any manner.

13.3 *Tax Withholding*. The Bank shall withhold any taxes that are required to be withheld from the benefits provided under this Agreement.

13.4 *Applicable Law*. The Agreement and all rights hereunder shall be governed by the laws of the State of Georgia, except to the extent preempted by the laws of the United States of America.

13.5 *Unfunded Arrangement*. The Executive is a general unsecured creditor of the Bank for the payment of benefits under this Agreement. The benefits represent the mere promise by the Bank to pay such benefits. The rights to benefits are not subject is any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, attachment, or garnishment by creditors. Any insurance on the Executive's life or any other asset held in connection with this Agreement is a general asset of the Bank to which the Executive has no preferred or secured claim.

IN WITNESS WHEREOF, the Executive and a duly authorized Bank officer have signed this Agreement.

BANK:
PEOPLES BANK OF FANNIN COUNTY

By /s/ Jane W. Callihan

Title EVP

EXECUTIVE:

/s/ Thomas C. Gilliland
Thomas C. Gilliland

Appendix A
Simulated Policy Data

Insured	Insurer	Policy No.	Product Type	Issue Date	Classification
Gilliland, Thomas C.	GW	86000151	BCSULI	12/31/98	Standard NS

GW = Great-West Life & Annuity Insurance Company

Appendix B

Executives	Initial Points	Initial Allocation Percent*
Thomas C. Gilliland	13.75	13.75%
Other Participants	86.25	86.25%
Total	100.00	100.00%

*If an Executive included in the numbers above dies during a Plan Year, the Points allocated to that person shall be eliminated and the allocated percentages shall be recalculated for that Plan Year and all subsequent Plan Years.

For example, assume the following Executives are in the plan with the following Points and Initial Allocation Percent:

Executives	Points	Initial Allocation Percent
Executive A	50	50%
Executive B	30	30%
Executive C	20	20%
Total	100	100%

Executive A dies, the Points remain the same, but the Allocation Percent changes, as follows:

Executives	Points	Revised Allocation Percent
Executive B	30	60% (390 ÷ 50)
Executive C	20	40% (20 ÷ 50)
Total	50	100%

Prepared 5/9/00

FIRST AMENDMENT
TO THE
PEOPLES BANK OF FANNIN COUNTY
EXECUTIVE REVENUE NEUTRAL RETIREMENT AGREEMENT
DATED AUGUST 2, 1999
FOR
THOMAS C. GILLILAND

THIS AMENDMENT executed on this 6th day of June, 2000, by and between PEOPLES BANK OF FANNIN COUNTY, located in Blue Ridge, Georgia (the "Bank") and THOMAS C. GILLILAND (the "Executive").

On August 2, 1999, the Bank and the Executive executed the PEOPLES BANK OF FANNIN COUNTY EXECUTIVE REVENUE NEUTRAL RETIREMENT AGREEMENT (the "Agreement").

The undersigned hereby amends, in part, said Agreement for the purpose of 1) updating the Corporation's Aggregate Premium Investment, and 2) revising the Executive's Initial Points and Initial Allocation Percent. Therefore,

Appendix A and Appendix B to the Agreement shall be amended in their entirety and replaced with the following new Appendix A and Appendix B attached to this Amendment.

IN WITNESS OF THE ABOVE, the Executive and the Bank have agreed to this First Amendment.

Executive:

/s/Thomas C. Gilliland
Thomas C. Gilliland

Bank:

PEOPLES BANK OF FANNIN COUNTY

By: /s/ Jimmy C. Tallent

Title: ______________________

By execution hereof, the Corporation consents to and agrees to be bound by the terms and conditions of this First Amendment.

CORPORATION:

UNITED COMMUNITY BANKS, INC.

By: /s/ Christopher J. Bledsoe

Title: SVP/CFO

Appendix A

Aggregate Premium Investment

Premium	$11,410,000

Simulated Policy Data

Insured	Insurer	Policy No.	Product Type	Issue Date	Classification
Gilliland, Thomas C.	GW	86000151	BCSUL1	12/31/98	Standard NS

GW = Great-West Life & Annuity Insurance Company

Appendix B

Executives	Initial Points	Initial Allocation Percent*
Thomas C. Gilliland	12.218	12.218%
Other Participants	87.782	87.782%
Total	100.00	100.00

*If an Executive included above dies during a Plan Year, the Points allocated to that person above shall be eliminated and the allocated percentages shall be recalculated for that Plan Year and all subsequent Plan Years.

For example, assume the following Executives are in the plan with the following Points and Initial Allocation Percent:

Executives	Points	Initial Allocation Percent
Executive A	50	50%
Executive B	30	30%
Executive C	20	20%
Total	100	100%

Executive A dies, the Points remain the same, but the Allocation Percent changes, as follows:

Executives	Points	Revised Allocation Percent
Executive B	30	60% (30 ÷ 50)
Executive C	20	40% (20 ÷ 50)
Total	50	100%

1999 Bank Compensation Strategies

This document is provided to assist your legal counsel in documenting your specific arrangement. It is not a form to be signed, nor is it to be construed as legal advice. Failure to accurately document your arrangement could result in significant losses, Whether from claims of those participating in the arrangement, from the heirs and beneficiaries of participants, or from regulatory agencies such as the Internal Revenue Service and the Department of Labor. License is hereby granted to your legal counsel to use these materials in documenting solely your arrangement.

PEOPLES BANK OF FANNIN COUNTY
SPLIT DOLLAR AGREEMENT

THIS AGREEMENT is made and entered into this 2nd day of March, 2000, by and between PEOPLES BANK OF FANNIN COUNTY, located in Blue Ridge, Georgia (the "Bank"), and THOMAS C. GILLILAND (the "Executive"). This Agreement shall append the Split Dollar Endorsement entered into on March 2, 2000, or as subsequently amended, by and between the aforementioned parties.

INTRODUCTION

To encourage the Executive to remain an employee of the Bank, the Bank is willing to divide the death proceeds of a life insurance policy on the Executive's life. The Bank will pay life insurance premiums from its general assets.

Article 1
General Definitions

The following terms shall have the meanings specified:

1.1 *"Change of Control"* shall mean any of the following:

(A) any person (as such term is used in Sections 13d and 14d-2 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), other than the Corporation, a subsidiary of the Corporation, an employee benefit plan (or related trust) of the Corporation or a direct or indirect subsidiary of the Corporation, or affiliates of the Corporation (as defined in Rule l2b-2 under the Exchange Act), becomes the beneficial owner (as determined pursuant to Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Corporation representing more than 25 percent of the combined voting power of the Corporation's then outstanding securities (other than a person owning 10% or more of the voting power of stock on the date hereof) or announces a tender offer or exchange offer for securities of the Corporation representing more than 25 percent of the combined voting power of the Corporation's then outstanding securities; or

(B) the liquidation or dissolution of the Corporation or the Bank or the occurrence of, or execution of an agreement providing for a sale of all or substantially all of the assets of the Corporation or the Bank to an entity which is not a direct or indirect subsidiary of the Corporation; or

(C) the occurrence of, or execution of an agreement providing for a reorganization, merger, consolidation or other similar transaction or connected series of transactions of the Corporation as a result of which either (a) the Corporation does not survive or (b) pursuant to which shares of the Corporation common stock ("Common Stock") would be converted into cash, securities or other property, unless, in case of either (a) or (b), the holders of the Corporation Common Stock immediately prior to such transaction will, following the consummation of the transaction, beneficially own, directly or indirectly, more, than 50 percent of the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors of the corporation surviving, continuing or resulting from such transaction; or

(D) the occurrence of, or execution of an agreement providing for a reorganization, merger, consolidation or similar transaction of the Corporation, or before any connected series of such transactions, if upon consummation of such transaction or transactions, the persons who are members of the Board of Directors of the Corporation immediately before such transaction or transactions cease or, in the case of the execution of an agreement for such transaction or transactions, it is contemplated in such agreement that upon consummation such persons' would cease to constitute a majority of the Board of Directors of the Corporation or, in the case where the Corporation does not survive in such transaction, of the corporation surviving, continuing or resulting from such transaction or transactions; or

(E) any other event which is at any time designated as a "Change of Control" for purposes of this Agreement by a resolution adopted by the Board of Directors of the Corporation with the affirmative vote of a majority of the non-employee directors in office at the time the resolution is adopted; in the event any such resolution is adopted, the Change of Control event specified thereby shall be deemed incorporated herein by reference and thereafter may not be amended, modified or revoked without the written agreement of the Executive.

Notwithstanding anything else to the contrary set forth in this Agreement, if (i) an agreement is executed by the Corporation or the Bank providing for any of the transactions or events constituting a Change of Control as defined herein, and the agreement subsequently expires or is terminated without the transaction or event being consummated, and (ii) Executive's employment did not terminate during the period after the agreement and prior to such expiration or termination, for purposes of this Agreement it shall be as though such agreement was never executed and no Change of Control event shall be deemed to have occurred as a result of the execution of such agreement.

1.2 *"Corporation"* means United Community Banks, Inc.

1.3 *"Disability"* means, if the Executive is covered by a Bank-sponsored disability policy, total disability as defined in such policy without regard to any waiting period. If the

Executive is not covered by such a policy, Disability means the Executive suffering a sickness, accident or injury which, in the judgment of a physician satisfactory to both the Executive and the Bank, prevents the Executive from performing substantially all of the Executive's normal duties for the Bank.

1.4 *"Insured"* means the Executive.

1.5 *"Insurer"* means Great-West Life & Annuity Insurance Company.

1.6 *"Policy"* means insurance policy 86000151 issued by the Insurer.

1.7 *"Plan Year"* means a twelve-month period commencing on January 1st and ending on December 31st of each year. The initial Plan Year sha11 commence on the effective date of this Agreement and end on December 31, 1999.

1.8 *"Normal Retirement Age"* means the Executive's 55th birthday.

1.9 *"Termination of Employment"* means the Executive ceasing to be employed by the Bank for any reason whatsoever, other than by reason of an approved leave of absence.

Article 2
Policy Ownership Interests

2.1 *Bank Ownership*. The Bank is the sole owner of the Policy and shall have the right to exercise all incidents of ownership. The Bank shall be the beneficiary of the death proceeds of the Policy remaining after the Executive's interest is determined according to Section 2.2 below.

2.2 *Executive's Interest*. If the Executive dies during active service with the Company, subject to the general limitations of Article 5, the Executive shall have the right to designate the beneficiary of a portion of the death proceeds of the Policy equal to the lesser of (1) 60% of the excess of (i) the total death benefit proceeds of the Policy, over (ii) the policy's cash surrender value as of the day prior to the date of the Executive's death, or (2) 60% of the excess of the amount by which the total death proceeds of the Policy exceed the aggregate premiums paid on the Policy by the Company less any outstanding indebtedness to the insurer.

If the Executive dies after terminating his employment prior to Normal Retirement Age, the Executive shall have the interest determined in the above paragraph of this Section 2.2 subject to the following vesting schedule:

Plan Years	Vested Percentage
0-4 years	0 %
5 or more years	100%

The Executive shall also have the right to elect and change settlement options that may be permitted.

2.3 *Comparable Coverage*. The Bank shall maintain the Policy in full force and effect and in no event shall the Bank amend, terminate or otherwise abrogate the Executive's interest in the Policy, except, however, if the Bank replaces the Policy with a comparable insurance policy to cover the benefit provided under this Agreement. The Policy or any comparable policy shall be subject to the claims of the Bank's creditors.

Article 3
Premiums

3.1 *Premium Payment*. The Bank shall pay any premiums due on the Policy.

3.2 *Imputed Income*. The Bank shall impute income to the Executive in an amount equal to the current term rate for the Executive's age multiplied by the aggregate death benefit payable to the Executive's beneficiary or in such a manner as may be mandated by the Internal Revenue Service. The "current term rate" is the minimum amount required to be imputed under Revenue Rulings 64-328 and 66-110, or any subsequent applicable authority.

Article 4
Assignment

The Executive may not assign or transfer the Executive's interests in the Policy other than by will or by the laws of descent and distribution. Notwithstanding the foregoing, the Executive's interests in the Policy may be transferred, in whole or in part, without consideration, by written instrument signed by the Executive, to any members of the immediate family of the Executive (i.e., spouse, children and grandchildren), any trusts for the benefit of such family members or any partnerships whose only partners are such family members (the "Permitted Transferees"). Appropriate evidence of any such transfer to the Permitted Transferees shall be delivered to the Company at its principal executive office. If all or part of the Executive's interests in the Policy is transferred to a Permitted Transferee, the Permitted Transferee's rights hereunder shall be subject to the same restrictions and limitations with respect to the Executive's interests in the Policy as the Executive.

Article 5
Insurer

The Insurer shall be bound only by the terms of the Policy. Any payments the Insurer makes or actions it takes in accordance with the Policy shall, fully discharge it from all claims, suits and demands of all entities or persons. The Insurer shall not be bound by or be deemed to have notice of the provisions of this Agreement.

Article 6
Claims Procedure

6.1 *Claims Procedure*. The Bank shall notify the Executive, the Executive's transferee or beneficiary, or any other party who claims a right to an interest under the

Agreement (the "Claimant") in writing, within ninety (90) days of his, or her written application for benefits, of his or her eligibility or ineligibility for benefits under this Agreement. If the Bank determines that the Claimant is not eligible for benefits or, full benefits, the notice shall set forth (1) the specific reasons for such denial, (2) a specific reference to the provisions of this Agreement on which the denial is based, (3) a description of any additional information or material necessary for the Claimant to perfect his or her claim, and a description of why it is needed, and (4) an explanation of this Agreement's claims review procedure and other appropriate information as to the steps to be taken if the Claimant wishes to have the claim reviewed. If the Bank determines that there are special circumstances requiring additional time to make a decision, the Bank shall notify the Claimant of the special circumstances and the date by which a decision is expected to be made, and may extend the time for up to an additional ninety (90) days.

6.2 *Review Procedure*. If the Claimant is determined by the Bank not to be eligible for benefits, or if the Claimant believes that he or she is entitled to greater or different benefits, the Claimant shall have the opportunity to have such claim reviewed by the Bank by filing a petition for review with the Bank within sixty (60) days after receipt of the notice issued by the Bank. Said petition shall state the specific reasons which the Claimant believes entitle him or her to benefits or to greater or different benefits. Within sixty (60) days after receipt by the Bank of the petition, the Bank shall afford the Claimant (and counsel, if any) an opportunity to present his or her position to the Bank verbally or in writing, and the Claimant (or counsel) shall have the right to review the pertinent documents. The Bank shall notify the Claimant of its decision in writing within the sixty-day period, stating specifically the basis of its decision, written in a manner calculated to be understood by the Claimant and the specific provisions of this Agreement on which the decision is based. If, because of the need for a hearing, the sixty-day period is not sufficient, the decision may be deferred for up to another sixty (60) days at the election of the Bank, but notice of this deferral shall be given to the Claimant.

Article 7
Amendments and Termination

This Agreement may be amended or terminated only by a written agreement signed by the Bank and the Executive.

Article 8
Miscellaneous

8.1 *Binding Effect*. This Agreement shall bind the Executive and the Bank, their beneficiaries, survivors, executors, administrators and transferees, and any Policy beneficiary.

8.2 *No Guarantee of Employment*. This Agreement is not an employment policy or contract. It does not give the Executive the right to remain an employee of the Bank, nor does it interfere with the Bank's right to discharge the Executive. It also does not require the Executive to remain an employee nor interfere with the Executive's right to terminate employment at any time.

8.3 *Applicable Law*. The Agreement and all rights hereunder shall be governed by and construed according to the laws of the State of Georgia, except to the extent preempted by the laws of the United States of America.

8.4 *Reorganization.* If the Bank merges or consolidates into or with another company, or reorganizes, or sells substantially all of its assets to another company, firm or person, the bank will require such succeeding or continuing company, firm or person to assume and discharge the obligations of the Bank.

8.5 *Notice*. Any notice, consent or demand required or permitted to be given under the provisions of this Split Dollar Agreement by one parry to another shall be in writing, shall be signed by the party giving or making the same, and may be given either by delivering the same to such other party personally, or by mailing the same, by United States certified mail, postage prepaid, to such party, addressed to his or her last known address as shown on the records of the Bank. The date of such mailing shall be deemed the date of such mailed notice, consent or demand.

8.6 *Entire Agreement*. This Agreement constitutes the entire agreement between the Bank and the Executive as to the subject matter hereof. No rights are granted to the Executive by virtue of this Agreement other than those specifically set forth herein.

8.7 *Administration*. The Bank shall have powers which are necessary to administer this Agreement, including but not limited to:

(a) Interpreting the provisions of the Agreement;

(b) Establishing and revising the method of accounting for the Agreement;

(c) Maintaining a record of benefit payments; and

(d) Establishing rules and prescribing any forms necessary or desirable to administer the Agreement.

8.8 *Named Fiduciary*. For purposes of the Employee Retirement Income Security Act of 1974, if applicable, the Bank shall be the named fiduciary and plan administrator under the Agreement. The named fiduciary may delegate to others certain aspects of the management and operation responsibilities of the plan including the employment of advisors and the delegation of ministerial duties to qualified individuals.

IN WITNESS WHEREOF, the parties have executed this Agreement the day and year first above written.

BANK:

PEOPLES BANK OF FANNIN COUNTY

By: /s/ Jane W. Callihan
Title: EVP

EXECUTIVE:

/s/ Thomas C. Gilliland
Thomas C. Gilliland

By execution hereof, the Corporation consents to and agrees to be bound by the terms and condition of this Agreement.

CORPORATION:

UNITED COMMUNITY BANKS, INC.

By: /s/ Christopher J. Bledsoe
Title: SVP/CFO