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

# FORM 8-K

## CURRENT REPORT
**Pursuant to Section 13 OR 15(d) of The Securities Exchange Act of 1934**

**Date of Report (Date of earliest event reported): April 28, 2011**

# United Community Banks, Inc.
(Exact name of registrant as specified in its charter)

| Georgia | No. 001-35095 | No. 58-180-7304 |
|---|---|---|
| (State or other jurisdiction of incorporation) | (Commission File Number) | (IRS Employer Identification No.) |

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

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

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

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

o Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

o Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

o Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

**Item 2.02 Results of Operation and Financial Condition**

On April 28, 2011, United Community Banks, Inc. (the "Registrant") issued a news release announcing its financial results for the quarter ended March 31, 2011 (the "News Release"). The News Release, including financial schedules, is attached as Exhibit 99.1 to this report. In connection with issuing the News Release, on April 28, 2011 at 11:00 a.m. EST, the Registrant intends to hold a conference call/webcast to discuss the News Release. In addition to the News Release, during the conference call the Registrant intends to discuss certain financial information contained in the March 31, 2011 Investor Presentation (the "Investor Presentation") which will be posted to the Registrant's website. The Investor Presentation is attached as Exhibit 99.2 to this report.

The presentation of the Registrant's financial results included operating performance measures and core earnings measures, which are measures of performance determined by methods other than in accordance with generally accepted accounting principles, or GAAP. Management included non-GAAP operating performance and core earnings measures because it believes they are useful for evaluating the Registrant's operations and performance over periods of time, and uses operating performance and core earnings measures in managing and evaluating the Registrant's business and intends to refer to them in discussions about the Registrant's operations and performance. Operating performance measures for the fourth quarter of 2010 exclude the effects of an $11.75 million pre-tax partial recovery of a 2007 fraud loss and third quarter 2010 operating performance measures exclude the effects of a $210.6 million non-cash goodwill impairment charge. These items have been excluded from operating performance measures because management believes that the items are non-recurring in nature and do not reflect overall trends in the Registrant's earnings. Additionally, core earnings measures exclude credit related costs such as the provision for loan losses, certain expenses and charges related to United's 2011 asset disposition plans in the first quarter of 2011, the loss from sale of nonperforming assets to Fletcher International in the second quarter of 2010 and foreclosed property expense, securities gains and losses, income taxes and other items of a non-recurring nature. Core earnings are useful in evaluating the underlying earnings performance trends of the Registrant. Management believes these non-GAAP performance measures may provide users of the Registrant's financial information with a meaningful measure for assessing the Registrant's financial results and comparing those financial results to prior periods.

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

**Item 9.01 Financial Statements and Exhibits**

(a) Financial statements: None

(b) Pro forma financial information: None

(c) Exhibits:

99.1 Press Release, dated April 28, 2011

99.2 Investor Presentation, First Quarter 2011

SIGNATURES

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

| | |
|---|---|
| | ***/s/ Rex S. Schuette*** |
| April 28, 2011 | Rex S. Schuette<br>Executive Vice President and<br>Chief Financial Officer |

**Exhibit 99.1**

<u>*For Immediate Release*</u>

*For more information:*
Rex S. Schuette
Chief Financial Officer
(706) 781-2266
Rex_Schuette@ucbi.com

**UNITED COMMUNITY BANKS, INC. REPORTS
NET OPERATING LOSS OF $142.5 MILLION FOR FIRST QUARTER 2011**

- Completed strategically significant $380 million private equity offering
- Executed major elements of our asset disposition plan to de-risk balance sheet:
  - completed $267 million bulk loan sale on April 18
  - sold $77.5 million in loans and foreclosed properties
  - aggressively wrote down foreclosed properties to 30 percent of unpaid principal balance
- Nonperforming assets down 57 percent from prior quarter and at lowest level in three years
- Allowance for loan losses remains strong at 3.17 percent of loans
- Core transaction deposits up 13 percent on an annualized basis

BLAIRSVILLE, GA — April 28, 2011 — United Community Banks, Inc. (NASDAQ: UCBI) today reported a net operating loss from continuing operations of $142.5 million, or $1.57 per diluted share, for the first quarter of 2011. The higher net operating loss reflects the board of directors' decision to adopt an aggressive asset disposition plan to quickly sell and write down problem assets following United's private equity offering.

"The asset disposition plan includes bulk sales of classified loans, as well as aggressive write-downs of foreclosed properties to levels significantly less than the appraised values in order to accelerate their sales," stated Jimmy Tallent, president and chief executive officer. "The completion of the $380 million offering and the execution of our asset disposition plan are key accomplishments toward our goal of achieving sustained profitability beginning in the second quarter of 2011."

The accelerated disposition of classified loans through bulk sales and transfers to foreclosed properties represented $211.1 million of the $231.6 million in net charge-offs for the first quarter. The bulk loan sale included performing substandard loans of $166.1 million and nonperforming loans of $100.5 million. These classified loans were written down in the first quarter to the expected sales proceeds of $80.6 million, resulting in loan charge-offs of $186.0 million. The bulk loan sale transaction was completed on April 18, 2011.

Additionally, United sold $20.9 million in other classified loans and transferred $32.6 million in nonperforming loans to foreclosed properties during the first quarter resulting in additional loan charge-offs of $25.1 million. Remaining net charge-offs of $20.5 million for the quarter were due to the inflow of nonperforming loans and other activities. These actions reduced nonperforming loans to $83.8 million at quarter-end, down from $179.1 million at the end of the fourth quarter of 2010 and from $280.8 million a year ago.

“The first quarter provision for loan losses and net charge-offs — $190 million and $231.6 million, respectively — are significantly higher than prior quarters and reflect the execution of our asset disposition plan,” said Tallent. “We reduced the allowance for loan losses to $133.1 million, or 3.17 percent of loans — which remains at a prudent and conservative level.”

Execution of the asset disposition plan also included the sale of $56.6 million in foreclosed properties during the first quarter at a loss of $12.0 million, and a $48.6 million write-down of remaining foreclosed properties to accelerate their dispositions. At March 31, 2011, foreclosed properties were $54.4 million and were written down well below appraised values to 30 percent of their original unpaid principal balance.

Total non-performing assets were $138 million at quarter-end, compared with $321 million at December 31, 2010 and $417 million at March 31, 2010; reflecting the lowest level since March 31, 2008.

“We made tremendous progress during the first quarter toward our goal of returning to profitability,” stated Jimmy Tallent. “With classified assets at a more manageable level, we can turn our focus toward other activities. The economy and the real estate market remain weak so we will move forward cautiously, but with a renewed sense of optimism. I am excited about the opportunities that lie ahead for us.”

Total loans were $4.2 billion at quarter-end, down $410 million from the prior quarter- end and down $798 million from a year ago, reflecting the higher level of net charge-offs resulting from the transfer of the bulk sale loans to the loans held-for-sale category. Residential construction loans were $550 million, or 13 percent of total loans, down $145 million from the prior quarter-end and down $410 million from a year ago. The decline during the first quarter was partially offset by $52.6 million in new customer loans, primarily commercial and small business lending in north Georgia and metropolitan Atlanta.

Taxable equivalent net interest revenue of $56.4 million was $4.9 million lower than the first quarter of 2010, primarily due to the $574 million reduction in average loan balances. Also contributing to lower net interest revenue in the first quarter was the reversal of $2.0 million in interest on performing classified loans that were included in the bulk sale transaction. The net interest margin was 3.30 percent for the first quarter of 2011, down 19 basis points from a year ago and down 28 basis points from the fourth quarter of 2010. Interest reversals on the performing classified loans that were included in the bulk loan sale accounted for 11 basis points of the decrease. In addition, maintenance of higher levels of liquidity further lowered first quarter net interest margin by 49 basis points. This compares to 30 basis points in the fourth quarter of 2010 and 18 basis points for the first quarter of 2010.

Tallent credited United bankers for their focus on servicing customers and growing the franchise while management worked out the capital transaction and asset disposition plan. “We grew core transaction deposits in the first quarter by $89 million, or 13 percent on an annualized basis,” Tallent said. “This was due in part to a core deposit marketing initiative that we launched in 2009 and that focuses on our strong customer service culture. I have been extremely pleased with the impact it has had on deposit growth and cross-selling activities this past year. Core transaction deposits are the lifeblood of this company, and this was their ninth consecutive quarter of growth. Since the beginning of 2009, we have grown core transaction deposits by $638 million, and that is nothing short of phenomenal.”

Operating fee revenue was $11.8 million in the first quarter of 2011, compared to $11.7 million a year ago. Service charges and fees were $6.7 million, down $727,000 from a year ago, due primarily to lower overdraft fees resulting from recent regulatory changes that required customers to provide consent before using overdraft services. Other fee revenue of $2.9 million reflected an increase of $780,000 from a year ago due to the acceleration of deferred gains relating to the ineffectiveness of terminated cash flow hedges on certain prime-based loans.

First quarter operating expenses were $115.3 million, up $60.5 million from a year ago. The increase was due primarily to the asset disposition plan, the $60.6 million of write-downs and losses on foreclosed properties, and the $3.6 million in associated costs for property taxes and professional fees related to the bulk loan sale and private equity offering. Excluding these costs from both periods, operating expenses for the first quarter totaled $51.1 million compared to $46.7 million a year ago. Salary and benefit costs totaled $24.9 million and increased $564,000 from last year due primarily to higher health insurance costs. Professional fees of $3.3 million were $1.4 million higher than a year ago, reflecting the $1.0 million for transaction costs in the first quarter of 2011 and higher credit-related workout costs. FDIC assessments and other regulatory charges of $5.4 million reflected an increase of $1.8 million from a year ago as a result of a higher deposit insurance assessment rate and an increase in the level of insured deposits. Other operating expenses of $6.4 million were $2.5 million more than a year ago due to the $2.6 million of property taxes incurred this quarter in connection with the bulk loan sale transaction.

Foreclosed property costs for the first quarter of 2011 were $64.9 million as compared to $10.8 million a year ago. For 2011, these costs included $60.6 million for write-downs and losses on sales and $4.3 million for maintenance and other foreclosed property costs. For 2010, write-downs and losses on sales were $8.1 million while maintenance costs were $2.7 million. Included in write-downs and losses for the first quarter of 2011 were $48.6 million of mark-downs on foreclosed properties to expedite sales and $12.0 million of losses related to the $56.6 million in sales of foreclosed properties during the first quarter.

The effective tax rate for the first quarter of 2011 was 40 percent, equal to the first quarter of 2010. The effective tax rate for the balance of 2011 is expected to return to a normal range of 35 to 36 percent; however, this rate could vary significantly depending on the level of earnings.

As of March 31, 2011, the capital ratios for United were as follows: Tier 1 Risk Based of 7.8 percent; Tier 1 Leverage of 5.1 percent; and, Total Risk Based of 15.6 percent. The quarterly average tangible equity-to-assets ratio was 8.7 percent and the tangible common equity-to-assets ratio was 5.5 percent. The holding company regulatory capital ratios reflect limitations on the inclusion of certain capital elements in Tier 1 Capital which resulted in the exclusion of a significant portion of the cumulative preferred stock issued in the private equity offering. Upon shareholder approval, which is expected at our shareholders meeting in June, the new cumulative preferred stock will convert to common stock and will be fully included in Tier 1 Capital. Assuming conversion of the cumulative preferred stock, United’s pro forma capital ratios as of March 31, 2011 would have been as follows: Tier 1 Risk Based of 13.2 percent; Tier 1 Leverage of 8.5 percent; Total Risk Based of 15.7 percent; and, tangible common equity-to-assets of 6.3 percent.

“The first quarter of 2011 marks a significant and dramatic turning point,” Tallent said. “We’re heading into the remainder of 2011 with strong capital and a healthy, de-risked balance sheet. The weak economy and high unemployment remain, but opportunities are beginning to surpass challenges, and that is something we have not been able to say in quite some time.”

Conference Call

United Community Banks will hold a conference call today, Thursday, April 28, 2011, at 11 a.m. ET to discuss the contents of this news release and to share business highlights for the quarter. To access the call, dial (877) 380-5665 and use the password ‘56062275.’ The conference call also will be webcast and can be accessed by selecting ‘Calendar of Events’ within the Investor Relations section of the company’s website at www.ucbi.com.

About United Community Banks, Inc.

Headquartered in Blairsville, United Community Banks is the third-largest bank holding company in Georgia. United Community Banks has assets of $8.0 billion and operates 27 community banks with 106 banking offices throughout north Georgia, the Atlanta region, coastal Georgia, western North Carolina and east Tennessee. The Company specializes in providing personalized community banking services to individuals and small to mid-size businesses. United Community Banks also offers the convenience of 24-hour access through a network of ATMs, telephone and on-line banking. United Community Banks common stock is listed on the Nasdaq Global Select Market under the symbol UCBI. Additional information may be found at the Company’s web site at www.ucbi.com.

Safe Harbor

This news release contains forward-looking statements, as defined by Federal Securities Laws, including statements about financial United's outlook and business environment. These statements are provided to assist in the understanding of future financial performance and such performance involves risks and uncertainties that may cause actual results to differ materially from those anticipated in such statements. Any such statements are based on current expectations and involve a number of risks and uncertainties. For a discussion of some factors that may cause such forward-looking statements to differ materially from actual results, please refer to the section entitled "Risk Factors" of United Community Banks, Inc.'s annual report filed on Form 10-K with the Securities and Exchange Commission. Forward-looking statements speak only as of the date they are made, and we undertake no obligation to update or revise forward-looking statements.

# # #

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

| *(in thousands, except per share data; taxable equivalent)* | 2011 First Quarter | 2010 Fourth Quarter | 2010 Third Quarter | 2010 Second Quarter | 2010 First Quarter | First Quarter 2011-2010 Change |
|---|---|---|---|---|---|---|
| **INCOME SUMMARY** | | | | | | |
| Interest revenue | $ 75,965 | $ 81,215 | $ 84,360 | $ 87,699 | $ 89,849 | |
| Interest expense | 19,573 | 21,083 | 24,346 | 26,072 | 28,570 | |
| Net interest revenue | 56,392 | 60,132 | 60,014 | 61,627 | 61,279 | (8)% |
| Operating provision for loan losses (1) | 190,000 | 47,750 | 50,500 | 61,500 | 75,000 | |
| Operating fee revenue (2) | 11,838 | 12,442 | 12,861 | 11,579 | 11,666 | 1 |
| **Total operating revenue** (1)(2) | (121,770) | 24,824 | 22,375 | 11,706 | (2,055) | |
| Operating expenses (3) | 115,271 | 64,918 | 64,906 | 58,308 | 54,820 | 110 |
| Loss on sale of nonperforming assets | — | — | — | 45,349 | — | |
| Operating loss from continuing operations before taxes | (237,041) | (40,094) | (42,531) | (91,951) | (56,875) | (317) |
| Operating income tax benefit | (94,555) | (16,520) | (16,706) | (32,419) | (22,417) | |
| **Net operating loss from continuing operations** (1)(2)(3) | (142,486) | (23,574) | (25,825) | (59,532) | (34,458) | (314) |
| Noncash goodwill impairment charges | — | — | (210,590) | — | — | |
| Partial reversal of fraud loss provision, net of tax expense | — | 7,179 | — | — | — | |
| Loss from discontinued operations | — | — | — | — | (101) | |
| Gain from sale of subsidiary, net of income taxes and selling costs | — | — | — | — | 1,266 | |
| **Net loss** | (142,486) | (16,395) | (236,415) | (59,532) | (33,293) | (328) |
| Preferred dividends and discount accretion | 2,778 | 2,586 | 2,581 | 2,577 | 2,572 | |
| **Net loss available to common shareholders** | $ (145,264) | $ (18,981) | $ (238,996) | $ (62,109) | $ (35,865) | |
| **PERFORMANCE MEASURES** | | | | | | |
| Per common share: | | | | | | |
| Diluted operating loss from continuing operations (1)(2)(3) | $ (1.57) | $ (.28) | $ (.30) | $ (.66) | $ (.39) | (303) |
| Diluted loss from continuing operations | (1.57) | (.20) | (2.52) | (.66) | (.39) | (303) |
| Diluted loss | (1.57) | (.20) | (2.52) | (.66) | (.38) | (313) |
| Book value | 2.96 | 4.84 | 5.14 | 7.71 | 7.95 | (63) |
| Tangible book value (5) | 2.89 | 4.76 | 5.05 | 5.39 | 5.62 | (49) |
| Key performance ratios: | | | | | | |
| Return on equity (4)(6) | (147.11)% | (17.16)% | (148.04)% | (35.89)% | (20.10)% | |
| Return on assets (6) | (7.61) | (.89) | (12.47) | (3.10) | (1.70) | |
| Net interest margin (6) | 3.30 | 3.58 | 3.57 | 3.60 | 3.49 | |
| Operating efficiency ratio from continuing operations (2)(3) | 169.08 | 89.45 | 89.38 | 141.60 | 75.22 | |
| Equity to assets | 8.82 | 8.85 | 11.37 | 11.84 | 11.90 | |
| Tangible equity to assets (5) | 8.73 | 8.75 | 9.19 | 9.26 | 9.39 | |
| Tangible common equity to assets (5) | 5.51 | 6.35 | 6.78 | 6.91 | 7.13 | |
| Tangible common equity to risk-weighted assets (5) | 6.40 | 9.05 | 9.60 | 9.97 | 10.03 | |
| **ASSET QUALITY *** | | | | | | |
| Non-performing loans | $ 83,769 | $ 179,094 | $ 217,766 | $ 224,335 | $ 280,802 | |
| Foreclosed properties | 54,378 | 142,208 | 129,964 | 123,910 | 136,275 | |
| Total non-performing assets (NPAs) | 138,147 | 321,302 | 347,730 | 348,245 | 417,077 | |
| Allowance for loan losses | 133,121 | 174,695 | 174,613 | 174,111 | 173,934 | |
| Operating net charge-offs (1) | 231,574 | 47,668 | 49,998 | 61,323 | 56,668 | |
| Allowance for loan losses to loans | 3.17% | 3.79% | 3.67% | 3.57% | 3.48% | |
| Operating net charge-offs to | 20.71 | 4.03 | 4.12 | 4.98 | 4.51 | |

| | | | | | | |
|---|---|---|---|---|---|---|
| average loans (1)(6) | | | | | | |
| NPAs to loans and foreclosed properties | 3.25 | 6.77 | 7.11 | 6.97 | 8.13 | |
| NPAs to total assets | 1.73 | 4.32 | 4.96 | 4.55 | 5.32 | |
| **AVERAGE BALANCES** *($ in millions)* | | | | | | |
| Loans | $ 4,599 | $ 4,768 | $ 4,896 | $ 5,011 | $ 5,173 | (11) |
| Investment securities | 1,625 | 1,354 | 1,411 | 1,532 | 1,518 | 7 |
| Earning assets | 6,902 | 6,680 | 6,676 | 6,854 | 7,085 | (3) |
| Total assets | 7,595 | 7,338 | 7,522 | 7,704 | 7,946 | (4) |
| Deposits | 6,560 | 6,294 | 6,257 | 6,375 | 6,570 | — |
| Shareholders' equity | 670 | 649 | 855 | 912 | 945 | (29) |
| Common shares — basic *(thousands)* | 92,330 | 94,918 | 94,679 | 94,524 | 94,390 | |
| Common shares — diluted *(thousands)* | 92,330 | 94,918 | 94,679 | 94,524 | 94,390 | |
| **AT PERIOD END** *($ in millions)* | | | | | | |
| Loans * | $ 4,194 | $ 4,604 | $ 4,760 | $ 4,873 | $ 4,992 | (16) |
| Investment securities | 1,884 | 1,490 | 1,310 | 1,488 | 1,527 | 23 |
| Total assets | 7,974 | 7,443 | 7,013 | 7,652 | 7,837 | 2 |
| Deposits | 6,598 | 6,469 | 5,999 | 6,330 | 6,488 | 2 |
| Shareholders' equity | 850 | 636 | 662 | 904 | 926 | (8) |
| Common shares outstanding *(thousands)* | 104,516 | 94,685 | 94,433 | 94,281 | 94,176 | |

(1) Excludes the partial reversal of a previously established provision for fraud-related loan losses of $11.8 million, net of tax expense of $4.6 million in the fourth quarter of 2010. Operating charge-offs also exclude the $11.8 million related partial recovery of the previously charged off amount. (2) Excludes revenue generated by discontinued operations in the first quarter of 2010. (3) Excludes the goodwill impairment charge of $211 million in the third quarter of 2010 and expenses relating to discontinued operations in the first quarter of 2010. (4) Net loss available to common shareholders, which is net of preferred stock dividends, divided by average realized common equity, which excludes accumulated other comprehensive income (loss). (5) Excludes effect of acquisition related intangibles and associated amortization. (6) Annualized.

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

**UNITED COMMUNITY BANKS, INC.**
**Operating Earnings to GAAP Earnings Reconciliation**
**Selected Financial Information**

| *(in thousands, except per share data; taxable equivalent)* | 2011 First Quarter | 2010 Fourth Quarter | 2010 Third Quarter | 2010 Second Quarter | 2010 First Quarter |
|---|---|---|---|---|---|
| **Interest revenue reconciliation** | | | | | |
| Interest revenue — taxable equivalent | $ 75,965 | $ 81,215 | $ 84,360 | $ 87,699 | $ 89,849 |
| Taxable equivalent adjustment | (435) | (497) | (511) | (500) | (493) |
| Interest revenue (GAAP) | $ 75,530 | $ 80,718 | $ 83,849 | $ 87,199 | $ 89,356 |
| **Net interest revenue reconciliation** | | | | | |
| Net interest revenue — taxable equivalent | $ 56,392 | $ 60,132 | $ 60,014 | $ 61,627 | $ 61,279 |
| Taxable equivalent adjustment | (435) | (497) | (511) | (500) | (493) |
| Net interest revenue (GAAP) | $ 55,957 | $ 59,635 | $ 59,503 | $ 61,127 | $ 60,786 |
| **Provision for loan losses reconciliation** | | | | | |
| Operating provision for loan losses | $ 190,000 | $ 47,750 | $ 50,500 | $ 61,500 | $ 75,000 |
| Partial reversal of special fraud-related provision for loan loss | — | (11,750) | — | — | — |
| Provision for loan losses (GAAP) | $ 190,000 | $ 36,000 | $ 50,500 | $ 61,500 | $ 75,000 |
| **Total revenue reconciliation** | | | | | |
| Total operating revenue | $ (121,770) | $ 24,824 | $ 22,375 | $ 11,706 | $ (2,055) |
| Taxable equivalent adjustment | (435) | (497) | (511) | (500) | (493) |
| Partial reversal of special fraud-related provision for loan loss | — | 11,750 | — | — | — |
| Total revenue (GAAP) | $ (122,205) | $ 36,077 | $ 21,864 | $ 11,206 | $ (2,548) |
| **Expense reconciliation** | | | | | |
| Operating expense | $ 115,271 | $ 64,918 | $ 64,906 | $ 103,657 | $ 54,820 |
| Noncash goodwill impairment charge | — | — | 210,590 | — | — |
| Operating expense (GAAP) | $ 115,271 | $ 64,918 | $ 275,496 | $ 103,657 | $ 54,820 |
| **Loss from continuing operations before taxes reconciliation** | | | | | |
| Operating loss from continuing operations before taxes | $ (237,041) | $ (40,094) | $ (42,531) | $ (91,951) | $ (56,875) |
| Taxable equivalent adjustment | (435) | (497) | (511) | (500) | (493) |
| Noncash goodwill impairment charge | — | — | (210,590) | — | — |
| Partial reversal of special fraud-related provision for loan loss | — | 11,750 | — | — | — |
| Loss from continuing operations before taxes (GAAP) | $ (237,476) | $ (28,841) | $ (253,632) | $ (92,451) | $ (57,368) |
| **Income tax benefit reconciliation** | | | | | |
| Operating income tax benefit | $ (94,555) | $ (16,520) | $ (16,706) | $ (32,419) | $ (22,417) |
| Taxable equivalent adjustment | (435) | (497) | (511) | (500) | (493) |
| Partial reversal of special fraud-related provision for loan loss | — | 4,571 | — | — | — |
| Income tax benefit (GAAP) | $ (94,990) | $ (12,446) | $ (17,217) | $ (32,919) | $ (22,910) |
| **Diluted loss from continuing operations per common share reconciliation** | | | | | |
| Diluted operating loss from continuing operations per common share | $ (1.57) | $ (.28) | $ (.30) | $ (.66) | $ (.39) |
| Noncash goodwill impairment charge | — | — | (2.22) | — | — |
| Partial reversal of special fraud-related provision for loan loss | — | .08 | — | — | — |
| Diluted loss from continuing operations per common share (GAAP) | $ (1.57) | $ (.20) | $ (2.52) | $ (.66) | $ (.39) |
| **Book value per common share reconciliation** | | | | | |

| | | | | | |
|---|---|---|---|---|---|
| Tangible book value per common share | $ 2.89 | $ 4.76 | $ 5.05 | $ 5.39 | $ 5.62 |
| Effect of goodwill and other intangibles | .07 | .08 | .09 | 2.32 | 2.33 |
| Book value per common share (GAAP) | $ 2.96 | $ 4.84 | $ 5.14 | $ 7.71 | $ 7.95 |
| | | | | | |
| **Efficiency ratio from continuing operations reconciliation** | | | | | |
| Operating efficiency ratio from continuing operations | 169.08% | 89.45% | 89.38% | 141.60% | 75.22% |
| Noncash goodwill impairment charge | — | — | 290.00 | — | — |
| Efficiency ratio from continuing operations (GAAP) | 169.08% | 89.45% | 379.38% | 141.60% | 75.22% |
| | | | | | |
| **Average equity to assets reconciliation** | | | | | |
| Tangible common equity to assets | 5.51% | 6.35% | 6.78% | 6.91% | 7.13% |
| Effect of preferred equity | 3.22 | 2.40 | 2.41 | 2.35 | 2.26 |
| Tangible equity to assets | 8.73 | 8.75 | 9.19 | 9.26 | 9.39 |
| Effect of goodwill and other intangibles | .09 | .10 | 2.18 | 2.58 | 2.51 |
| Equity to assets (GAAP) | 8.82% | 8.85% | 11.37% | 11.84% | 11.90% |
| | | | | | |
| **Actual tangible common equity to risk-weighted assets reconciliation** | | | | | |
| Tangible common equity to risk-weighted assets | 6.40% | 9.05% | 9.60% | 9.97% | 10.03% |
| Effect of other comprehensive income | (.58) | (.62) | (.81) | (.87) | (.85) |
| Effect of deferred tax limitation | (5.10) | (3.34) | (2.94) | (2.47) | (1.75) |
| Effect of trust preferred | 1.12 | 1.06 | 1.06 | 1.03 | 1.00 |
| Effect of preferred equity | 5.97 | 3.52 | 3.51 | 3.41 | 3.29 |
| Tier I capital ratio (Regulatory) | 7.81% | 9.67% | 10.42% | 11.07% | 11.72% |
| | | | | | |
| **Net charge-offs reconciliation** | | | | | |
| Operating net charge-offs | $ 231,574 | $ 47,668 | $ 49,998 | $ 61,323 | $ 56,668 |
| Subsequent partial recovery of fraud-related charge-off | — | (11,750) | — | — | — |
| Net charge-offs (GAAP) | $ 231,574 | $ 35,918 | $ 49,998 | $ 61,323 | $ 56,668 |
| | | | | | |
| **Net charge-offs to average loans reconciliation** | | | | | |
| Operating net charge-offs to average loans | 20.71% | 4.03% | 4.12% | 4.98% | 4.51% |
| Subsequent partial recovery of fraud-related charge-off | — | (1.00) | — | — | — |
| Net charge-offs to average loans (GAAP) | 20.71% | 3.03% | 4.12% | 4.98% | 4.51% |

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

| | 2011 | 2010 | | | | | |
|---|---|---|---|---|---|---|---|
| *(in millions)* | First Quarter | Fourth Quarter | Third Quarter | Second Quarter | First Quarter | Linked Quarter Change | Year over Year Change |
| **LOANS BY CATEGORY** | | | | | | | |
| Commercial (sec. by RE) | $ 1,692 | $ 1,761 | $ 1,781 | $ 1,780 | $ 1,765 | $ (69) | $ (73) |
| Commercial construction | 213 | 297 | 310 | 342 | 357 | (84) | (144) |
| Commercial & industrial | 431 | 441 | 456 | 441 | 381 | (10) | 50 |
| Total commercial | 2,336 | 2,499 | 2,547 | 2,563 | 2,503 | (163) | (167) |
| Residential construction | 550 | 695 | 764 | 820 | 960 | (145) | (410) |
| Residential mortgage | 1,187 | 1,279 | 1,316 | 1,356 | 1,390 | (92) | (203) |
| Consumer / installment | 121 | 131 | 133 | 134 | 139 | (10) | (18) |
| **Total loans** | $ 4,194 | $ 4,604 | $ 4,760 | $ 4,873 | $ 4,992 | (410) | (798) |
| **LOANS BY MARKET** | | | | | | | |
| Atlanta MSA | $ 1,179 | $ 1,310 | $ 1,365 | $ 1,373 | $ 1,404 | (131) | (225) |
| Gainesville MSA | 282 | 312 | 316 | 343 | 372 | (30) | (90) |
| North Georgia | 1,531 | 1,689 | 1,755 | 1,808 | 1,814 | (158) | (283) |
| Western North Carolina | 640 | 702 | 719 | 738 | 756 | (62) | (116) |
| Coastal Georgia | 312 | 335 | 345 | 356 | 388 | (23) | (76) |
| East Tennessee | 250 | 256 | 260 | 255 | 258 | (6) | (8) |
| **Total loans** | $ 4,194 | $ 4,604 | $ 4,760 | $ 4,873 | $ 4,992 | (410) | (798) |
| **RESIDENTIAL CONSTRUCTION** | | | | | | | |
| Dirt loans | | | | | | | |
| Acquisition & development | $ 116 | $ 174 | $ 190 | $ 214 | $ 290 | (58) | (174) |
| Land loans | 69 | 99 | 104 | 110 | 124 | (30) | (55) |
| Lot loans | 228 | 275 | 303 | 311 | 321 | (47) | (93) |
| Total | 413 | 548 | 597 | 635 | 735 | (135) | (322) |
| House loans | | | | | | | |
| Spec | 88 | 97 | 109 | 125 | 153 | (9) | (65) |
| Sold | 49 | 50 | 58 | 60 | 72 | (1) | (23) |
| Total | 137 | 147 | 167 | 185 | 225 | (10) | (88) |
| **Total residential construction** | $ 550 | $ 695 | $ 764 | $ 820 | $ 960 | (145) | (410) |
| **RESIDENTIAL CONSTRUCTION — ATLANTA MSA** | | | | | | | |
| Dirt loans | | | | | | | |
| Acquisition & development | $ 22 | $ 30 | $ 34 | $ 40 | $ 66 | (8) | (44) |
| Land loans | 19 | 23 | 27 | 32 | 43 | (4) | (24) |
| Lot loans | 24 | 32 | 45 | 39 | 47 | (8) | (23) |
| Total | 65 | 85 | 106 | 111 | 156 | (20) | (91) |
| House loans | | | | | | | |
| Spec | 34 | 38 | 42 | 48 | 58 | (4) | (24) |
| Sold | 11 | 10 | 11 | 10 | 14 | 1 | (3) |
| Total | 45 | 48 | 53 | 58 | 72 | (3) | (27) |
| **Total residential construction** | $ 110 | $ 133 | $ 159 | $ 169 | $ 228 | (23) | (118) |

(1) Excludes total loans of $63.3 million, $68.2 million, $75.2 million, $80.8 million and $79.5 million as of March 31, 2011, December 31, 2010, September 30, 2010, June 30, 2010 and March 31, 2010, respectively, that are covered by the loss-sharing agreement with the FDIC, related to the acquisition of Southern Community Bank.

**UNITED COMMUNITY BANKS, INC.**
**Financial Highlights**
**Credit Quality** (1)

| *(in thousands)* | First Quarter 2011(2) | | | Fourth Quarter 2010 | | | Third Quarter 2010 | | |
|---|---|---|---|---|---|---|---|---|---|
| | Non-performing Loans | Foreclosed Properties | Total NPAs | Non-performing Loans | Foreclosed Properties | Total NPAs | Non-performing Loans | Foreclosed Properties | Total NPAs |
| **NPAs BY CATEGORY** | | | | | | | | | |
| **Commercial (sec. by RE)** | $ 20,648 | $ 7,886 | $ 28,534 | $ 44,927 | $ 23,659 | $ 68,586 | $ 53,646 | $ 14,838 | $ 68,484 |
| Commercial construction | 3,701 | 11,568 | 15,269 | 21,374 | 17,808 | 39,182 | 17,279 | 15,125 | 32,404 |
| Commercial & industrial | 2,198 | — | 2,198 | 5,611 | — | 5,611 | 7,670 | — | 7,670 |
| Total commercial | 26,547 | 19,454 | 46,001 | 71,912 | 41,467 | 113,379 | 78,595 | 29,963 | 108,558 |
| Residential construction | 32,038 | 25,807 | 57,845 | 54,505 | 78,231 | 132,736 | 79,321 | 73,206 | 152,527 |
| Residential mortgage | 23,711 | 9,117 | 32,828 | 51,083 | 22,510 | 73,593 | 58,107 | 26,795 | 84,902 |
| Consumer / installment | 1,473 | — | 1,473 | 1,594 | — | 1,594 | 1,743 | — | 1,743 |
| **Total NPAs** | $ 83,769 | $ 54,378 | $ 138,147 | $ 179,094 | $ 142,208 | $ 321,302 | $ 217,766 | $ 129,964 | $ 347,730 |
| **Balance as a % of Unpaid Principal** | 57.3% | 30.3% | 42.4% | 67.2% | 64.4% | 65.9% | 70.0% | 65.9% | 68.4% |
| **NPAs BY MARKET** | | | | | | | | | |
| **Atlanta MSA** | $ 21,501 | $ 16,913 | $ 38,414 | $ 48,289 | $ 41,154 | $ 89,443 | $ 65,304 | $ 32,785 | $ 98,089 |
| Gainesville MSA | 4,332 | 2,157 | 6,489 | 5,171 | 9,273 | 14,444 | 11,905 | 5,685 | 17,590 |
| North Georgia | 30,214 | 23,094 | 53,308 | 83,551 | 66,211 | 149,762 | 92,295 | 67,439 | 159,734 |
| Western North Carolina | 18,849 | 7,802 | 26,651 | 25,832 | 11,553 | 37,385 | 31,545 | 11,559 | 43,104 |
| Coastal Georgia | 5,847 | 3,781 | 9,628 | 11,145 | 11,901 | 23,046 | 10,611 | 10,951 | 21,562 |
| East Tennessee | 3,026 | 631 | 3,657 | 5,106 | 2,116 | 7,222 | 6,106 | 1,545 | 7,651 |
| **Total NPAs** | $ 83,769 | $ 54,378 | $ 138,147 | $ 179,094 | $ 142,208 | $ 321,302 | $ 217,766 | $ 129,964 | $ 347,730 |
| **NPA ACTIVITY** | | | | | | | | | |
| **Beginning Balance** | $ 179,094 | $ 142,208 | $ 321,302 | $ 217,766 | $ 129,964 | $ 347,730 | $ 224,335 | $ 123,910 | $ 348,245 |
| **Loans placed on non-accrual** | 54,730 | — | 54,730 | 81,023 | — | 81,023 | 119,783 | — | 119,783 |
| Payments received | (3,550) | — | (3,550) | (7,250) | — | (7,250) | (11,469) | — | (11,469) |
| Loan charge-offs | (43,969) | — | (43,969) | (47,913) | — | (47,913) | (52,647) | — | (52,647) |
| Foreclosures | (17,052) | 17,052 | — | (61,432) | 61,432 | — | (59,844) | 59,844 | — |
| Capitalized costs | — | 270 | 270 | — | 170 | 170 | — | 601 | 601 |
| Note / property sales | (11,400) | (44,547) | (55,947) | (3,100) | (33,509) | (36,609) | (2,392) | (40,203) | (42,595) |
| Loans held for sale | (74,084) | — | (74,084) | — | — | — | — | — | — |
| Write downs | — | (48,585) | (48,585) | — | (8,031) | (8,031) | — | (7,051) | (7,051) |
| Net losses on sales | — | (12,020) | (12,020) | — | (7,818) | (7,818) | — | (7,137) | (7,137) |
| **Ending Balance** | $ 83,769 | $ 54,378 | $ 138,147 | $ 179,094 | $ 142,208 | $ 321,302 | $ 217,766 | $ 129,964 | $ 347,730 |

| *(in thousands)* | First Quarter 2011 (3) | | Fourth Quarter 2010(4) | | Third Quarter 2010 | |
|---|---|---|---|---|---|---|
| | Net Charge-Offs | Net Charge-Offs to Average Loans(5) | Net Charge-Offs | Net Charge-Offs to Average Loans(5) | Net Charge-Offs | Net Charge-Offs to Average Loans(5) |
| **NET CHARGE-OFFS BY CATEGORY** | | | | | | |
| Commercial (sec. by RE) | $ 48,607 | 11.07% | $ 6,493 | 1.45% | $ 14,212 | 3.16% |
| Commercial construction | 49,715 | 76.95 | 3,924 | 5.12 | 1,972 | 2.40 |
| Commercial & industrial | 4,040 | 3.64 | 2,891 | 2.54 | 1,207 | 1.07 |
| Total commercial | 102,362 | 16.66 | 13,308 | 2.09 | 17,391 | 2.70 |
| Residential construction | 92,138 | 58.20 | 24,497 | 13.28 | 23,934 | 11.99 |
| Residential mortgage | 36,383 | 11.62 | 9,176 | 2.80 | 7,695 | 2.29 |
| Consumer / installment | 691 | 2.16 | 687 | 2.06 | 978 | 2.90 |
| **Total** | $ 231,574 | 20.71 | $ 47,668 | 4.03 | $ 49,998 | 4.12 |
| **NET CHARGE-OFFS BY MARKET** | | | | | | |
| Atlanta MSA | $ 56,489 | 17.86% | $ 15,222 | 4.48% | $ 13,753 | 3.97% |
| Gainesville MSA | 8,616 | 11.93 | 3,434 | 4.37 | 1,143 | 1.40 |
| North Georgia | 123,305 | 29.66 | 18,537 | 4.26 | 26,554 | 5.92 |
| Western North Carolina | 26,447 | 15.61 | 5,154 | 2.87 | 5,509 | 2.99 |
| Coastal Georgia | 12,003 | 14.80 | 3,670 | 4.27 | 2,702 | 3.05 |
| East Tennessee | 4,714 | 7.47 | 1,651 | 2.53 | 337 | .52 |
| **Total** | $ 231,574 | 20.71 | $ 47,668 | 4.03 | $ 49,998 | 4.12 |

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

(2) The NPA activity shown for the first quarter of 2011 is presented with all activity related to loans transferred to the loans held for sale classification on one line as if those loans were transferred to held for sale at the beginning of the period.

(3) Includes charge-offs on loans related to United's previously announced asset disposition plan. Such charge-offs severely

distorted charge off rates for the first quarter of 2011. A separate schedule has been included in this earnings release presenting the components of net charge-offs by loan category and geographic market for the first quarter of 2011.

(4) North Carolina residential construction net charge-offs for the fourth quarter of 2010 exclude a $11.8 million partial recovery of a 2007 fraud-related charge-off.

(5) Annualized.

**UNITED COMMUNITY BANKS, INC.**
**Financial Highlights**
**Credit Quality — Net Charge-Offs First Quarter 2011** (1)

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

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

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

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

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

**UNITED COMMUNITY BANKS, INC.**
**Financial Highlights**
**Credit Quality — Bulk Loan Sale Summary** (1)

| *(in thousands)* | **Performing Loans** | | | **Nonperforming Loans** | | | **Total Loans** | | |
|---|---|---|---|---|---|---|---|---|---|
| | **Carrying Amount**(2) | **Charge-Offs**(3) | **Loans Held for Sale**(4) | **Carrying Amount** (2) | **Charge-Offs**(3) | **Loans Held for Sale** (4) | **Carrying Amount**(2) | **Charge-Offs**(3) | **Loans Held for Sale**(4) |
| **BY CATEGORY** | | | | | | | | | |
| Commercial (sec. by RE) | $ 40,902 | $ 29,451 | $ 11,451 | $ 17,202 | $ 11,091 | $ 6,111 | $ 58,104 | $ 40,542 | $ 17,562 |
| Commercial construction | 45,490 | 32,530 | 12,960 | 22,440 | 15,328 | 7,112 | 67,930 | 47,858 | 20,072 |
| Commercial & industrial | 504 | 365 | 139 | 3,398 | 2,303 | 1,095 | 3,902 | 2,668 | 1,234 |
| Total commercial | 86,896 | 62,346 | 24,550 | 43,040 | 28,722 | 14,318 | 129,936 | 91,068 | 38,868 |
| Residential construction | 59,747 | 43,018 | 16,729 | 35,509 | 23,459 | 12,050 | 95,256 | 66,477 | 28,779 |
| Residential mortgage | 19,342 | 13,917 | 5,425 | 21,717 | 14,263 | 7,454 | 41,059 | 28,180 | 12,879 |
| Consumer / installment | 120 | 86 | 34 | 237 | 168 | 69 | 357 | 254 | 103 |
| **Total** | $ 166,105 | $119,367 | $ 46,738 | $ 100,503 | $ 66,612 | $ 33,891 | $ 266,608 | $185,979 | $ 80,629 |
| **BY MARKET** | | | | | | | | | |
| Atlanta MSA | $ 51,647 | $ 37,186 | $ 14,461 | $ 13,755 | $ 8,545 | $ 5,210 | $ 65,402 | $ 45,731 | $ 19,671 |
| Gainesville MSA | 4,949 | 3,563 | 1,386 | 3,695 | 2,442 | 1,253 | 8,644 | 6,005 | 2,639 |
| North Georgia | 80,831 | 57,969 | 22,862 | 70,901 | 47,699 | 23,202 | 151,732 | 105,668 | 46,064 |
| Western North Carolina | 15,468 | 11,138 | 4,330 | 7,228 | 4,743 | 2,485 | 22,696 | 15,881 | 6,815 |
| Coastal Georgia | 9,493 | 6,835 | 2,658 | 3,528 | 2,180 | 1,348 | 13,021 | 9,015 | 4,006 |
| East Tennessee | 3,717 | 2,676 | 1,041 | 1,396 | 1,003 | 393 | 5,113 | 3,679 | 1,434 |
| **Total** | $ 166,105 | $119,367 | $ 46,738 | $ 100,503 | $ 66,612 | $ 33,891 | $ 266,608 | $185,979 | $ 80,629 |

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

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

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

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

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

| *(in thousands, except per share data)* | Three Months Ended March 31, 2011 | 2010 |
|---|---|---|
| **Interest revenue:** | | |
| Loans, including fees | $ 61,107 | $ 72,215 |
| Investment securities, including tax exempt of $259 and $311 | 13,604 | 16,203 |
| Federal funds sold, commercial paper and deposits in banks | 819 | 938 |
| Total interest revenue | 75,530 | 89,356 |
| **Interest expense:** | | |
| Deposits: | | |
| NOW | 1,324 | 1,854 |
| Money market | 2,028 | 1,757 |
| Savings | 77 | 84 |
| Time | 11,732 | 20,198 |
| Total deposit interest expense | 15,161 | 23,893 |
| Federal funds purchased, repurchase agreements and other short-term borrowings | 1,042 | 1,038 |
| Federal Home Loan Bank advances | 590 | 977 |
| Long-term debt | 2,780 | 2,662 |
| Total interest expense | 19,573 | 28,570 |
| Net interest revenue | 55,957 | 60,786 |
| Provision for loan losses | 190,000 | 75,000 |
| Net interest revenue after provision for loan losses | (134,043) | (14,214) |
| **Fee revenue:** | | |
| Service charges and fees | 6,720 | 7,447 |
| Mortgage loan and other related fees | 1,494 | 1,479 |
| Brokerage fees | 677 | 567 |
| Securities gains, net | 55 | 61 |
| Other | 2,892 | 2,112 |
| Total fee revenue | 11,838 | 11,666 |
| **Total revenue** | (122,205) | (2,548) |
| **Operating expenses:** | | |
| Salaries and employee benefits | 24,924 | 24,360 |
| Communications and equipment | 3,344 | 3,273 |
| Occupancy | 4,074 | 3,814 |
| Advertising and public relations | 978 | 1,043 |
| Postage, printing and supplies | 1,118 | 1,225 |
| Professional fees | 3,330 | 1,943 |
| Foreclosed property | 64,899 | 10,813 |
| FDIC assessments and other regulatory charges | 5,413 | 3,626 |
| Amortization of intangibles | 762 | 802 |
| Other | 6,429 | 3,921 |
| Total operating expenses | 115,271 | 54,820 |
| Loss from continuing operations before income taxes | (237,476) | (57,368) |
| Income tax benefit | (94,990) | (22,910) |
| **Net loss from continuing operations** | (142,486) | (34,458) |
| (Loss) income from discontinued operations, net of income taxes | — | (101) |
| Gain from sale of subsidiary, net of income taxes and selling costs | — | 1,266 |
| **Net loss** | (142,486) | (33,293) |
| Preferred stock dividends and discount accretion | 2,778 | 2,572 |
| **Net loss available to common shareholders** | $ (145,264) | $ (35,865) |
| Loss from continuing operations per common share — Basic / Diluted | $ (1.57) | $ (.39) |
| Loss per common share — Basic / Diluted | (1.57) | (.38) |
| Weighted average common shares outstanding — Basic / Diluted | 92,330 | 94,390 |

**UNITED COMMUNITY BANKS, INC.**
**Consolidated Balance Sheet**

| *(in thousands, except share and per share data)* | March 31, 2011 *(unaudited)* | December 31, 2010 *(audited)* | March 31, 2010 *(unaudited)* |
|---|---|---|---|
| **ASSETS** | | | |
| Cash and due from banks | $ 153,891 | $ 95,994 | $ 105,613 |
| Interest-bearing deposits in banks | 465,656 | 111,901 | 99,893 |
| Federal funds sold, commercial paper and short-term investments | 470,087 | 441,562 | 183,049 |
| Cash and cash equivalents | 1,089,634 | 649,457 | 388,555 |
| Securities available for sale | 1,638,494 | 1,224,417 | 1,526,589 |
| Securities held to maturity (fair value $248,361 and $267,988) | 245,430 | 265,807 | — |
| Loans held for sale | 80,629 | — | — |
| Mortgage loans held for sale | 25,364 | 35,908 | 21,998 |
| Loans, net of unearned income | 4,194,372 | 4,604,126 | 4,992,045 |
| Less allowance for loan losses | 133,121 | 174,695 | 173,934 |
| Loans, net | 4,061,251 | 4,429,431 | 4,818,111 |
| Assets covered by loss sharing agreements with the FDIC | 125,789 | 131,887 | 169,287 |
| Premises and equipment, net | 179,143 | 178,239 | 181,217 |
| Accrued interest receivable | 21,687 | 24,299 | 30,492 |
| Goodwill and other intangible assets | 10,684 | 11,446 | 224,394 |
| Foreclosed property | 54,378 | 142,208 | 136,275 |
| Net deferred tax asset | 266,367 | 166,937 | 92,986 |
| Other assets | 174,742 | 183,160 | 247,114 |
| **Total assets** | $ 7,973,592 | $ 7,443,196 | $ 7,837,018 |
| **LIABILITIES AND SHAREHOLDERS' EQUITY** | | | |
| Liabilities: | | | |
| Deposits: | | | |
| Demand | $ 864,708 | $ 793,414 | $ 740,727 |
| NOW | 1,320,136 | 1,424,781 | 1,344,973 |
| Money market | 967,938 | 891,252 | 729,283 |
| Savings | 193,591 | 183,894 | 186,699 |
| Time: | | | |
| Less than $100,000 | 1,576,505 | 1,496,700 | 1,643,059 |
| Greater than $100,000 | 990,289 | 1,002,359 | 1,132,034 |
| Brokered | 684,581 | 676,772 | 710,813 |
| Total deposits | 6,597,748 | 6,469,172 | 6,487,588 |
| Federal funds purchased, repurchase agreements, and other short-term borrowings | 102,107 | 101,067 | 102,480 |
| Federal Home Loan Bank advances | 55,125 | 55,125 | 114,303 |
| Long-term debt | 150,166 | 150,146 | 150,086 |
| Unsettled securities purchases | 177,532 | — | 17,588 |
| Accrued expenses and other liabilities | 40,766 | 32,171 | 39,078 |
| **Total liabilities** | 7,123,444 | 6,807,681 | 6,911,123 |
| Shareholders' equity: | | | |
| Preferred stock, $1 par value; 10,000,000 shares authorized; | | | |
| Series A; $10 stated value; 21,700 shares issued and outstanding | 217 | 217 | 217 |
| Series B; $1,000 stated value; 180,000 shares issued and outstanding | 176,049 | 175,711 | 174,727 |
| Series D; $1,000 stated value; 16,613 shares issued and outstanding | 16,613 | — | — |
| Series F; $1,000 stated value; 195,872 shares issued and outstanding | 195,872 | — | — |
| Series G; $1,000 stated value; 151,185 shares issued and outstanding | 151,185 | — | — |
| Common stock, $1 par value; 200,000,000 shares authorized; 104,515,553, 94,685,003 and 94,175,857 shares issued and outstanding | 104,516 | 94,685 | 94,176 |
| Common stock issuable; 397,138, 336,437 and 262,002 shares | 3,681 | 3,894 | 4,127 |
| Capital surplus | 655,350 | 665,496 | 622,803 |
| Accumulated deficit | (480,831) | (335,567) | (15,481) |
| Accumulated other comprehensive income | 27,496 | 31,079 | 45,326 |
| **Total shareholders' equity** | 850,148 | 635,515 | 925,895 |
| **Total liabilities and shareholders' equity** | $ 7,973,592 | $ 7,443,196 | $ 7,837,018 |

**UNITED COMMUNITY BANKS, INC.**
**Average Consolidated Balance Sheets and Net Interest Analysis**
For the Three Months Ended March 31,

| *(dollars in thousands, taxable equivalent)* | 2011 Average Balance | 2011 Interest | 2011 Avg. Rate | 2010 Average Balance | 2010 Interest | 2010 Avg. Rate |
|---|---|---|---|---|---|---|
| **Assets:** | | | | | | |
| Interest-earning assets: | | | | | | |
| Loans, net of unearned income (1)(2) | $4,598,860 | $ 61,070 | 5.39% | $5,172,847 | $ 72,219 | 5.66% |
| Taxable securities (3) | 1,599,481 | 13,345 | 3.34 | 1,487,646 | 15,892 | 4.27 |
| Tax-exempt securities (1)(3) | 25,827 | 424 | 6.57 | 30,050 | 509 | 6.78 |
| Federal funds sold and other interest-earning assets | 677,453 | 1,126 | .66 | 394,348 | 1,229 | 1.25 |
| **Total interest-earning assets** | 6,901,621 | 75,965 | 4.45 | 7,084,891 | 89,849 | 5.13 |
| Non-interest-earning assets: | | | | | | |
| Allowance for loan losses | (169,113) | | | (187,288) | | |
| Cash and due from banks | 134,341 | | | 104,545 | | |
| Premises and equipment | 179,353 | | | 181,927 | | |
| Other assets (3) | 548,348 | | | 762,228 | | |
| **Total assets** | $7,594,550 | | | $7,946,303 | | |
| **Liabilities and Shareholders' Equity:** | | | | | | |
| Interest-bearing liabilities: | | | | | | |
| Interest-bearing deposits: | | | | | | |
| NOW | $1,373,142 | $ 1,324 | .39 | $1,361,696 | $ 1,854 | .55 |
| Money market | 928,542 | 2,028 | .89 | 723,470 | 1,757 | .98 |
| Savings | 187,423 | 77 | .17 | 180,448 | 84 | .19 |
| Time less than $100,000 | 1,540,342 | 5,451 | 1.44 | 1,692,652 | 8,891 | 2.13 |
| Time greater than $100,000 | 990,881 | 4,151 | 1.70 | 1,155,776 | 6,770 | 2.38 |
| Brokered | 698,288 | 2,130 | 1.24 | 736,999 | 4,537 | 2.50 |
| Total interest-bearing deposits | 5,718,618 | 15,161 | 1.08 | 5,851,041 | 23,893 | 1.66 |
| Federal funds purchased and other borrowings | 101,097 | 1,042 | 4.18 | 102,058 | 1,038 | 4.12 |
| Federal Home Loan Bank advances | 55,125 | 590 | 4.34 | 114,388 | 977 | 3.46 |
| Long-term debt | 150,157 | 2,780 | 7.51 | 150,078 | 2,662 | 7.19 |
| Total borrowed funds | 306,379 | 4,412 | 5.84 | 366,524 | 4,677 | 5.18 |
| **Total interest-bearing liabilities** | 6,024,997 | 19,573 | 1.32 | 6,217,565 | 28,570 | 1.86 |
| Non-interest-bearing liabilities: | | | | | | |
| Non-interest-bearing deposits | 841,351 | | | 718,975 | | |
| Other liabilities | 58,634 | | | 64,337 | | |
| Total liabilities | 6,924,982 | | | 7,000,877 | | |
| Shareholders' equity | 669,568 | | | 945,426 | | |
| **Total liabilities and shareholders' equity** | $7,594,550 | | | $7,946,303 | | |
| **Net interest revenue** | | $ 56,392 | | | $ 61,279 | |
| Net interest-rate spread | | | 3.13% | | | 3.27% |
| **Net interest margin** (4) | | | 3.30% | | | 3.49% |

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

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

(3) Securities available for sale are shown at amortized cost. Pretax unrealized gains of $27.2 million in 2011 and $43.2 million in 2010 are included in other assets for purposes of this presentation.

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

# United Community Banks, Inc.

## Investor Presentation

First Quarter 2011

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President & CEO

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#1 in Customer Satisfaction



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# Cautionary Statement



This presentation contains forward-looking statements, as defined by Federal Securities Laws, including statements about financial outlook and business environment. These statements are provided to assist in the understanding of future financial performance. Such performance involves risks and uncertainties that may cause actual results to differ materially from those in such statements. Any such statements are based on current expectations and involve a number of risks and uncertainties. For a discussion of factors that may cause such forward-looking statements to differ materially from actual results, please refer to United Community Banks, Inc.'s Annual Report filed on Form 10-K with the Securities and Exchange Commission.



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# Non-GAAP Measures



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

Management uses these non-GAAP financial measures because we believe it is useful for evaluating our operations and performance over periods of time, as well as in managing and evaluating our business and in discussions about our operations and performance. Management believes these non-GAAP financial measures provide users of our financial information with a meaningful measure for assessing our financial results and credit trends, as well as comparison to financial results for prior periods. These non-GAAP financial measures should not be considered as a substitute for financial measures determined in accordance with GAAP and may not be comparable to other similarly titled financial measures used by other companies. For a reconciliation of the differences between our non-GAAP financial measures and the most comparable GAAP measures, please refer to the 'Non-GAAP Reconcilement Tables' at the end of the Appendix of this presentation. We have not reconciled tangible common equity to tangible assets and core earnings to the extent such numbers are presented on a forward-looking basis based on management's internal stress test or SCAP methodology. Estimates that would be required for such reconciliations cannot reliably be produced without unreasonable effort.




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## Highlights First Quarter



- $380 Million Capital Raise
- Execution of Asset Disposition Plan
- Credit Trends Improving
- Profitability in 2011




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# LOAN PORTFOLIO & CREDIT QUALITY




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# Proactively Addressing Credit Environment



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




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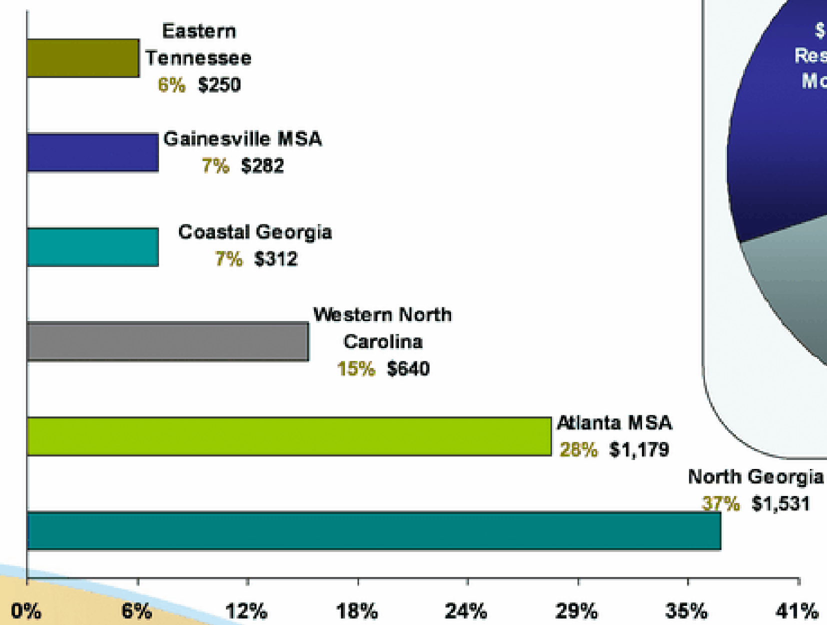
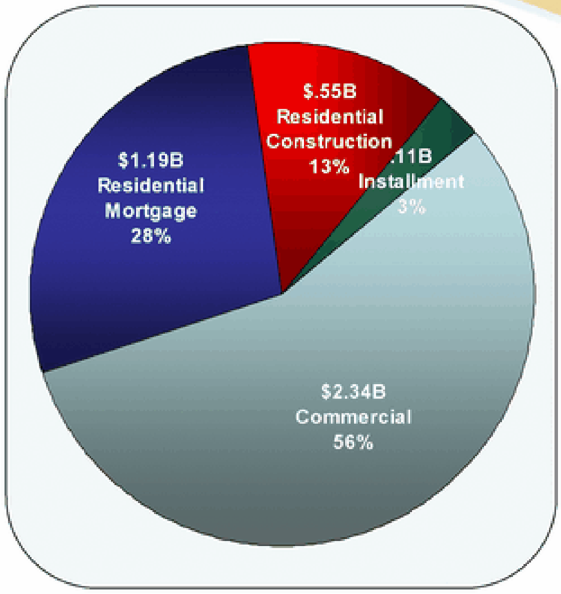
# Loan Portfolio *(total $4.19 billion)*

## Geographic Diversity

*$ in millions*







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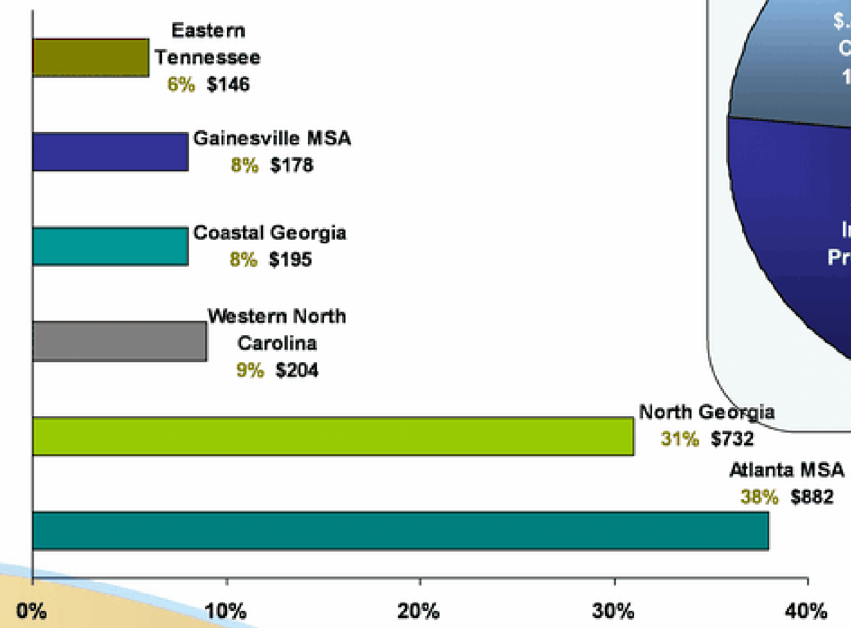
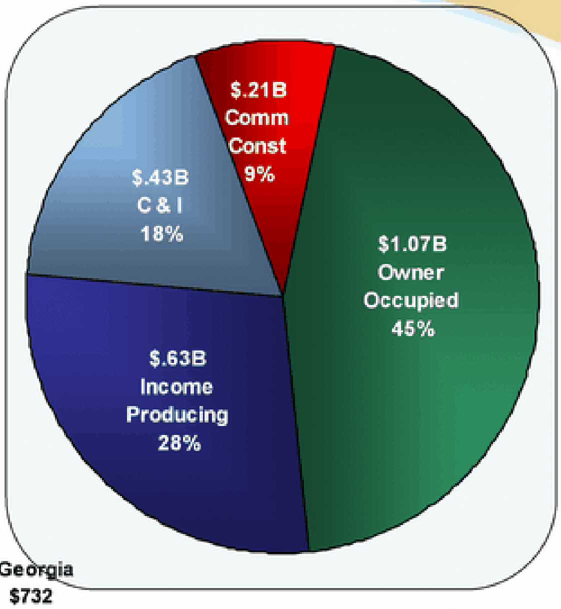
# Commercial Loans *(total $2.34 billion)*

## Geographic Diversity

*$ in millions*




Average Loan Size

- CRE: $442k
- C&I: $85k
- Comm. Constr. $527k

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# Commercial Real Estate *(by loan type)*



*(in millions)*

| Loan Type | March 31, 2011 Amount | Percent |
|---|---|---|
| Office Buildings | $ 419 | 25 % |
| Retail | 261 | 15 |
| Small Warehouses/Storage | 181 | 11 |
| Churches | 145 | 9 |
| Other Small Business | 139 | 8 |
| Hotels/Motels | 89 | 5 |
| Convenience Stores | 76 | 4 |
| Franchise / Restaurants | 75 | 4 |
| Multi-Residential Properties | 62 | 4 |
| Farmland | 51 | 3 |
| Manufacturing Facility | 46 | 3 |
| Auto Dealership/Service | 46 | 3 |
| Golf Course/Recreation | 44 | 3 |
| Daycare Facility | 24 | 1 |
| Carwash | 21 | 1 |
| Funeral Home | 13 | 1 |
| Total | $ 1,692 | 100 % |

**Portfolio Characteristics**

- 60% owner-occupied
- Typical owner-occupied: small business, doctors, dentists, attorneys, CPAs
- $12 million project limit
- $442K average loan size




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# Commercial Construction *(by loan type)*



*(in millions)*

| Loan Type | Amount (40,633) | Percent |
|---|---|---|
| Land Develop - Vacant (Improved) | $ 77 | 36 % |
| Raw Land - Vacant (Unimproved) | 54 | 25 |
| Commercial Land Development | 36 | 17 |
| Miscellaneous Construction | 22 | 10 |
| Office Buildings | 14 | 7 |
| Retail Buildings | 3 | 2 |
| Churches | 3 | 1 |
| Carwash | 2 | 1 |
| Poultry Houses | 2 | 1 |
| Restaurants & Fast Foods/Franchise | 1 | 0 |
| Total Commercial Construction | $ 214 | 100 % |

**Portfolio Characteristics**

- Average loan size: $527k



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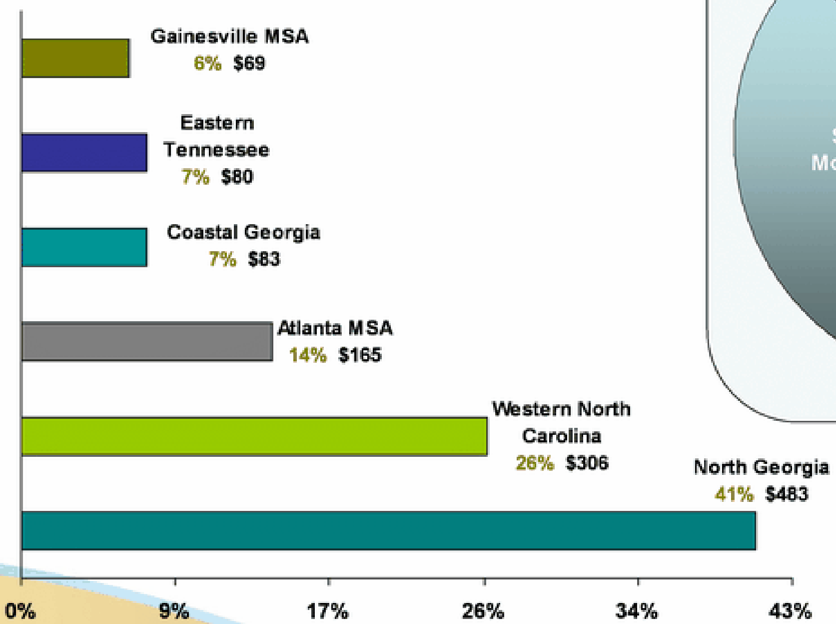
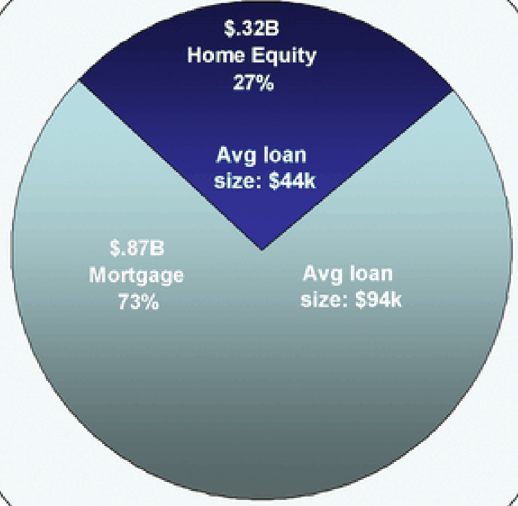
# Residential Mortgage *(total $1.19 billion)*



### Geographic Diversity

***$ in millions***




Origination Characteristics

- No broker loans
- No sub-prime / Alt-A
- Policy Max LTV: 80-85%
- 51% of HE Primary Lien



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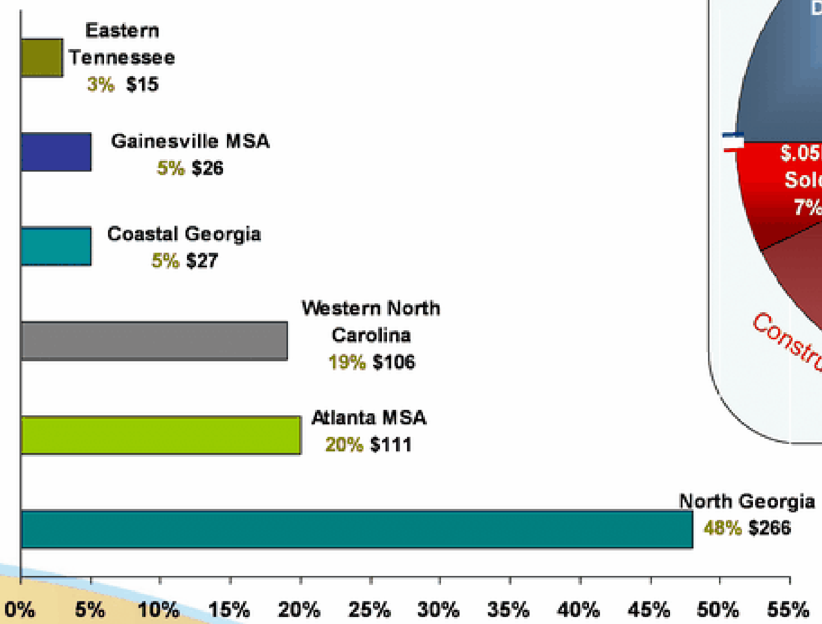
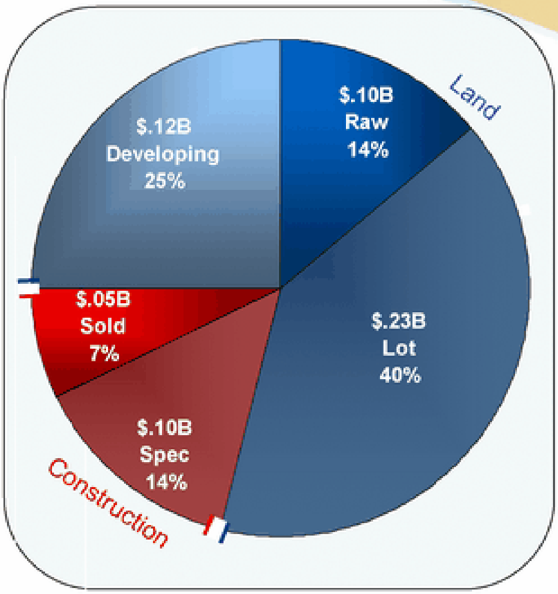
# Residential Construction *(total $.55 billion)*

## Geographic Diversity

*$ in millions*




Average Loan Size

| | | | |
|---|---|---|---|
| Spec | $236k | Develop | $607k |
| Sold | $147k | Raw Land | $180k |
| | | Lot | $96k |

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# Residential Construction – Total Company



| (in millions) | 1Q11 | 4Q10 | 3Q10 | 2Q10 | 1Q10 | 1Q11 vs. 1Q10 |
|---|---|---|---|---|---|---|
| *Land Loans* | | | | | | |
| Developing Land | $ 116 | $ 174 | $ 190 | $ 214 | $ 290 | $ (174) |
| Raw Land | 69 | 99 | 104 | 110 | 124 | (55) |
| Lot Loans | 228 | 275 | 303 | 311 | 321 | (93) |
| **Total** | **413** | **548** | **597** | **635** | **735** | **(322)** |
| *Construction Loans* | | | | | | |
| Spec | 88 | 97 | 109 | 125 | 153 | (65) |
| Sold | 49 | 50 | 58 | 60 | 72 | (23) |
| **Total** | **137** | **147** | **167** | **185** | **225** | **(88)** |
| **Total Res Construction** | **$ 550** | **$ 695** | **$ 764** | **$ 820** | **$ 960** | **$ (410)** |

| | | | | | | |
|---|---|---|---|---|---|---|
| *By Region* | | | | | | |
| Atlanta | $ 110 | $ 133 | $ 159 | $ 183 | $ 228 | $ (118) |
| Gainesville MSA | 26 | 36 | 35 | 25 | 42 | (16) |
| North Georgia | 266 | 339 | 368 | 408 | 460 | (194) |
| North Carolina | 106 | 140 | 149 | 148 | 151 | (45) |
| Coastal Georgia | 27 | 30 | 35 | 37 | 55 | (28) |
| Tennessee | 15 | 17 | 18 | 19 | 24 | (9) |
| **Total Res Construction** | **$ 550** | **$ 695** | **$ 764** | **$ 820** | **$ 960** | **$ (410)** |




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# Residential Construction – North Georgia



| (in millions) | 1Q11 | 4Q10 | 3Q10 | 2Q10 | 1Q10 | 1Q11 vs. 1Q10 |
|---|---|---|---|---|---|---|
| *Land Loans* | | | | | | |
| Developing Land | $ 62 | $ 88 | $ 98 | $ 113 | $ 148 | $ (86) |
| Raw Land | 27 | 40 | 42 | 45 | 43 | (16) |
| Lot Loans | 131 | 159 | 168 | 182 | 189 | (58) |
| **Total** | **220** | **287** | **308** | **340** | **380** | **(160)** |
| *Construction Loans* | | | | | | |
| Spec | 25 | 31 | 38 | 44 | 54 | (29) |
| Sold | 21 | 21 | 22 | 24 | 26 | (5) |
| **Total** | **46** | **52** | **60** | **68** | **80** | **(34)** |
| **Total Res Construction** | **$ 266** | **$ 339** | **$ 368** | **$ 408** | **$ 460** | **$ (194)** |




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# Residential Construction – Atlanta MSA



| (in millions) | 1Q11 | 4Q10 | 3Q10 | 2Q10 | 1Q10 | 1Q11 vs. 1Q10 |
|---|---|---|---|---|---|---|
| *Land Loans* | | | | | | |
| Developing Land | $ 22 | $ 30 | $ 34 | $ 40 | $ 66 | $ (44) |
| Raw Land | 19 | 23 | 27 | 32 | 43 | (24) |
| Lot Loans | 24 | 32 | 45 | 39 | 47 | (23) |
| **Total** | **65** | **85** | **106** | **111** | **156** | **(91)** |
| *Construction Loans* | | | | | | |
| Spec | 34 | 38 | 42 | 48 | 58 | (24) |
| Sold | 11 | 10 | 11 | 10 | 14 | (3) |
| **Total** | **45** | **48** | **53** | **58** | **72** | **(27)** |
| **Total Res Construction** | **$ 110** | **$ 133** | **$ 159** | **$ 169** | **$ 228** | **$ (118)** |




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# Credit Quality



*(in millions)*

| | 1Q11 | 4Q10 | 3Q10 | 2Q10 | 1Q10 |
|---|---|---|---|---|---|
| **Operating Net Charge-offs[1]** | $ 231.6 | $ 47.7 | $ 50.0 | $ 61.3 | $ 56.7 |
| as % of Average Loans[1] | 20.70 % | 4.03 % | 4.12 % | 4.98 % | 4.51 % |
| | | | | | |
| **Allowance for Loan Losses** | $ 133.1 | $ 174.7 | $ 174.6 | $ 174.1 | $ 173.9 |
| as % of Total Loans | 3.17 % | 3.79 % | 3.67 % | 3.57 % | 3.48 % |
| as % of NPLs | 159 | 98 | 80 | 78 | 62 |
| **as % of NPLs - Adjusted[2]** | 379 | 274 | 257 | 234 | 142 |
| | | | | | |
| **Past Due Loans (30 89 Days)** | 1.26 % | 1.26 % | 1.24 % | 1.69 % | 2.17 % |
| | | | | | |
| **Non-Performing Loans** | $ 83.8 | $ 179.1 | $ 217.8 | $ 224.3 | $ 280.8 |
| **OREO** | 54.4 | 142.2 | 129.9 | 123.9 | 136.3 |
| **Total NPAs** | $ 138.2 | $ 321.3 | $ 347.7 | $ 348.2 | $ 417.1 |
| | | | | | |
| **As % of Original Principal Balance** | | | | | |
| **Non-Performing Loans** | 57.3 % | 67.2 % | 70.0 % | 69.4 % | 71.6 % |
| **OREO** | 30.3 | 64.4 | 65.9 | 71.9 | 67.4 |
| | | | | | |
| **Total NPAs** | | | | | |
| **as % of Total Assets** | 1.73 | 4.32 | 4.96 | 4.55 | 5.32 |
| **as % of Loans & OREO** | 3.25 | 6.77 | 7.11 | 6.97 | 8.13 |

(1) Excludes $11.75 million partial recovery of 2007 fraud loss

(2) Excluding loans with no allocated reserve




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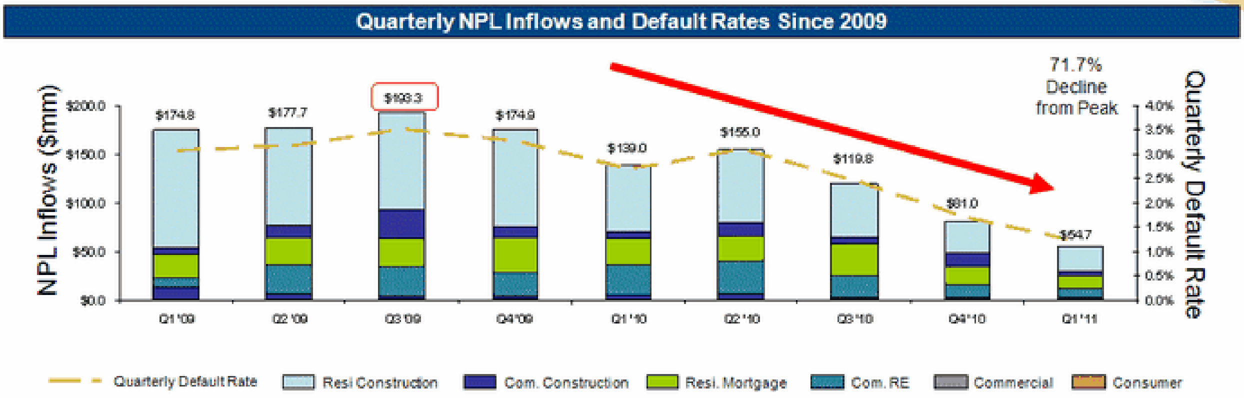
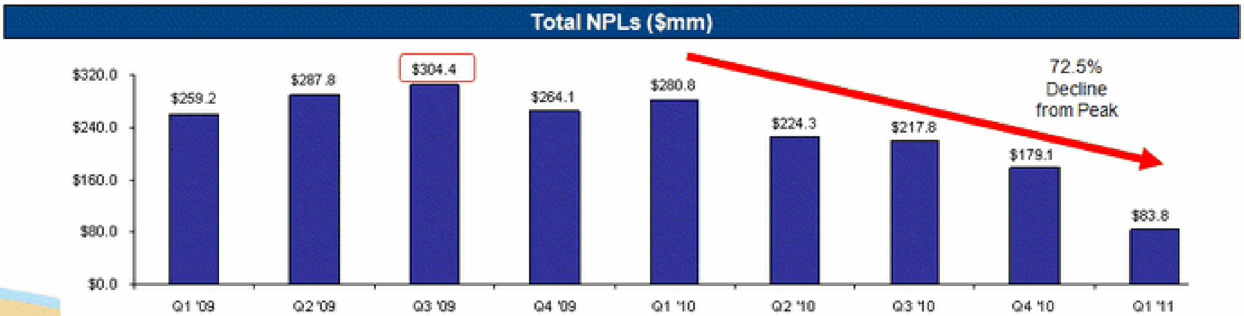
# NPL Inflow Trends









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# Net Charge-offs by Loan Category



*(in thousands)*

| | 1Q11 | | | | % of Average Loans (Annualized) | | |
|---|---|---|---|---|---|---|---|
| | Net Charge-Offs | | | | | | |
| | Total | Asset Disposition Plan | Other | % of Avg Loans (1) | 4Q10(2) | 3Q10 | 2Q10 |
| Commercial (sec. by RE) | $ 48,607 | $ 45,765 | $ 2,842 | .65 % | 1.45 % | 3.16 % | 2.21 % |
| Commercial Construction | 49,715 | 48,569 | 1,146 | 1.77 | 5.12 | 2.40 | 1.67 |
| Commercial & Industrial | 4,040 | 3,527 | 513 | .46 | 2.54 | 1.07 | .85 |
| Total Commercial | 102,362 | 97,861 | 4,501 | 0.73 | 2.09 | 2.70 | 1.91 |
| Residential Construction | 92,138 | 81,495 | 10,643 | 6.72 | 13.28 | 11.99 | 18.71 |
| Residential Mortgage | 36,383 | 31,394 | 4,989 | 1.59 | 2.80 | 2.29 | 1.90 |
| Consumer/ Installment | 691 | 308 | 383 | 1.19 | 2.06 | 2.90 | 3.53 |
| **Total Net Charge-offs** | **$ 231,574** | **$ 211,058** | **$ 20,516** | **1.84** | **4.03** | **4.12** | **4.98** |

(1) Calculated excluding losses related to asset disposition plans.
(2) Excludes $11.75 million partial recovery of 2007 fraud loss.




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# Net Charge-offs by Market



*(in thousands)*

| | 1Q11 | | | | % of Average Loans (Annualized) | | |
|---|---|---|---|---|---|---|---|
| | Net Charge-Offs | | | | | | |
| | Total | Asset Disposition Plan | Other | % of Avg Loans (1) | 4Q10(2) | 3Q10 | 2Q10 |
| Atlanta MSA | $ 56,489 | $ 53,193 | $ 3,296 | 1.04 % | 4.48 % | 3.97 % | 4.85 % |
| Gainesville MSA | 8,616 | 7,662 | 954 | 1.32 | 4.37 | 1.40 | 3.01 |
| North Georgia | 123,305 | 114,761 | 8,544 | 2.06 | 4.26 | 5.92 | 6.19 |
| Western North Carolina | 26,447 | 19,698 | 6,749 | 3.98 | 2.87 (2) | 2.99 | 3.86 |
| Coastal Georgia | 12,003 | 11,662 | 341 | 0.42 | 4.27 | 3.05 | 6.07 |
| East Tennessee | 4,714 | 4,082 | 632 | 1.00 | 2.53 | .52 | 1.53 |
| ***Total*** | **$ 231,574** | **$ 211,058** | **$ 20,516** | **1.84** | **4.03** | **4.12** | **4.98** |

(1) Calculated excluding losses related to asset disposition plans.
(2) Excludes $11.75 million partial recovery of 2007 fraud loss.




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# NPAs by Loan Category and Market



*(in thousands)*

| | 1Q11 | | |
|---|---|---|---|
| | NPLs | OREO | Total NPAs |
| **LOAN CATEGORY** | | | |
| Commercial (sec. by RE) | $ 20,648 | $ 7,886 | $ 28,534 |
| Commercial Construction | 3,701 | 11,568 | 15,269 |
| Commercial & Industrial | 2,198 | - | 2,198 |
| ***Total Commercial*** | **26,547** | **19,454** | **46,001** |
| Residential Construction | 32,038 | 25,807 | 57,845 |
| Residential Mortgage | 23,711 | 9,117 | 32,828 |
| Consumer/ Installment | 1,473 | - | 1,473 |
| ***Total*** | **$ 83,769** | **$ 54,378** | **$ 138,147** |

| | 1Q11 | | |
|---|---|---|---|
| | NPLs | OREO | Total NPAs |
| **MARKETS** | | | |
| Atlanta MSA | $ 21,501 | $ 16,913 | $ 38,414 |
| Gainesville MSA | 4,332 | 2,157 | 6,489 |
| North Georgia | 30,214 | 23,094 | 53,308 |
| Western N. Carolina | 18,849 | 7,802 | 26,651 |
| Coastal Georgia | 5,847 | 3,781 | 9,628 |
| East Tennessee | 3,026 | 631 | 3,657 |
| ***Total*** | **$ 83,769** | **$ 54,378** | **$ 138,147** |




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# Financial Review




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# Core Earnings Summary



| (In Thousands) | 1Q11 | Variance - Fav (Unfav) 4Q10 | 1Q10 |
|---|---|---|---|
| **Net Interest Revenue** | **$ 58,406** | **$ (1,726)** | **$ (2,873)** |
| Fee Revenue | 11,655 | 107 | 150 |
| **Gross Revenue** | **70,061** | **(1,619)** | **(2,723)** |
| Operating Expense (Excl OREO) | 46,644 | (2,540) | (2,737) |
| **Pre-Tax, Pre-Credit (Core)** | **$ 23,417** | **$ (4,159)** | **$ (5,460)** |

| | | | |
|---|---|---|---|
| **Net Interest Margin** | **3.41 %*** | **(.17) %** | **(.08) %** |

*Excludes impact of interest reversals on bulk loan sale.




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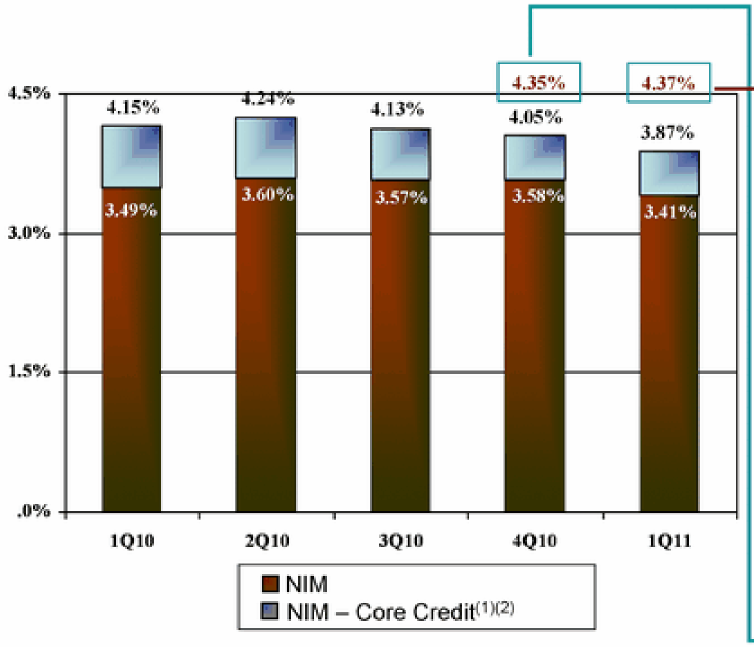
# Net Interest Margin






(1) Excludes impact of reversal of interest on performing loans classified as held for sale – Q1 2011
(2) Excluding impact of nonaccrual loans, OREO and interest reversals

**NIM Characteristics**

- Core margin changes
  - -17 bps vs. 4Q10
  - -8 bps vs. 1Q10
- Maintained loan pricing;
- Lowered core & CD pricing
- 1Q Excess liquidity – lowered Margin by 49 bps and 30 bps in Q4



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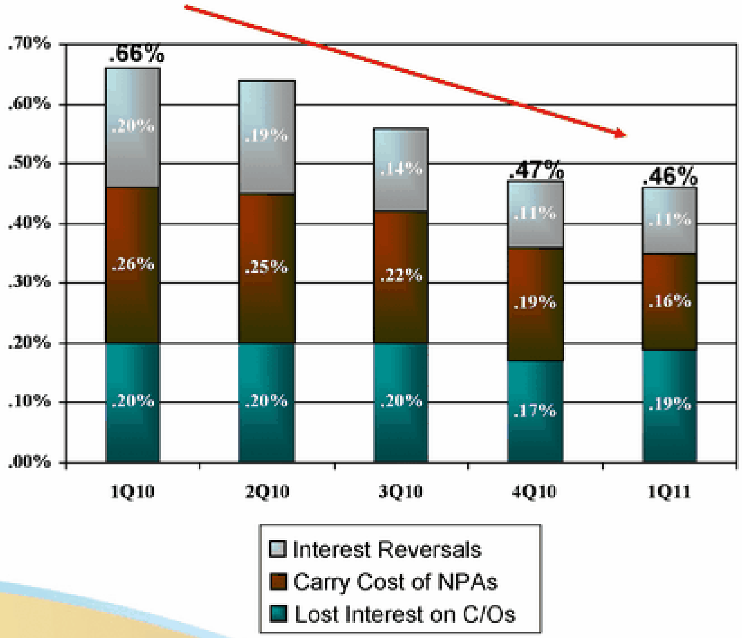
# Margin – Credit Costs






**Credit Costs Impacting Margin**

- Historically 8 to 12 bps
- Credit cycle – significant drag; but improving
- Cost 1Q11 vs. Historical – 34 bps (annual earnings impact of $23.5 million)
- 1 bps = $690K NIR

*Excludes bulk loan sale impact of 11 bps

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# Deposit Mix *(total $6.6 billion)*

*($ in millions)*

| | 1Q11 | 4Q10 | 1Q10 | 4Q08 |
|---|---|---|---|---|
| Demand / NOW | $ 1,576 | $ 1,573 | $ 1,489 | $ 1,457 |
| MMDA / Savings | 1,149 | 1,063 | 908 | 630 |
| **Core Transaction** | **2,725** | **2,636** | **2,397** | **2,087** |

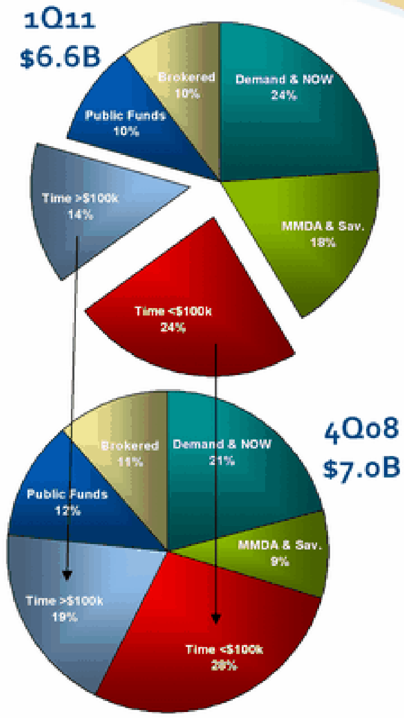
+89 +328

*13.7% Growth*

+638

*30.6% Growth*

| | | | | |
|---|---|---|---|---|
| Time < $100,000 | 1,570 | 1,491 | 1,636 | 1,945 |
| Public Deposits | 628 | 663 | 611 | 755 |
| **Total Core** | **4,923** | **4,790** | **4,644** | **4,787** |
| Time >$100,000 | 946 | 940 | 1,059 | 1,336 |
| Public Deposits | 44 | 62 | 74 | 87 |
| **Total Customer** | **5,913** | **5,792** | **5,777** | **6,210** |
| Brokered Deposits | 685 | 677 | 711 | 793 |
| **Total Deposits** | **$ 6,598** | **$ 6,469** | **$ 6,488** | **$ 7,003** |







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# Fee Revenue - Core



*(In Thousands)*

| | 1Q11 | Over (Under) 4Q10 | Over (Under) 1Q10 |
|---|---|---|---|
| NSF & Bounce Safe Fees | $ 3,510 | $ (322) | $ (806) |
| ATM Fees | 2,530 | (5) | 177 |
| Other Service Charges | 680 | 8 | (98) |
| Mortgage Loan & Related Fees | 1,494 | (374) | 15 |
| Brokerage Fees | 677 | (101) | 110 |
| Other | 2,892 | 817 | 780 |
| | **$ 11,783** | **$ 23** | **$ 178** |

*Excludes Securities Gains (Losses)*




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# Operating Expenses - Core



*(In Thousands)*

| | | Over (Under) | |
|---|---|---|---|
| | **1Q11** | **4Q10** | **1Q10** |
| Salaries & Employee Benefits | $ 24,924 | $ 1,147 | 564 |
| Communications & Equipment | 3,344 | (33) | 71 |
| Occupancy | 4,074 | 50 | 260 |
| FDIC Assessment | 5,413 | 2,114 | 1,787 |
| Advertising & Public Relations | 978 | (124) | (65) |
| Postage, Printing & Supplies | 1,118 | 55 | (107) |
| Professional Fees | 2,330 | (686) | 387 |
| Other Expense | 4,591 | (67) | (132) |
| | **$ 46,772** | **$ 2,456** | **$ 2,765** |

*Excludes foreclosed property costs*




United Community Banks.

# Net Operating Loss – From Continuing Operations



*(In Thousands)*

| | 1Q11 | 4Q10 | 1Q10 |
|---|---|---|---|
| Pre-Tax, Pre-Credit (Core) | **$ 23,417** | **$ 27,576** | **$ 28,877** |
| Provision for Loan Loss | (190,000) | (47,750) | (75,000) |
| *Foreclosed Property Costs:* | | | |
| Write-downs | (48,585) | (8,031) | (4,579) |
| Losses on Sales | (12,020) | (7,818) | (3,518) |
| Maintenance, Taxes, Etc. | (4,294) | (4,753) | (2,716) |
| Securities Gains, Net | 55 | - | 61 |
| Gain from Sale of Tax Credits | - | 682 | - |
| Bulk Loan Sale: | | | |
| Interest on Performing Loans HFS | (2,014) | - | - |
| Property Taxes | (2,600) | - | - |
| Professional Fees | (1,000) | - | - |
| Income Taxes - Benefit | 94,555 | 16,520 | 22,417 |
| **Net Operating Loss** | **$(142,486)** | **$ (23,574)** | **$ (34,458)** |
| **Net Operating Loss per Share** | **$ (1.57)** | **$ (.28)** | **$ (.39)** |




United Community Banks.

# Net Loss



*(In Thousands)*

| | 1Q11 | 4Q10 | 1Q10 |
|---|---|---|---|
| **Net Operating Loss** | **$ (142,486)** | **$ (23,574)** | **$ (34,458)** |
| Loss from Discontinued Operations | - | - | (101) |
| Gain from Sale of Brintech | - | - | 1,266 |
| Partial Recovery of Fraud Loss (11,750 pre-tax) | - | 7,179 | - |
| **Net Loss** | **$ (142,486)** | **$ (16,395)** | **$ (33,293)** |
| Preferred Stock Div (TARP) | (2,778) | (2,586) | (2,572) |
| **Net Loss per Share** | **$ (1.57)** | **$ (.20)** | **$ (.38)** |
| **Book Value** | **2.96** | **4.84** | **7.95** |
| **Tangible Book Value (Pro Forma - $2.26)** | **2.89** | **4.76** | **5.62** |
| **Shares Outstanding (millions)** | **104.5** | **94.7** | **94.1** |




United Community Banks.

# Capital Ratios



| | Well-Capitalized | Guideline | Pro Forma Mar '11(1) | MAR '11 | DEC '10 | SEP '10 |
|---|---|---|---|---|---|---|
| **Bank** | | | | | | |
| Tier 1 RBC | 6% | > 9% | | 13.0% | 10.8% | 11.4% |
| Total RBC | 10% | > 11% | | 14.7 | 12.6 | 13.2 |
| Tier I Leverage | 5% | > 8% | | 8.3 | 7.5 | 7.9 |
| **Holding Company** | | | | | | |
| Tier I RBC | | | 13.2 | 7.8 | 9.7 | 12.5 |
| Total RBC | | | 15.7 | 15.6 | 12.1 | 14.4 |
| Tier I Leverage | | | 8.5 | 5.1 | 6.8 | 8.7 |
| Tangible Equity to Assets | | > 6% | 10.6(2) | 8.7 | 8.8 | 9.2 |
| Tangible Common to Assets | | > 6% | 8.2(2) | 5.5 | 6.4 | 6.8 |

(1) Assumes conversion of the Mandatorily Convertible Preferred Stock that was issued in the Capital Raise on March 30, 2011

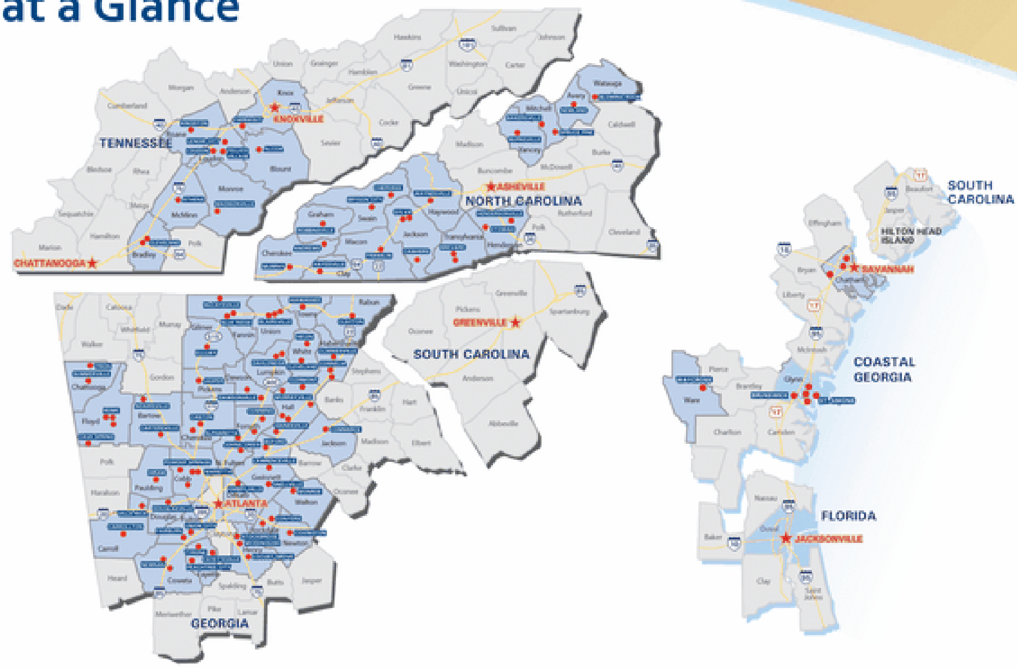
(2) As of period-end




United Community Banks.

# United at a Glance






| | | | |
|---|---|---|---|
| Assets | $8.0 Billion | Banks | 27 |
| Deposits | $6.6 Billion | Offices | 106 |




United Community Banks.

# Experienced Proven Leadership



| | | Joined UCBI | Years in Banking |
|---|---|---|---|
| Jimmy Tallent | President & CEO | 1984 | 37 |
| Guy Freeman | Chief Operating Officer | 1992 | 53 |
| Rex Schuette | Chief Financial Officer | 2001 | 34 |
| David Shearrow | Chief Risk Officer | 2007 | 30 |
| Glenn White | President, Atlanta Region | 2007 | 37 |
| Craig Metz | Marketing | 2002 | 19 |
| Bill Gilbert | Retail Banking | 2000 | 35 |



United Community Banks.

# Business and Operating Model



***"Community bank service, large bank resources"***

- **Twenty-seven "community banks"**
  - *Local CEOs with deep roots in their communities*
  - *Resources of $8.0 billion bank*
- **Service is point of differentiation**
  - *#1 in Customer Satisfaction*
  - *Golden rule of banking*
    - ✓ "The Bank That **SERVICE** Built"
  - *Ongoing customer surveys*
    - ✓ 95% satisfaction rate
- **Strategic footprint with substantial banking opportunities**
  - *Operates in a number of the more demographically attractive markets in the U.S.*
- **Disciplined growth strategy**
  - *Organic supported by de novos and selective acquisitions*




United Community Banks.

# Robust Demographics *(fast growing markets)*



| Markets[1] | Population (in thousands) | Population Growth (%) Actual 2000 - 2010 | Population Growth (%) Projected 2010 - 2015 |
|---|---|---|---|
| North Georgia | 394 | 23 % | 7 % |
| Atlanta MSA | 5,611 | 32 | 10 |
| Gainesville MSA | 191 | 37 | 13 |
| Coastal Georgia | 373 | 11 | 5 |
| Western North Carolina | 429 | 12 | 4 |
| East Tennessee | 860 | 14 | 6 |
| **Total Markets** | | | |
| Georgia | 10,014 | 22 | 7 |
| North Carolina | 9,552 | 19 | 8 |
| Tennessee | 6,366 | 12 | 5 |
| United States | 311,213 | 11 | 4 |

[1] ***Population data is for 2010 and includes those markets where United takes deposits.***
***Source: SNL***




United Community Banks.

# Market Share Opportunities
*(excellent growth prospects)*



| Markets | Market Deposits *(in billions)* [(1)] | United Deposits [(2)] | Banks | Offices | Deposit Share [(1)] | Rank [(1)] |
|---|---|---|---|---|---|---|
| North Georgia | $ 7.7 | $ 2.5 | 11 | 23 | 31 % | 1 |
| Atlanta MSA | 50.0 | 2.1 | 10 | 38 | 4 | 7 |
| Gainesville MSA | 2.5 | .3 | 1 | 6 | 13 | 3 |
| Coastal Georgia | 7.3 | .4 | 2 | 9 | 5 | 8 |
| Western North Carolina | 7.5 | 1.0 | 1 | 20 | 13 | 3 |
| East Tennessee | 14.9 | .3 | 2 | 10 | 2 | 10 |
| **Total Markets** | **$ 89.9** | **$ 6.6** | **27** | **106** | | |

[1] ***FDIC deposit market share and rank as of 6/10 for markets where United takes deposits. Source: SNL and FDIC.***

[2] ***Based on current quarter.***




United Community Banks.

# Leading Demographics



| Rank | Ticker | Company[1] | State | Total Assets ($ B) | 2010 - 2015 Population Growth [2] |
|---|---|---|---|---|---|
| 1 | CFR | Cullen/Frost Bankers, Inc. | TX | $17.6 | 9.05 % |
| 2 | WAL | Western Alliance Bancorporation | AZ | 6.2 | 7.85 |
| 3 | PRSP | Prosperity Bancshares, Inc. | TX | 9.7 | 7.35 |
| 4 | GBCI | Glacier Bancorp, Inc. | MT | 6.8 | 7.25 |
| 5 | FCNCA | First Citizens Bancshares, Inc. | NC | 20.8 | 7.20 |
| 6 | IBOC | International Bancshares Corporation | TX | 11.9 | 7.00 |
| **7** | **UCBI** | **United Community Banks, Inc.** | **GA** | **8.0** | **7.00** |
| 8 | TCBI | Texas Capital Bancshares, Inc. | TX | 6.1 | 6.75 |
| 9 | HBHC | Hancock Holding Company | MS | 8.3 | 6.25 |
| 10 | FCBN | First Citizens Bancorporation, Inc. | SC | 8.4 | 6.00 |
| 11 | FIBK | First Interstate BancSystem, Inc. | MT | 7.5 | 5.95 |
| 12 | BOKF | BOK Financial Corporation | OK | 23.9 | 5.90 |
| 13 | SNV | Synovus Financial Corp. | GA | 30.1 | 5.05 |
| 14 | FHN | First Horizon National Corporation | TN | 24.4 | 4.40 |
| 15 | CBCYB | Central Bancompany, Inc. | MO | 9.6 | 4.30 |

**Note:** Financial information as of December 31, 2010
(1) Includes publicly traded companies with assets between $5.0 – 50.0 billion as of December 31, 2010
(2) Population growth weighted by county (cumulative)
**Data Source:** SNL Financial




United Community Banks.

# Performing Classified Loans



| (in millions) | 1Q11 | 4Q10 | 3Q10 | 2Q10 | 1Q10 |
|---|---|---|---|---|---|
| LOANS BY CATEGORY | | | | | |
| Commercial (Sec. by RE) | $ 120 | $ 157 | $ 157 | $ 141 | $ 152 |
| Commercial Construction | 35 | 90 | 103 | 78 | 75 |
| Commercial & Industrial | 16 | 17 | 22 | 22 | 35 |
| **TOTAL COMMERCIAL** | **171** | **264** | **282** | **241** | **262** |
| Consumer / Installment | 2 | 3 | 4 | 4 | 4 |
| Residential Construction | 81 | 159 | 178 | 149 | 154 |
| Residential Mortgage | 69 | 86 | 86 | 80 | 81 |
| **LOANS** | **$ 323** | **$ 512** | **$ 550** | **$ 474** | **$ 501** |




United Community Banks.

# Business Mix Loans *(at quarter-end)*



| *(in millions)* | 1Q11 | 4Q10 | 3Q10 | 2Q10 | 1Q10 | 1Q11 vs. 1Q10 |
|---|---|---|---|---|---|---|
| **LOANS BY CATEGORY** | | | | | | |
| Commercial (sec. by R/E) | $ 1,692 | $ 1,761 | $ 1,781 | $ 1,780 | $ 1,765 | $ (73) |
| Commercial Construction | 213 | 297 | 310 | 342 | 357 | (144) |
| Commercial & Industrial | 431 | 441 | 456 | 441 | 381 | 50 |
| **Total Commercial** | **2,336** | **2,499** | **2,547** | **2,563** | **2,503** | **(167)** |
| Residential Construction | 550 | 695 | 764 | 820 | 960 | (410) |
| Residential Mortgage | 1,187 | 1,279 | 1,316 | 1,356 | 1,390 | (203) |
| Consumer / Installment | 121 | 131 | 133 | 134 | 139 | (18) |
| **TOTAL LOANS** | **$ 4,194** | **$ 4,604** | **$ 4,760** | **$ 4,873** | **$ 4,992** | **$ (798)** |




United Community Banks.

# Loans – Markets Served *(at quarter-end)*



| *(in millions)* | 1Q11 | 4Q10 | 3Q10 | 2Q10 | 1Q10 | 1Q11 vs. 1Q10 |
|---|---|---|---|---|---|---|
| **LOANS BY MARKET** | | | | | | |
| Atlanta MSA | $ 1,179 | $ 1,310 | $ 1,365 | $ 1,373 | $ 1,404 | $ (225) |
| Gainesville MSA | 282 | 312 | 316 | 343 | 372 | (90) |
| North Georgia | 1,531 | 1,689 | 1,755 | 1,808 | 1,814 | (283) |
| Western North Carolina | 640 | 702 | 719 | 738 | 756 | (116) |
| Coastal Georgia | 312 | 335 | 345 | 356 | 388 | (76) |
| East Tennessee | 250 | 256 | 260 | 255 | 258 | (8) |
| **Total** | **$ 4,194** | **$ 4,604** | **$ 4,760** | **$ 4,873** | **$ 4,992** | **$ (798)** |




United Community Banks.

## Business Mix Loans *(at year-end)*



| *(in millions)* | 2010 | 2009 | 2008 | 2007 | 2006 |
|---|---|---|---|---|---|
| **LOANS BY CATEGORY** | | | | | |
| Commercial (sec. by R/E) | $ 1,761 | $ 1,779 | $ 1,627 | $ 1,476 | $ 1,230 |
| Commercial Construction | 297 | 363 | 500 | 527 | 469 |
| Commercial & Industrial | 441 | 390 | 410 | 418 | 296 |
| **Total Commercial** | **2,499** | **2,532** | **2,537** | **2,421** | **1,995** |
| Residential Construction | 695 | 1,050 | 1,479 | 1,829 | 1,864 |
| Residential Mortgage | 1,279 | 1,427 | 1,526 | 1,502 | 1,338 |
| Consumer / Installment | 131 | 142 | 163 | 177 | 180 |
| **TOTAL LOANS** | **$ 4,604** | **$ 5,151** | **$ 5,705** | **$ 5,929** | **$ 5,377** |




United Community Banks

# Loans – Markets Served *(at year-end)*



| *(in millions)* | 2010 | 2009 | 2008 | 2007 | 2006 |
|---|---|---|---|---|---|
| **LOANS BY MARKET** | | | | | |
| Atlanta MSA | $ 1,310 | $ 1,435 | $ 1,706 | $ 2,002 | $ 1,651 |
| Gainesville MSA | 312 | 390 | 420 | 399 | 354 |
| North Georgia | 1,689 | 1,884 | 2,040 | 2,060 | 2,034 |
| Western North Carolina | 702 | 772 | 810 | 806 | 773 |
| Coastal Georgia | 335 | 405 | 464 | 416 | 358 |
| East Tennessee | 256 | 265 | 265 | 246 | 207 |
| **Total** | **$ 4,604** | **$ 5,151** | **$ 5,705** | **$ 5,929** | **$ 5,377** |




United Community Banks.

# Lending – Credit Summary

*(in millions)*

| | |
|---|---|
| Legal lending limit | $219 |
| House lending limit | 20 |
| ✓ Project lending limit | 12 |
| Top 25 relationships | 420 |
| ✓ 10.0% of total loans | |

Regional credit review – Standard underwriting




United Community Banks

# NPAs by Loan Category, Market, and Activity

**Credit Quality [(1)]**

| *(in thousands)* | First Quarter 2011 [(2)] Non-performing Loans | First Quarter 2011 [(2)] Foreclosed Properties | First Quarter 2011 [(2)] Total NPAs | Fourth Quarter 2010 Non-performing Loans | Fourth Quarter 2010 Foreclosed Properties | Fourth Quarter 2010 Total NPAs | Third Quarter 2010 Non-performing Loans | Third Quarter 2010 Foreclosed Properties | Third Quarter 2010 Total NPAs |
|---|---|---|---|---|---|---|---|---|---|
| **NPAs BY CATEGORY** | | | | | | | | | |
| Commercial (sec. by RE) | $ 20,648 | $ 7,886 | $ 28,534 | $ 44,927 | $ 23,659 | $ 68,586 | $ 53,646 | $ 14,838 | $ 68,484 |
| Commercial construction | 3,701 | 11,568 | 15,269 | 21,374 | 17,808 | 39,182 | 17,279 | 15,125 | 32,404 |
| Commercial & industrial | 2,198 | - | 2,198 | 5,611 | - | 5,611 | 7,670 | - | 7,670 |
| Total commercial | 26,547 | 19,454 | 46,001 | 71,912 | 41,467 | 113,379 | 78,595 | 29,963 | 108,558 |
| Residential construction | 32,038 | 25,807 | 57,845 | 54,505 | 78,231 | 132,736 | 79,321 | 73,206 | 152,527 |
| Residential mortgage | 23,711 | 9,117 | 32,828 | 51,083 | 22,510 | 73,593 | 58,107 | 26,795 | 84,902 |
| Consumer / installment | 1,473 | - | 1,473 | 1,594 | - | 1,594 | 1,743 | - | 1,743 |
| **Total NPAs** | $ 83,769 | $ 54,378 | $ 138,147 | $ 179,094 | $ 142,208 | $ 321,302 | $ 217,766 | $ 129,964 | $ 347,730 |
| **Balance as a % of Unpaid Principal** | 57.3% | 30.3% | 42.4% | 67.2% | 64.4% | 65.9% | 70.0% | 65.9% | 68.4% |
| **NPAs BY MARKET** | | | | | | | | | |
| Atlanta MSA | $ 21,501 | $ 16,913 | $ 38,414 | $ 48,289 | $ 41,154 | $ 89,443 | $ 65,304 | $ 32,785 | $ 98,089 |
| Gainesville MSA | 4,332 | 2,157 | 6,489 | 5,171 | 9,273 | 14,444 | 11,905 | 5,685 | 17,590 |
| North Georgia | 30,214 | 23,094 | 53,308 | 83,551 | 66,211 | 149,762 | 92,295 | 67,439 | 159,734 |
| Western North Carolina | 18,849 | 7,802 | 26,651 | 25,832 | 11,553 | 37,385 | 31,545 | 11,559 | 43,104 |
| Coastal Georgia | 5,847 | 3,781 | 9,628 | 11,145 | 11,901 | 23,046 | 10,611 | 10,951 | 21,562 |
| East Tennessee | 3,026 | 631 | 3,657 | 5,106 | 2,116 | 7,222 | 6,106 | 1,545 | 7,651 |
| **Total NPAs** | $ 83,769 | $ 54,378 | $ 138,147 | $ 179,094 | $ 142,208 | $ 321,302 | $ 217,766 | $ 129,964 | $ 347,730 |
| **NPA ACTIVITY** | | | | | | | | | |
| **Beginning Balance** | $ 179,094 | $ 142,208 | $ 321,302 | $ 217,766 | $ 129,964 | $ 347,730 | $ 224,335 | $ 123,910 | $ 348,245 |
| Loans placed on non-accrual | 54,730 | - | 54,730 | 81,023 | - | 81,023 | 119,783 | - | 119,783 |
| Payments received | (3,550) | - | (3,550) | (7,250) | - | (7,250) | (11,469) | - | (11,469) |
| Loan charge-offs | (43,969) | - | (43,969) | (47,913) | - | (47,913) | (52,647) | - | (52,647) |
| Foreclosures | (17,052) | 17,052 | - | (61,432) | 61,432 | - | (59,844) | 59,844 | - |
| Capitalized costs | - | 270 | 270 | - | 170 | 170 | - | 601 | 601 |
| Note / property sales | (11,400) | (44,547) | (55,947) | (3,100) | (33,509) | (36,609) | (2,392) | (40,203) | (42,595) |
| Loans held for sale | (74,084) | - | (74,084) | - | - | - | - | - | - |
| Write downs | - | (48,585) | (48,585) | - | (8,031) | (8,031) | - | (7,051) | (7,051) |
| Net losses on sales | - | (12,020) | (12,020) | - | (7,818) | (7,818) | - | (7,137) | (7,137) |
| **Ending Balance** | $ 83,769 | $ 54,378 | $ 138,147 | $ 179,094 | $ 142,208 | $ 321,302 | $ 217,766 | $ 129,964 | $ 347,730 |

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

[(2)] The NPA activity shown for the first quarter of 2011 is presented with all activity related to loans transferred to the loans held for sale classification on one line as if those loans were transferred to held for sale at the beginning of the period.





United Community Banks.

# Net Charge-offs by Category and Market



**Credit Quality** [(1)]

| *(in thousands)* | First Quarter 2011 [(3)] Net Charge-Offs | First Quarter 2011 [(3)] Net Charge-Offs to Average Loans [(5)] | Fourth Quarter 2010 [(4)] Net Charge-Offs | Fourth Quarter 2010 [(4)] Net Charge-Offs to Average Loans [(5)] | Third Quarter 2010 Net Charge-Offs | Third Quarter 2010 Net Charge-Offs to Average Loans [(5)] |
|---|---|---|---|---|---|---|
| **NET CHARGE-OFFS BY CATEGORY** | | | | | | |
| Commercial (sec. by RE) | $ 48,607 | 11.07 % | $ 6,493 | 1.45 % | $ 14,212 | 3.16 % |
| Commercial construction | 49,715 | 76.95 | 3,924 | 5.12 | 1,972 | 2.40 |
| Commercial & industrial | 4,040 | 3.64 | 2,891 | 2.54 | 1,207 | 1.07 |
| Total commercial | 102,362 | 16.66 | 13,308 | 2.09 | 17,391 | 2.70 |
| Residential construction | 92,138 | 58.20 | 24,497 | 13.28 | 23,934 | 11.99 |
| Residential mortgage | 36,383 | 11.62 | 9,176 | 2.80 | 7,695 | 2.29 |
| Consumer / installment | 691 | 2.16 | 687 | 2.06 | 978 | 2.90 |
| **Total** | $ 231,574 | 20.71 | $ 47,668 | 4.03 | $ 49,998 | 4.12 |
| **NET CHARGE-OFFS BY MARKET** | | | | | | |
| Atlanta MSA | $ 56,489 | 17.86 % | $ 15,222 | 4.48 % | $ 13,753 | 3.97 % |
| Gainesville MSA | 8,616 | 11.93 | 3,434 | 4.37 | 1,143 | 1.40 |
| North Georgia | 123,305 | 29.66 | 18,537 | 4.26 | 26,554 | 5.92 |
| Western North Carolina | 26,447 | 15.61 | 5,154 | 2.87 | 5,509 | 2.99 |
| Coastal Georgia | 12,003 | 14.80 | 3,670 | 4.27 | 2,702 | 3.05 |
| East Tennessee | 4,714 | 7.47 | 1,651 | 2.53 | 337 | .52 |
| **Total** | $ 231,574 | 20.71 | $ 47,668 | 4.03 | $ 49,998 | 4.12 |

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

(2) The NPA activity shown for the first quarter of 2011 is presented with all activity related to loans transferred to the loans held for sale classification on one line as if those loans were transferred to held for sale at the beginning of the period.

(3) Includes charge-offs on loans related to United's previously announced asset disposition plan. Such charge-offs severely distorted charge off rates for the first quarter of 2011. A separate schedule has been included in this earnings release presenting the components of net charge-offs by loan category and geographic market for the first quarter of 2011.

(4) North Carolina residential construction net charge offs for the fourth quarter of 2010 exclude a $11.8 million partial recovery of a 2007 fraud-related charge-off.

(5) Annualized.




United Community Banks.

# Net Charge-offs by Category and Market
# Asset Disposition Plan



**Credit Quality - Net Charge-Offs First Quarter 2011 [1]**

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

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

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

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

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




United Community Banks.

# Credit Quality – Bulk Loan Sale Summary

**Credit Quality - Bulk Loan Sale Summary** [1]

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

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

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

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

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

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# Loans / Deposits – Liquidity



*(in millions)*

| | 1Q11 | 4Q10 | 1Q10 | Variance vs 4Q10 | Variance vs 1Q10 |
|---|---|---|---|---|---|
| Loans | $ 4,194 | $ 4,604 | $ 4,992 | $ (410) | $ (798) |
| Core (DDA, MMDA, Savings) | $ 2,725 | $ 2,636 | $ 2,397 | $ 89 | $ 328 |
| Public Funds | 672 | 725 | 685 | (53) | (13) |
| CD's | 2,516 | 2,431 | 2,695 | 85 | (179) |
| Total Deposits (excl Brokered) | $ 5,913 | $ 5,792 | $ 5,777 | $ 121 | $ 136 |
| **Loan to Deposit Ratio** | **71%** | **79%** | **86%** | | |
| Investment Securities | $ 1,880 | $ 1,490 | $ 1,527 | $ 390 | $ 353 |
| **Percent of Assets** | **25%** | **20%** | **19%** | | |
| Commercial & Short-Term Paper | $ 470 | $ 442 | $ 183 | $ 28 | $ 287 |
| Floating Rate Securities | 297 | 172 | 100 | 125 | 197 |
| Excess Fed and Other Cash | 391 | 37 | 40 | 354 | 351 |
| **Total Excess Liquidity** | **$ 1,158** | **$ 651** | **$ 323** | **$ 507** | **$ 835** |




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# Wholesale Borrowings - Liquidity



*(in millions)*

| | Unused Capacity | 1Q11 | 4Q10 | 1Q10 | Variance vs 4Q10 | Variance vs 1Q10 |
|---|---|---|---|---|---|---|
| **Wholesale Borrowings** | | | | | | |
| Brokered Deposits | $ 1,309 | $ 684 | $ 677 | $ 711 | $ 7 | $ (27) |
| FHLB | 979 | 55 | 55 | 114 | - | (59) |
| Fed Funds | 50 | - | - | - | - | - |
| Other Wholesale | 149 | 102 | 101 | 102 | 1 | - |
| **Total** | $ 2,487 | **$ 841** | **$ 833** | **$ 927** | **$ 8** | **$ (86)** |
| **Long-Term Debt** | | | | | | |
| Sub-Debt | | $ 96 | $ 96 | $ 96 | $ - | $ - |
| Trust Preferred Securities | | 54 | 54 | 54 | - | - |
| **Total Long-Term Debt** | | **$ 150** | **$ 150** | **$ 150** | **$ -** | **$ -** |




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# Business Mix – Deposits *(at quarter-end)*



*(in millions)*

| DEPOSITS BY CATEGORY | 1Q11 | 4Q10 | 3Q10 | 2Q10 | 1Q10 | 1Q11 vs. 1Q10 |
|---|---|---|---|---|---|---|
| Demand & Now | $ 1,576 | $ 1,573 | $ 1,582 | $ 1,561 | $ 1,489 | $ 87 |
| MMDA & Savings | 1,149 | 1,063 | 977 | 930 | 908 | 183 |
| **Core Transaction Deposits** | **2,725** | **2,636** | **2,559** | **2,491** | **2,397** | **270** |
| Time < $100,000 | 1,570 | 1,491 | 1,492 | 1,569 | 1,636 | (66) |
| Public Deposits | 628 | 663 | 561 | 564 | 611 | 17 |
| **Total Core Deposits** | **4,923** | **4,790** | **4,612** | **4,624** | **4,644** | **221** |
| Time > $100,000 | 946 | 940 | 971 | 1,028 | 1,059 | (113) |
| Public Deposits | 44 | 62 | 62 | 66 | 73 | (29) |
| **Total Customer Deposits** | **5,913** | **5,792** | **5,645** | **5,718** | **5,776** | **79** |
| Brokered Deposits | 685 | 677 | 354 | 612 | 711 | (26) |
| **Total Deposits** | **$ 6,598** | **$ 6,469** | **$ 5,999** | **$ 6,330** | **$ 6,487** | **$ 53** |




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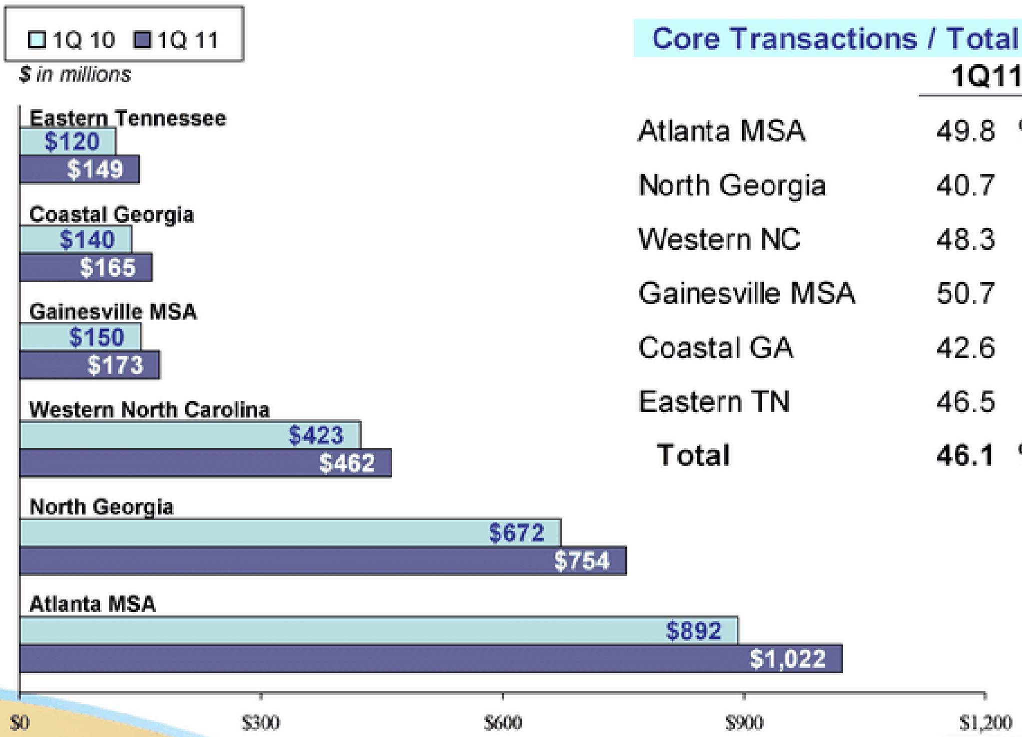
# Core Transaction Deposits



## Geographic Diversity




**Core Transactions / Total Deposits (%)**

| | 1Q11 | 1Q10 |
|---|---|---|
| Atlanta MSA | 49.8 % | 45.7 % |
| North Georgia | 40.7 | 37.4 |
| Western NC | 48.3 | 43.2 |
| Gainesville MSA | 50.7 | 45.7 |
| Coastal GA | 42.6 | 34.6 |
| Eastern TN | 46.5 | 38.0 |
| **Total** | **46.1 %** | **41.5 %** |



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# NPA Sale in 2Q10



**Sold $103 Million NPA's – With a $65 Million Capital Option and Warrant**

- Completed sale on April 30, 2010
- Accelerates disposition of the more illiquid assets

| **CATEGORY** *(in millions)* | |
|---|---|
| Commercial | $ 29.4 |
| Commercial Construction | 11.3 |
| Residential Construction | 62.4 |
| Total | $ 103.1 |

| **MARKETS** *(in millions)* | |
|---|---|
| Atlanta | $ 10.7 |
| Gainesville | 13.5 |
| N. Georgia | 50.0 |
| Coastal Georgia | 7.6 |
| North Carolina | 21.3 |
| | $ 103.1 |




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# NPA Sale – Fair Value Accounting 2Q10



## Fair Value Accounting – Warrant / Option to Purchase Equity

- Increase to Capital Surplus - $39.8 million
- Pre-tax expense charge - $45.3 million; after-tax cost - $30.0 million
- GAAP Capital +$9.8million – Slight Negative to "Regulatory Capital" (DTA)

*(in millions)*

| | Income Statement | Capital Surplus |
|---|---|---|
| Fair Value of Warrants / Option | $ (39.8) | $ 39.8 |
| Loan Discount (3.5% to 5.8%) | (4.5) | |
| Closing Costs | (1.0) | |
| Total Charge to Expense | (45.3) | |
| Tax Benefit | 15.3 | |
| Impact on Net Loss | $ (30.0) | $ 39.8 |
| Impact on GAAP Equity | $ +9.8 | |




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# Non-GAAP Reconciliation Tables



*(in thousands except EPS)*

| | Operating Earnings to GAAP Earnings Reconciliation | | |
|---|---|---|---|
| | 1Q11 | 4Q10 | 1Q10 |
| ***Core net interest revenue reconciliation [1]*** | | | |
| Core net interest revenue | $ 58,406 | $ 60,132 | $ 61,279 |
| Interest reversals on performing loans transferred to held for sale | (2,014) | - | - |
| **Net interest revenue (GAAP)** | **$ 56,392** | **$ 60,132** | **$ 61,279** |
| ***Core fee revenue reconciliation [1]*** | | | |
| Core fee revenue | $ 11,783 | $ 11,760 | $ 11,605 |
| Securities gains, net | 55 | - | 61 |
| Gain from sale of tax credits | - | 682 | - |
| **Fee revenue (GAAP)** | **$ 11,838** | **$ 12,442** | **$ 11,666** |
| ***Core operating expense reconciliation [1]*** | | | |
| Core operating expense | $ 46,772 | $ 44,316 | $ 44,007 |
| Foreclosed property expense | 64,899 | 20,602 | 10,813 |
| Property taxes on collateral for loans held for sale | 2,600 | - | - |
| Professional fees related to loans held for sale | 1,000 | - | - |
| **Operating expense (GAAP)** | **$ 115,271** | **$ 64,918** | **$ 54,820** |
| ***Diluted loss per common share reconciliation [1]*** | | | |
| Diluted operating loss per common share | $ (1.57) | $ (.28) | $ (.66) |
| Provision for special fraud-related loan loss and partial recovery | - | .08 | - |
| **Diluted loss per common share (GAAP)** | **$ (1.57)** | **$ (.20)** | **$ (.66)** |

(1) From continuing operations




United Community Banks.

# Non-GAAP Reconciliation Tables



| | Operating Earnings to GAAP Earnings Reconciliation | | |
|---|---|---|---|
| | 1Q11 | 4Q10 | 1Q10 |
| ***Net interest margin - pre credit reconciliation*** | | | |
| Net interest margin - pre credit | 3.87 % | 4.05 % | 4.15 % |
| Effect of interest reversals, lost interest, and carry costs of NPAs | (.46) | (.47) | (.66) |
| **Core net interest margin** | **3.41** | **3.58** | **3.49** |
| Effect of interest reversals on performing loans transferred to held for sale | (.11) | - | - |
| **Net interest margin** | **3.30 %** | **3.58 %** | **3.49 %** |
| ***Tangible common equity and tangible equity to tangible assets reconciliation*** | | | |
| Tangible common equity to tangible assets | 6.35 % | 6.35 % | 7.13 % |
| Effect of preferred equity | 2.40 | 2.40 | 2.26 |
| **Tangible equity to tangible assets** | **8.75** | **8.75** | **9.39** |
| Effect of goodwill and other intangibles | .10 | .10 | 2.51 |
| **Equity to assets (GAAP)** | **8.85 %** | **8.85 %** | **11.90 %** |
| ***Tangible common equity to risk-weighted assets reconciliation*** | | | |
| Tangible common equity to risk-weighted assets | 6.40 % | 9.05 % | 10.03 % |
| Effect of preferred equity | 5.97 | 3.52 | 3.29 |
| **Tangible equity to risk weighted assets** | **12.37** | **12.57** | **13.32** |
| Effect of other comprehensive income | (.58) | (.62) | (.85) |
| Effect of trust preferred | 1.12 | 1.06 | 1.00 |
| Effect of deferred tax asset limitation | (5.10) | (3.34) | (1.75) |
| **Tier I capital ratio (Regulatory)** | **7.81 %** | **9.67 %** | **11.72 %** |




United Community Banks.

# Analyst Coverage



- **FBR Capital**
  *(Market Perform - Mar 17, 2011)*
- **FIG Partners**
  *(Market Perform - Mar 18, 2011)*
- **Guggenheim Securities, LLC**
  *(Neutral - Jan 4, 2011)*
- **Keefe, Bruyette & Woods**
  *(Market Perform - Mar 17, 2011)*
- **Macquarie Capital (USA)**
  *(Neutral - Mar 17, 2011)*
- **Raymond James & Assoc.**
  *(Market Perform - Nov 1, 2010)*
- **Sandler O'Neill & Partners**
  *(Hold - Feb 24, 2011)*
- **Stephens, Inc.**
  *(Equal Weight - Feb 1, 2011)*
- **SunTrust Robinson Humphrey**
  *(Neutral - Mar 17, 2011)*




United Community Banks.

# United Community Banks, Inc.

## Investor Presentation

First Quarter 2011