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

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): July 23, 2010

United Community Banks, Inc.

(Exact name of registrant as specified in its charter)

Georgia (State or other Jurisdiction of Incorporation)	No. 0-21656 (Commission File Number)	No. 58-180-7304 (IRS Employer Identification No.)
63 Highway 515, P.O. Box 398 Blairsville, Georgia (Address of Principal Executive Offices)		30512 (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:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.02 Results of Operation and Financial Condition

On July 23, 2010, United Community Banks, Inc. (the “Registrant”) issued a news release announcing its financial results for the quarter ended June 30, 2010 (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 July 23, 2010 at 11:00 a.m. EST, the Registrant intends to hold a conference call/webcast to discuss the News Release. In addition to the News Release, during the conference call the Registrant intends to discuss certain financial information contained in the June 30, 2010 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 2009 exclude the effects of \$25 million and \$70 million, non-cash goodwill impairment charges in the third and first quarters, respectively, (bringing the total goodwill impairment charge for the year 2009 to \$95 million), \$2.9 million in non-recurring severance charges related to a reduction in workforce recorded in the first quarter and an \$11.4 million gain in the second quarter from the acquisition of Southern Community Bank that resulted from a bargain purchase. 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, 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 July 23, 2010
 - 99.2 Investor Presentation, Second Quarter 2010
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SIGNATURES

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

/s/ **Rex S. Schuette**

Rex S. Schuette
Executive Vice President and

July 23, 2010

Chief Financial Officer



For Immediate Release

For more information:

Rex S. Schuette

Chief Financial Officer

(706) 781-2266

Rex_Schuette@ucbi.com

**UNITED COMMUNITY BANKS, INC. REPORTS
NET OPERATING LOSS FOR SECOND QUARTER 2010**

- Completed sale of \$103 million of nonperforming assets that resulted in a non-cash charge of \$45.3 million
- Nonperforming assets decline 17 percent from last quarter
- Provision for loan losses was \$61.5 million, down \$13.5 million from last quarter
- Allowance-to-loans ratio increases to 3.57 percent
- Margin improves 11 basis points to 3.60 percent

BLAIRSVILLE, GA — July 23, 2010 — United Community Banks, Inc. (NASDAQ: UCBI) today reported a net operating loss from continuing operations of \$59.5 million, or 66 cents per diluted share, for the second quarter of 2010. The second quarter operating loss included a non-cash charge of \$45.3 million, or \$30.0 million after-tax, resulting from the transaction with Fletcher International (“Fletcher”) to dispose of nonperforming assets. The charge increased the net loss for the quarter by 32 cents per diluted share.

United’s net operating losses from continuing operations for the first six months of 2010 and 2009 were \$94.0 million, or \$1.05 per diluted share, and \$55.3 million, or \$1.24 per diluted share, respectively. In the attached schedules, the results of operations for all periods presented have been restated to show earnings from continuing operations, which excludes Brintech’s fee revenue and operating expenses during the periods it was owned by United and the gain from the sale. The net income or loss from Brintech’s discontinued operations is reported as a separate line in the consolidated statement of

income. Also, the net operating loss from continuing operations for the first six months of 2009 excludes a \$70 million non-cash charge for impairment of goodwill and \$1.8 million in severance costs, net of taxes, relating to a reduction in work force, both of which were incurred during the first quarter and the \$7.1 million gain, net of taxes, on the acquisition of Southern Community Bank in the second quarter. These charges and gains were considered non-recurring items and therefore were excluded from operating earnings. Including these non-recurring items, United's net loss for the first six months of 2010 and 2009 was \$92.8 million, or \$1.04 per diluted share, and \$119.8 million, or \$2.57 per diluted share, respectively.

"We made steady progress during the second quarter," stated Jimmy Tallent, president and chief executive officer. "We completed the sale of \$103 million of our most illiquid non-performing loans and foreclosed properties with the granting of a warrant and an option to purchase capital. This transaction was a giant step forward in clearing our books of the more difficult problem assets while at the same time preserving capital. We still see credit challenges ahead of us and elevated levels of charge-offs through the balance of 2010. We are pursuing every opportunity to resolve them in the best interests of our shareholders and return to profitability in early 2011."

Total loans were \$4.9 billion at quarter-end, down \$119 million from the end of the first quarter and \$640 million from a year earlier. As of quarter-end, residential construction loans were \$820 million, or 17 percent of total loans, down \$140 million from the prior quarter-end and down \$495 million from a year ago. This decline was net of new lending during the quarter that totaled \$101 million, primarily commercial and small business loans in metropolitan Atlanta and north Georgia.

Taxable equivalent net interest revenue of \$61.6 million was \$745,000 higher than the second quarter of 2009. The net interest margin was 3.60 percent for the second quarter 2010, up 32 basis points from a year ago and up 11 basis points from the first quarter. "By staying focused on deposit and loan pricing, we've been able to steadily increase our net interest margin and hold net interest revenue above \$60 million despite continuing attrition in the loan portfolio," Tallent said.

“We had our sixth consecutive quarter of core transaction deposit growth, with an increase of \$94 million from the first quarter, or 16 percent, on an annualized basis,” Tallent continued. “That compares to core deposit growth of \$53 million for the first quarter of 2010 and \$224 million from a year ago. We believe this growth is related to disruption in the banking industry and the favorable perception of United as a strong bank with strong service. We are emphasizing these positive attributes, which are always valuable and especially so during difficult times in our industry. We believe this message is being heard and responded to with our successful core deposit program.”

The second quarter 2010 provision for loan losses decreased to \$61.5 million from \$75 million in the first quarter. Net charge-offs were up \$4.7 million from first quarter 2010 and \$3.0 million from the second quarter of 2009. Non-performing assets decreased to \$348 million at quarter-end from \$417 million at March 31, 2010, the lowest level since the first quarter of 2009. The ratios of non-performing assets to total assets at the end of the second and first quarters of 2010 were 4.55 percent and 5.32 percent, respectively. The decrease in non-performing assets and improvement in the ratio of non-performing assets to total assets reflected the sale of \$103 million of nonperforming assets early in the second quarter.

The transaction with Fletcher resulted in an after-tax charge of \$30.0 million, or \$45.3 million pre-tax, primarily due to the recognition of the value of warrant and the option to purchase convertible preferred stock that were granted as part of the sale of the non-performing assets. United recorded the equity instruments at a fair value of \$39.8 million that resulted in an increase to capital surplus within shareholders' equity, which more than offset the \$30 million after-tax charge to expenses.

“Even though this transaction resulted in a higher net loss for the quarter, the importance of the strategic objective achieved was very significant,” stated Tallent. “We likely would have carried these illiquid nonperforming assets for many quarters and incurred considerable foreclosure and carrying costs.”

Operating fee revenue was \$11.6 million for the second quarter of 2010, compared to \$11.3 million a year ago. Service charges and fees of \$8.0 million were up \$436,000, due primarily to new accounts and an increase in ATM and debit card transactions. Mortgage loan fees of \$1.6 million were down \$1.2 million due to lower refinancing activities. Other fee revenue increased \$262,000 to \$1.4 million, due primarily to the gain recognized on ineffectiveness of terminated cash flow hedges on a certain portion of United's prime-based loans.

Second quarter operating expenses of \$58.3 million, excluding the \$45.3 million charge for the sale the non-performing assets, increased \$4.6 million compared to last year. Foreclosed property costs more than doubled to \$14.5 million compared to \$5.7 million in the second quarter of 2009. Foreclosed property costs in the second quarter of 2010 included \$3.3 million for maintenance, property taxes and other related costs, compared to \$2.5 million last year. In addition, write-downs relating to the sale of properties totaled \$5.1 million and write-downs of other foreclosed properties totaled \$6.1 million, both to help expedite sales of foreclosed properties. Salary and benefit costs totaled \$23.6 million, a decrease of \$2.7 million from last year due primarily to the 10 percent reduction in workforce in 2009.

"We continued to focus on reducing expenses, and most controllable costs were flat or down compared to a year ago," commented Tallent. "Last year included the FDIC industry-wide assessment that cost us \$3.8 million and a recovery in other expenses of \$2.0 million for the reversal of bank owned life insurance surrender charges."

Excluding the tax effect of the charge from the transaction with Fletcher and a \$1.3 million increase in the valuation allowance for deferred tax assets, the effective tax rate for the second quarter of 2010 was 40 percent, which was consistent with the prior quarter. The effective tax rate for the remainder of 2010 is expected to be 40 percent, slightly higher than the effective tax rate for the full year 2009.

As of June 30, 2010, United's capital ratios were as follows: Tier I Risk Based Capital of 11.1 percent; Leverage of 7.7 percent; and, Total Risk Based Capital of 13.8 percent. The quarterly average tangible equity-to-assets ratio was 9.3 percent and the tangible common equity-to-assets ratio was 6.9 percent.

"We are not where we want to be yet and the economy continues to be stubborn, but we are making important progress," Tallent said. "Aside from the non-cash loss on the sale of nonperforming assets this quarter, our net operating loss from continuing operations has declined for three consecutive quarters. Residential construction loans, where most of the problems have been, have decreased from a high of 35 percent to 17 percent of total loans at quarter end. We have widened our net interest margin by growing core deposits for six consecutive quarters and obtaining more favorable loan and time deposit pricing. All the while, our customer satisfaction scores lead the industry."

Conference Call

United Community Banks will hold a conference call today, Friday, July 23, 2010, 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 '85745611.' 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 \$7.7 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 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 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 "Forward-Looking Statements" on page 3 of United Community Banks, Inc.'s annual report filed on Form 10-K with the Securities and Exchange Commission.

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UNITED COMMUNITY BANKS, INC.
Financial Highlights
Selected Financial Information

<i>(in thousands, except per share data; taxable equivalent)</i>	2010		2009			Second Quarter 2010-2009 Change	For the Six Months Ended		YTD 2010-2009 Change
	Second Quarter	First Quarter	Fourth Quarter	Third Quarter	Second Quarter		2010	2009	
INCOME SUMMARY									
Interest revenue	\$ 87,699	\$ 89,849	\$ 97,481	\$ 101,181	\$ 102,737		\$ 177,548	\$ 206,299	
Interest expense	26,072	28,570	33,552	38,177	41,855		54,642	88,005	
Net interest revenue	61,627	61,279	63,929	63,004	60,882	1%	122,906	118,294	4%
Provision for loan losses	61,500	75,000	90,000	95,000	60,000		136,500	125,000	
Operating fee revenue (1)	11,579	11,666	14,447	13,389	11,305	2	23,245	23,128	1
Total operating revenue (1)	11,706	(2,055)	(11,624)	(18,607)	12,187	(4)	9,651	16,422	(41)
Operating expenses (2)	58,308	54,820	60,126	51,426	53,710	9	113,128	105,498	7
Loss on sale of nonperforming assets	45,349	—	—	—	—		45,349	—	
Operating loss from continuing operations before taxes	(91,951)	(56,875)	(71,750)	(70,033)	(41,523)	(121)	(148,826)	(89,076)	(67)
Operating income tax benefit	(32,419)	(22,417)	(31,687)	(26,252)	(18,394)		(54,836)	(33,815)	
Net operating loss from continuing operations (1)(2)	(59,532)	(34,458)	(40,063)	(43,781)	(23,129)	(157)	(93,990)	(55,261)	(70)
Gain from acquisition, net of tax expense	—	—	—	—	7,062		—	7,062	
Noncash goodwill impairment charges	—	—	—	(25,000)	—		—	(70,000)	
Severance costs, net of tax benefit	—	—	—	—	—		—	(1,797)	
(Loss) income from discontinued operations	—	(101)	228	63	66		(101)	222	
Gain from sale of subsidiary, net of income taxes and selling costs	—	1,266	—	—	—		1,266	—	
Net loss	(59,532)	(33,293)	(39,835)	(68,718)	(16,001)	(272)	(92,825)	(119,774)	22
Preferred dividends and discount accretion	2,577	2,572	2,567	2,562	2,559		5,149	5,113	
Net loss available to common shareholders	<u>\$ (62,109)</u>	<u>\$ (35,865)</u>	<u>\$ (42,402)</u>	<u>\$ (71,280)</u>	<u>\$ (18,560)</u>		<u>\$ (97,974)</u>	<u>\$ (124,887)</u>	

PERFORMANCE
MEASURES

Per common share:									
Diluted operating loss from continuing operations (1)(2)	\$ (.66)	\$ (.39)	\$ (.45)	\$ (.93)	\$ (.53)	(25)	\$ (1.05)	\$ (1.24)	15
Diluted loss from continuing operations	(.66)	(.39)	(.45)	(1.43)	(.38)	(74)	(1.05)	(2.58)	59
Diluted loss	(.66)	(.38)	(.45)	(1.43)	(.38)	(74)	(1.04)	(2.57)	60
Stock dividends declared (6)	—	—	—	1 for 130	1 for 130		—	2 for 130	
Book value	7.71	7.95	8.36	8.85	13.87	(44)	7.71	13.87	(44)
Tangible book value (4)	5.39	5.62	6.02	6.50	8.85	(39)	5.39	8.85	(39)
Key performance ratios:									
Return on equity (3)(5)	(35.89)%	(20.10)%	(22.08)%	(45.52)%	(11.42)%		(27.87)%	(36.20)%	
Return on assets (5)	(3.10)	(1.70)	(1.91)	(3.32)	(.78)		(2.39)	(2.93)	
Net interest margin (5)	3.60	3.49	3.40	3.39	3.28		3.55	3.18	
Operating efficiency ratio from continuing operations (1)(2)	141.60	75.22	78.74	68.35	73.68		108.48	74.38	
Equity to assets	11.84	11.90	11.94	10.27	10.71		11.87	11.20	
Tangible equity to assets (4)	9.26	9.39	9.53	7.55	7.96		9.32	8.10	
Tangible common equity to assets (4)	6.91	7.13	7.37	5.36	5.77		7.02	5.93	
Tangible common equity to risk-weighted assets (4)	9.97	10.03	10.39	10.67	7.49		9.97	7.49	

ASSET QUALITY *

Non-performing loans	\$ 224,335	\$ 280,802	\$ 264,092	\$ 304,381	\$ 287,848		\$ 224,335	\$ 287,848	
Foreclosed properties	123,910	136,275	120,770	110,610	104,754		123,910	104,754	
Total non-performing assets (NPAs)	348,245	417,077	384,862	414,991	392,602		348,245	392,602	
Allowance for loan losses	174,111	173,934	155,602	150,187	145,678		174,111	145,678	
Net charge-offs	61,323	56,668	84,585	90,491	58,312		117,991	101,593	
Allowance for loan losses to loans	3.57%	3.48%	3.02%	2.80%	2.64%		3.57%	2.64%	
Net charge-offs to average loans (5)	4.98	4.51	6.37	6.57	4.18		4.75	3.64	
NPAs to loans and foreclosed properties	6.97	8.13	7.30	7.58	6.99		6.97	6.99	
NPAs to total assets	4.55	5.32	4.81	4.91	4.63		4.55	4.63	

AVERAGE BALANCES (\$

<i>in millions)</i>									
Loans	\$ 5,011	\$ 5,173	\$ 5,357	\$ 5,565	\$ 5,597	(10)	\$ 5,091	\$ 5,636	(10)
Investment securities	1,532	1,518	1,529	1,615	1,771	(13)	1,525	1,742	(12)
Earning assets	6,854	7,085	7,487	7,401	7,442	(8)	6,969	7,486	(7)
Total assets	7,704	7,946	8,287	8,208	8,212	(6)	7,825	8,291	(6)
Deposits	6,375	6,570	6,835	6,690	6,545	(3)	6,472	6,662	(3)
Shareholders' equity	912	945	989	843	879	4	929	923	1
Common shares — basic (thousands)	94,524	94,390	94,219	49,771	48,794	94	94,453	48,560	95
Common shares — diluted	94,524	94,390	94,219	49,771	48,794	94	94,453	48,560	95

(thousands)

AT PERIOD END (\$ in millions)									
Loans *	\$ 4,873	\$ 4,992	\$ 5,151	\$ 5,363	\$ 5,513	(12)	\$ 4,873	\$ 5,513	(12)
Investment securities	1,488	1,527	1,530	1,533	1,817	(18)	1,488	1,817	(18)
Total assets	7,652	7,837	8,000	8,444	8,477	(10)	7,652	8,477	(10)
Deposits	6,330	6,488	6,628	6,821	6,849	(8)	6,330	6,849	(8)
Shareholders' equity	904	926	962	1,007	855	6	904	855	6
Common shares outstanding (thousands)	94,281	94,176	94,046	93,901	48,933	93	94,281	48,933	93

- (1) Excludes the gain from acquisition of \$11.4 million, (income tax expense of \$4.3 million) in the second quarter of 2009 and revenue generated by discontinued operations in all periods presented.
 - (2) Excludes goodwill impairment charges of \$25 million and \$70 million in the third and first quarters of 2009, respectively, severance costs of \$2.9 million, (income tax benefit of \$1.1 million) in the first quarter of 2009 and expenses relating to discontinued operations for all periods presented.
 - (3) 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).
 - (4) Excludes effect of acquisition related intangibles and associated amortization.
 - (5) Annualized.
 - (6) Number of new shares issued for shares currently held.
- * Excludes loans and foreclosed properties covered by loss sharing agreements with the FDIC.
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UNITED COMMUNITY BANKS, INC.
Operating Earnings to GAAP Earnings Reconciliation
Selected Financial Information

<i>(in thousands, except per share data; taxable equivalent)</i>	2010		2009			For the Six Months Ended	
	Second Quarter	First Quarter	Fourth Quarter	Third Quarter	Second Quarter	2010	2009
Interest revenue reconciliation							
Interest revenue — taxable equivalent	\$ 87,699	\$ 89,849	\$ 97,481	\$ 101,181	\$ 102,737	\$ 177,548	\$ 206,299
Taxable equivalent adjustment	(500)	(493)	(601)	(580)	(463)	(993)	(951)
Interest revenue (GAAP)	<u>\$ 87,199</u>	<u>\$ 89,356</u>	<u>\$ 96,880</u>	<u>\$ 100,601</u>	<u>\$ 102,274</u>	<u>\$ 176,555</u>	<u>\$ 205,348</u>
Net interest revenue reconciliation							
Net interest revenue — taxable equivalent	\$ 61,627	\$ 61,279	\$ 63,929	\$ 63,004	\$ 60,882	\$ 122,906	\$ 118,294
Taxable equivalent adjustment	(500)	(493)	(601)	(580)	(463)	(993)	(951)
Net interest revenue (GAAP)	<u>\$ 61,127</u>	<u>\$ 60,786</u>	<u>\$ 63,328</u>	<u>\$ 62,424</u>	<u>\$ 60,419</u>	<u>\$ 121,913</u>	<u>\$ 117,343</u>
Fee revenue reconciliation							
Operating fee revenue	\$ 11,579	\$ 11,666	\$ 14,447	\$ 13,389	\$ 11,305	\$ 23,245	\$ 23,128
Gain from acquisition	—	—	—	—	11,390	—	11,390
Fee revenue (GAAP)	<u>\$ 11,579</u>	<u>\$ 11,666</u>	<u>\$ 14,447</u>	<u>\$ 13,389</u>	<u>\$ 22,695</u>	<u>\$ 23,245</u>	<u>\$ 34,518</u>
Total revenue reconciliation							
Total operating revenue	\$ 11,706	\$ (2,055)	\$ (11,624)	\$ (18,607)	\$ 12,187	\$ 9,651	\$ 16,422
Taxable equivalent adjustment	(500)	(493)	(601)	(580)	(463)	(993)	(951)
Gain from acquisition	—	—	—	—	11,390	—	11,390
Total revenue (GAAP)	<u>\$ 11,206</u>	<u>\$ (2,548)</u>	<u>\$ (12,225)</u>	<u>\$ (19,187)</u>	<u>\$ 23,114</u>	<u>\$ 8,658</u>	<u>\$ 26,861</u>
Expense reconciliation							
Operating expense	\$ 103,657	\$ 54,820	\$ 60,126	\$ 51,426	\$ 53,710	\$ 158,477	\$ 105,498
Noncash goodwill impairment charge	—	—	—	25,000	—	—	70,000
Severance costs	—	—	—	—	—	—	2,898
Operating expense (GAAP)	<u>\$ 103,657</u>	<u>\$ 54,820</u>	<u>\$ 60,126</u>	<u>\$ 76,426</u>	<u>\$ 53,710</u>	<u>\$ 158,477</u>	<u>\$ 178,396</u>
Loss from continuing operations before taxes reconciliation							
Operating loss from continuing operations before taxes	\$ (91,951)	\$ (56,875)	\$ (71,750)	\$ (70,033)	\$ (41,523)	\$ (148,826)	\$ (89,076)
Taxable equivalent adjustment	(500)	(493)	(601)	(580)	(463)	(993)	(951)
Gain from acquisition	—	—	—	—	11,390	—	11,390
Noncash goodwill impairment charge	—	—	—	(25,000)	—	—	(70,000)
Severance costs	—	—	—	—	—	—	(2,898)
Loss from continuing operations before taxes (GAAP)	<u>\$ (92,451)</u>	<u>\$ (57,368)</u>	<u>\$ (72,351)</u>	<u>\$ (95,613)</u>	<u>\$ (30,596)</u>	<u>\$ (149,819)</u>	<u>\$ (151,535)</u>
Income tax benefit reconciliation							
Operating income tax benefit	\$ (32,419)	\$ (22,417)	\$ (31,687)	\$ (26,252)	\$ (18,394)	\$ (54,836)	\$ (33,815)
Taxable equivalent adjustment	(500)	(493)	(601)	(580)	(463)	(993)	(951)
Gain from acquisition, tax expense	—	—	—	—	4,328	—	4,328
Severance costs, tax benefit	—	—	—	—	—	—	(1,101)
Income tax benefit (GAAP)	<u>\$ (32,919)</u>	<u>\$ (22,910)</u>	<u>\$ (32,288)</u>	<u>\$ (26,832)</u>	<u>\$ (14,529)</u>	<u>\$ (55,829)</u>	<u>\$ (31,539)</u>
Diluted loss from continuing operations per common share reconciliation							
Diluted operating loss from continuing operations per common share	\$ (.66)	\$ (.39)	\$ (.45)	\$ (.93)	\$ (.53)	\$ (1.05)	\$ (1.24)
Gain from acquisition	—	—	—	—	.15	—	.15
Noncash goodwill impairment charge	—	—	—	(.50)	—	—	(1.45)
Severance costs	—	—	—	—	—	—	(.04)
Diluted loss from continuing operations per common share (GAAP)	<u>\$ (.66)</u>	<u>\$ (.39)</u>	<u>\$ (.45)</u>	<u>\$ (1.43)</u>	<u>\$ (.38)</u>	<u>\$ (1.05)</u>	<u>\$ (2.58)</u>
Book value per common share reconciliation							
Tangible book value per common share	\$ 5.39	\$ 5.62	\$ 6.02	\$ 6.50	\$ 8.85	\$ 5.39	\$ 8.85
Effect of goodwill and other intangibles	2.32	2.33	2.34	2.35	5.02	2.32	5.02
Book value per common share (GAAP)	<u>\$ 7.71</u>	<u>\$ 7.95</u>	<u>\$ 8.36</u>	<u>\$ 8.85</u>	<u>\$ 13.87</u>	<u>\$ 7.71</u>	<u>\$ 13.87</u>
Efficiency ratio from continuing operations reconciliation							
Operating efficiency ratio from continuing operations	141.60%	75.22%	78.74%	68.35%	73.68%	108.48%	74.38%
Gain from acquisition	—	—	—	—	(9.96)	—	(5.53)
Noncash goodwill impairment charge	—	—	—	33.22	—	—	45.69
Severance costs	—	—	—	—	—	—	1.89
Efficiency ratio from continuing operations (GAAP)	<u>141.60%</u>	<u>75.22%</u>	<u>78.74%</u>	<u>101.57%</u>	<u>63.72%</u>	<u>108.48%</u>	<u>116.43%</u>
Average equity to assets reconciliation							
Tangible common equity to assets	6.91%	7.13%	7.37%	5.36%	5.77%	7.02%	5.93%
Effect of preferred equity	2.35	2.26	2.16	2.19	2.19	2.30	2.17
Tangible equity to assets	9.26	9.39	9.53	7.55	7.96	9.32	8.10
Effect of goodwill and other intangibles	2.58	2.51	2.41	2.72	2.75	2.55	3.10

Equity to assets (GAAP)	<u>11.84%</u>	<u>11.90%</u>	<u>11.94%</u>	<u>10.27%</u>	<u>10.71%</u>	<u>11.87%</u>	<u>11.20%</u>
Actual tangible common equity to risk-weighted assets reconciliation							
Tangible common equity to risk-weighted assets	9.97%	10.03%	10.39%	10.67%	7.49%	9.97%	7.49%
Effect of other comprehensive income	(.87)	(.85)	(.87)	(.90)	(.72)	(.87)	(.72)
Effect of deferred tax limitation	(2.47)	(1.75)	(1.27)	(.58)	(.22)	(2.47)	(.22)
Effect of trust preferred	1.03	1.00	.97	.92	.90	1.03	.90
Effect of preferred equity	3.41	3.29	3.19	3.04	2.99	3.41	2.99
Tier I capital ratio (Regulatory)	<u>11.07%</u>	<u>11.72%</u>	<u>12.41%</u>	<u>13.15%</u>	<u>10.44%</u>	<u>11.07%</u>	<u>10.44%</u>

UNITED COMMUNITY BANKS, INC.

Financial Highlights

Loan Portfolio Composition at Period-End

<i>(in millions)</i>	2010		2009			Linked Quarter Change	Year over Year Change
	Second Quarter ⁽¹⁾	First Quarter ⁽¹⁾	Fourth Quarter ⁽¹⁾	Third Quarter ⁽¹⁾	Second Quarter ⁽¹⁾		
LOANS BY CATEGORY							
Commercial (sec. by RE)	\$ 1,780	\$ 1,765	\$ 1,779	\$ 1,787	\$ 1,797	\$ 15	\$ (17)
Commercial construction	342	357	363	380	379	(15)	(37)
Commercial & industrial	441	381	390	403	399	60	42
Total commercial	2,563	2,503	2,532	2,570	2,575	60	(12)
Residential construction	820	960	1,050	1,185	1,315	(140)	(495)
Residential mortgage	1,356	1,390	1,427	1,461	1,470	(34)	(114)
Consumer / installment	134	139	142	147	153	(5)	(19)
Total loans	\$ 4,873	\$ 4,992	\$ 5,151	\$ 5,363	\$ 5,513	(119)	(640)
LOANS BY MARKET							
Atlanta MSA	\$ 1,373	\$ 1,404	\$ 1,435	\$ 1,526	\$ 1,605	(31)	(232)
Gainesville MSA	343	372	390	402	413	(29)	(70)
North Georgia	1,808	1,814	1,884	1,942	1,978	(6)	(170)
Western North Carolina	738	756	772	786	794	(18)	(56)
Coastal Georgia	356	388	405	440	455	(32)	(99)
East Tennessee	255	258	265	267	268	(3)	(13)
Total loans	\$ 4,873	\$ 4,992	\$ 5,151	\$ 5,363	\$ 5,513	(119)	(640)
RESIDENTIAL CONSTRUCTION							
Dirt loans							
Acquisition & development	\$ 214	\$ 290	\$ 332	\$ 380	\$ 413	(76)	(199)
Land loans	110	124	127	159	159	(14)	(49)
Lot loans	311	321	336	336	369	(10)	(58)
Total	635	735	795	875	941	(100)	(306)
House loans							
Spec	125	153	178	218	268	(28)	(143)
Sold	60	72	77	92	106	(12)	(46)
Total	185	225	255	310	374	(40)	(189)
Total residential construction	\$ 820	\$ 960	\$ 1,050	\$ 1,185	\$ 1,315	(140)	(495)
RESIDENTIAL CONSTRUCTION - ATLANTA MSA							
Dirt loans							
Acquisition & development	\$ 52	\$ 66	\$ 76	\$ 100	\$ 124	(14)	(72)
Land loans	32	43	43	61	63	(11)	(31)
Lot loans	39	47	52	54	81	(8)	(42)
Total	123	156	171	215	268	(33)	(145)
House loans							
Spec	50	58	68	91	127	(8)	(77)
Sold	10	14	16	22	29	(4)	(19)
Total	60	72	84	113	156	(12)	(96)
Total residential construction	\$ 183	\$ 228	\$ 255	\$ 328	\$ 424	(45)	(241)

(1) Excludes total loans of \$80.8 million, \$79.5 million, \$85.1 million, \$104.0 million and \$109.9 million as of June 30, 2010, March 31, 2010, December 31, 2009, September 30, 2009 and June 30, 2009, 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⁾

<i>(in thousands)</i>	Second Quarter 2010			First Quarter 2010			Fourth Quarter 2009		
	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)	\$ 56,013	\$ 13,297	\$ 69,310	\$ 45,918	\$ 21,597	\$ 67,515	\$ 37,040	\$ 15,842	\$ 52,882
Commercial construction	17,872	11,339	29,211	23,556	14,285	37,841	19,976	9,761	29,737
Commercial & industrial	7,245	—	7,245	3,610	—	3,610	3,946	—	3,946
Total commercial	81,130	24,636	105,766	73,084	35,882	108,966	60,962	25,603	86,565
Residential construction	88,375	74,444	162,819	147,326	74,220	221,546	142,332	76,519	218,851
Residential mortgage	53,175	24,830	78,005	57,920	26,173	84,093	58,767	18,648	77,415
Consumer / installment	1,655	—	1,655	2,472	—	2,472	2,031	—	2,031
Total NPAs	\$ 224,335	\$ 123,910	\$ 348,245	\$ 280,802	\$ 136,275	\$ 417,077	\$ 264,092	\$ 120,770	\$ 384,862

NPAs BY MARKET									
Atlanta MSA	\$ 74,031	\$ 30,605	\$ 104,636	\$ 81,914	\$ 36,951	\$ 118,865	\$ 106,536	\$ 41,125	\$ 147,661
Gainesville MSA	10,730	2,750	13,480	17,058	3,192	20,250	5,074	2,614	7,688
North Georgia	102,198	60,597	162,795	109,280	63,128	172,408	87,598	53,072	140,670
Western North Carolina	22,776	11,473	34,249	31,353	8,588	39,941	29,610	5,096	34,706
Coastal Georgia	8,341	16,548	24,889	33,438	21,871	55,309	26,871	17,150	44,021
East Tennessee	6,259	1,937	8,196	7,759	2,545	10,304	8,403	1,713	10,116
Total NPAs	\$ 224,335	\$ 123,910	\$ 348,245	\$ 280,802	\$ 136,275	\$ 417,077	\$ 264,092	\$ 120,770	\$ 384,862

NPA ACTIVITY									
Beginning Balance	\$ 280,802	\$ 136,275	\$ 417,077	\$ 264,092	\$ 120,770	\$ 384,862	\$ 304,381	\$ 110,610	\$ 414,991
Loans placed on non-accrual	155,007	—	155,007	139,030	—	139,030	174,898	—	174,898
Payments received	(12,189)	—	(12,189)	(5,733)	—	(5,733)	(26,935)	—	(26,935)
Loan charge-offs	(62,693)	—	(62,693)	(58,897)	—	(58,897)	(88,427)	—	(88,427)
Foreclosures	(66,994)	66,994	—	(49,233)	49,233	—	(79,983)	79,983	—
Capitalized costs	—	305	305	—	320	320	—	981	981
Note / property sales	(69,598)	(68,472)	(138,070)	(8,457)	(25,951)	(34,408)	(19,842)	(61,228)	(81,070)
Write downs	—	(6,094)	(6,094)	—	(4,579)	(4,579)	—	(2,209)	(2,209)
Net losses on sales	—	(5,098)	(5,098)	—	(3,518)	(3,518)	—	(7,367)	(7,367)
Ending Balance	\$ 224,335	\$ 123,910	\$ 348,245	\$ 280,802	\$ 136,275	\$ 417,077	\$ 264,092	\$ 120,770	\$ 384,862

<i>(in thousands)</i>	Second Quarter 2010		First Quarter 2010		Fourth Quarter 2009	
	Net Charge-Offs	Net Charge-Offs to Average Loans ⁽²⁾	Net Charge-Offs	Net Charge-Offs to Average Loans ⁽²⁾	Net Charge-Offs	Net Charge-Offs to Average Loans ⁽²⁾
NET CHARGE-OFFS BY CATEGORY						
Commercial (sec. by RE)	\$ 9,757	2.21%	\$ 1,964	.45%	\$ 3,896	.86%
Commercial construction	1,460	1.67	2,206	2.48	4,717	5.03
Commercial & industrial	867	.85	4,110	4.31	153	.15
Total commercial	12,084	1.91	8,280	1.33	8,766	1.36
Residential construction	41,515	18.71	43,100	17.32	67,393	23.87
Residential mortgage	6,517	1.90	4,551	1.31	7,026	1.93
Consumer / installment	1,207	3.53	737	2.12	1,400	3.83
Total	\$ 61,323	4.98	\$ 56,668	4.51	\$ 84,585	6.37

NET CHARGE-OFFS BY MARKET

Atlanta MSA	\$ 16,926	4.85%	\$ 15,545	4.32%	\$ 43,595	12.07%
Gainesville MSA	2,547	3.01	1,675	1.92	2,273	2.49
North Georgia	28,100	6.19	29,747	6.51	18,057	3.57
Western North Carolina	7,194	3.86	3,695	1.96	10,091	5.11
Coastal Georgia	5,581	6.07	5,649	5.74	8,109	7.72
East Tennessee	975	1.53	357	.55	2,460	3.67
Total	<u>\$ 61,323</u>	4.98	<u>\$ 56,668</u>	4.51	<u>\$ 84,585</u>	6.37

- (1) Excludes non-performing loans and foreclosed properties covered by the loss-sharing agreement with the FDIC, related to the acquisition of Southern Community Bank. (2) Annualized.
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UNITED COMMUNITY BANKS, INC.
Consolidated Statement of Income (Unaudited)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
<i>(in thousands, except per share data)</i>	2010	2009	2010	2009
Interest revenue:				
Loans, including fees	\$ 70,611	\$ 81,691	\$ 142,826	\$ 163,571
Investment securities, including tax exempt of \$295, \$309, \$606 and \$628	15,829	20,485	32,032	41,237
Federal funds sold, commercial paper and deposits in banks	759	98	1,697	540
Total interest revenue	87,199	102,274	176,555	205,348
Interest expense:				
Deposits:				
NOW	1,745	2,843	3,599	6,180
Money market	1,829	2,269	3,586	4,506
Savings	83	121	167	248
Time	17,718	32,064	37,916	68,117
Total deposit interest expense	21,375	37,297	45,268	79,051
Federal funds purchased, repurchase agreements and other short-term borrowings	1,056	595	2,094	1,148
Federal Home Loan Bank advances	974	1,203	1,951	2,277
Long-term debt	2,667	2,760	5,329	5,529
Total interest expense	26,072	41,855	54,642	88,005
Net interest revenue	61,127	60,419	121,913	117,343
Provision for loan losses	61,500	60,000	136,500	125,000
Net interest revenue after provision for loan losses	(373)	419	(14,587)	(7,657)
Fee revenue:				
Service charges and fees	7,993	7,557	15,440	14,591
Mortgage loan and other related fees	1,601	2,825	3,080	5,476
Brokerage fees	586	497	1,153	1,186
Securities losses, net	—	(711)	61	(408)
Gain from acquisition	—	11,390	—	11,390
Other	1,399	1,137	3,511	2,283
Total fee revenue	11,579	22,695	23,245	34,518
Total revenue	11,206	23,114	8,658	26,861
Operating expenses:				
Salaries and employee benefits	23,590	26,305	47,950	53,618
Communications and equipment	3,511	3,571	6,784	7,217
Occupancy	3,836	3,818	7,650	7,587
Advertising and public relations	1,352	1,125	2,395	2,169
Postage, printing and supplies	765	1,288	1,990	2,463
Professional fees	2,178	3,195	4,121	6,476
Foreclosed preoperty	14,540	5,737	25,353	10,056
FDIC assessments and other regulatory charges	3,566	6,810	7,192	9,492
Amortization of intangibles	794	739	1,596	1,478
Other	4,176	1,122	8,097	4,942
Loss on sale of nonperforming assets	45,349	—	45,349	—
Goodwill impairment	—	—	—	70,000
Severance costs	—	—	—	2,898
Total operating expenses	103,657	53,710	158,477	178,396
Loss from continuing operations before income taxes	(92,451)	(30,596)	(149,819)	(151,535)
Income tax benefit	(32,919)	(14,529)	(55,829)	(31,539)
Net loss from continuing operations	(59,532)	(16,067)	(93,990)	(119,996)
(Loss) income from discontinued operations, net of income taxes	—	66	(101)	222
Gain from sale of subsidiary, net of income taxes and selling costs	—	—	1,266	—
Net loss	(59,532)	(16,001)	(92,825)	(119,774)
Preferred stock dividends and discount accretion	2,577	2,559	5,149	5,113
Net loss available to common shareholders	\$ (62,109)	\$ (18,560)	\$ (97,974)	\$ (124,887)
Loss from continuing operations per common share —				
Basic / Diluted	\$ (.66)	\$ (.38)	\$ (1.05)	\$ (2.58)
Loss per common share — Basic / Diluted	(.66)	(.38)	(1.04)	(2.57)
Weighted average common shares outstanding — Basic /	94,524	48,794	94,453	48,560

UNITED COMMUNITY BANKS, INC.
Consolidated Balance Sheet

<i>(in thousands, except share and per share data)</i>	June 30, 2010 <i>(unaudited)</i>	December 31, 2009 <i>(audited)</i>	June 30, 2009 <i>(unaudited)</i>
ASSETS			
Cash and due from banks	\$ 115,088	\$ 126,265	\$ 110,943
Interest-bearing deposits in banks	105,183	120,382	70,474
Federal funds sold, commercial paper and short-term investments	148,227	129,720	—
Cash and cash equivalents	368,498	376,367	181,417
Securities available for sale	1,165,776	1,530,047	1,816,787
Securities held to maturity (fair value \$327,497)	322,148	—	—
Mortgage loans held for sale	22,705	30,226	42,185
Loans, net of unearned income	4,873,030	5,151,476	5,513,087
Less allowance for loan losses	174,111	155,602	145,678
Loans, net	4,698,919	4,995,874	5,367,409
Assets covered by loss sharing agreements with the FDIC	156,611	185,938	230,125
Premises and equipment, net	180,125	182,038	178,983
Accrued interest receivable	29,650	33,867	41,405
Goodwill and other intangible assets	223,600	225,196	251,821
Foreclosed property	123,910	120,770	104,754
Other assets	360,542	319,591	262,469
Total assets	\$ 7,652,484	\$ 7,999,914	\$ 8,477,355
LIABILITIES AND SHAREHOLDERS' EQUITY			
Liabilities:			
Deposits:			
Demand	\$ 779,934	\$ 707,826	\$ 714,630
NOW	1,326,861	1,335,790	1,273,368
Money market	756,370	713,901	573,463
Savings	185,176	177,427	180,368
Time:			
Less than \$100,000	1,575,211	1,746,511	1,992,056
Greater than \$100,000	1,093,975	1,187,499	1,351,527
Brokered	611,985	758,880	763,348
Total deposits	6,329,512	6,627,834	6,848,760
Federal funds purchased, repurchase agreements, and other short-term borrowings	104,127	101,389	252,493
Federal Home Loan Bank advances	104,138	114,501	283,292
Long-term debt	150,106	150,066	150,026
Accrued expenses and other liabilities	60,184	43,803	87,512
Total liabilities	6,748,067	7,037,593	7,622,083
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	175,050	174,408	173,785
Common stock, \$1 par value; 200,000,000 shares authorized;			
94,280,925, 94,045,603 and 48,933,383 shares issued and outstanding	94,281	94,046	48,933
Common stock issuable; 284,771, 221,906 and 182,041 shares	3,898	3,597	3,383
Capital surplus	663,836	622,034	450,514
(Accumulated deficit) retained earnings	(77,590)	20,384	136,624
Accumulated other comprehensive income	44,725	47,635	41,816
Total shareholders' equity	904,417	962,321	855,272
Total liabilities and shareholders' equity	\$ 7,652,484	\$ 7,999,914	\$ 8,477,355

UNITED COMMUNITY BANKS, INC.

Average Consolidated Balance Sheets and Net Interest Analysis

For the Three Months Ended June 30,

<i>(dollars in thousands, taxable equivalent)</i>	2010			2009		
	Average Balance	Interest	Avg. Rate	Average Balance	Interest	Avg. Rate
Assets:						
Interest-earning assets:						
Loans, net of unearned income (1)(2)	\$5,010,937	\$ 70,640	5.65%	\$5,597,259	\$ 81,567	5.85%
Taxable securities (3)	1,503,162	15,534	4.13	1,742,620	20,176	4.63
Tax-exempt securities (1)(3)	28,920	482	6.67	28,862	506	7.01
Federal funds sold and other interest-earning assets	311,475	1,043	1.34	73,437	488	2.66
Total interest-earning assets	6,854,494	87,699	5.13	7,442,178	102,737	5.53
Non-interest-earning assets:						
Allowance for loan losses	(193,998)			(147,691)		
Cash and due from banks	100,931			101,830		
Premises and equipment	181,064			179,446		
Other assets (3)	761,803			636,377		
Total assets	\$7,704,294			\$8,212,140		
Liabilities and Shareholders' Equity:						
Interest-bearing liabilities:						
Interest-bearing deposits:						
NOW	\$1,325,099	\$ 1,745	.53	\$1,258,134	\$ 2,843	.91
Money market	746,039	1,829	.98	521,989	2,269	1.74
Savings	186,628	83	.18	178,435	121	.27
Time less than \$100,000	1,605,308	7,887	1.97	1,894,071	15,342	3.25
Time greater than \$100,000	1,110,010	6,102	2.20	1,325,757	11,513	3.48
Brokered	642,954	3,729	2.33	686,070	5,209	3.05
Total interest-bearing deposits	5,616,038	21,375	1.53	5,864,456	37,297	2.55
Federal funds purchased and other borrowings						
	104,637	1,056	4.05	220,376	595	1.08
Federal Home Loan Bank advances	107,948	974	3.62	309,962	1,203	1.56
Long-term debt	150,097	2,667	7.13	151,019	2,760	7.33
Total borrowed funds	362,682	4,697	5.19	681,357	4,558	2.68
Total interest-bearing liabilities	5,978,720	26,072	1.75	6,545,813	41,855	2.56
Non-interest-bearing liabilities:						
Non-interest-bearing deposits	758,558			680,081		
Other liabilities	54,931			107,036		
Total liabilities	6,792,209			7,332,930		
Shareholders' equity	912,085			879,210		
Total liabilities and shareholders' equity	\$7,704,294			\$8,212,140		
Net interest revenue		\$ 61,627			\$ 60,882	
Net interest-rate spread			3.38%			2.97%
Net interest margin (4)			3.60%			3.28%

(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.

(3) Securities available for sale are shown at amortized cost. Pretax unrealized gains of \$43.6 million in 2010 and \$14.7 million in 2009 are included in other assets for purposes of this presentation.

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

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

For the Six Months Ended June 30,

<i>(dollars in thousands, taxable equivalent)</i>	2010			2009		
	<u>Average Balance</u>	<u>Interest</u>	<u>Avg. Rate</u>	<u>Average Balance</u>	<u>Interest</u>	<u>Avg. Rate</u>
Assets:						
Interest-earning assets:						
Loans, net of unearned income (1)(2)	\$5,091,445	\$ 142,859	5.66%	\$5,635,942	\$ 163,316	5.84%
Taxable securities (3)	1,495,447	31,426	4.20	1,712,778	40,609	4.74
Tax-exempt securities (1)(3)	29,482	991	6.72	29,453	1,028	6.98
Federal funds sold and other interest-earning assets	<u>352,683</u>	<u>2,272</u>	1.29	<u>107,788</u>	<u>1,346</u>	2.50
Total interest-earning assets	<u>6,969,057</u>	<u>177,548</u>	5.13	<u>7,485,961</u>	<u>206,299</u>	5.55
Non-interest-earning assets:						
Allowance for loan losses	(190,662)			(138,297)		
Cash and due from banks	102,728			103,113		
Premises and equipment	181,493			179,470		
Other assets (3)	762,014			661,520		
Total assets	<u>\$7,824,630</u>			<u>\$8,291,767</u>		
Liabilities and Shareholders' Equity:						
Interest-bearing liabilities:						
Interest-bearing deposits:						
NOW	\$1,343,297	\$ 3,599	.54	\$1,307,865	\$ 6,180	.95
Money market	734,817	3,586	.98	499,780	4,506	1.82
Savings	183,555	167	.18	175,587	248	.28
Time less than \$100,000	1,648,739	16,778	2.05	1,918,349	32,559	3.42
Time greater than \$100,000	1,132,767	12,872	2.29	1,359,286	24,338	3.61
Brokered	689,717	8,266	2.42	735,844	11,220	3.07
Total interest-bearing deposits	<u>5,732,892</u>	<u>45,268</u>	1.59	<u>5,996,711</u>	<u>79,051</u>	2.66
Federal funds purchased and other borrowings						
	103,355	2,094	4.09	185,639	1,148	1.25
Federal Home Loan Bank advances	111,150	1,951	3.54	257,742	2,277	1.78
Long-term debt	150,088	5,329	7.16	151,009	5,529	7.38
Total borrowed funds	<u>364,593</u>	<u>9,374</u>	5.18	<u>594,390</u>	<u>8,954</u>	3.04
Total interest-bearing liabilities	<u>6,097,485</u>	<u>54,642</u>	1.81	<u>6,591,101</u>	<u>88,005</u>	2.69
Non-interest-bearing liabilities:						
Non-interest-bearing deposits	738,876			665,170		
Other liabilities	59,605			112,382		
Total liabilities	<u>6,895,966</u>			<u>7,368,653</u>		
Shareholders' equity	928,664			923,114		
Total liabilities and shareholders' equity	<u>\$7,824,630</u>			<u>\$8,291,767</u>		
Net interest revenue		<u>\$ 122,906</u>		<u>\$ 118,294</u>		
Net interest-rate spread			<u>3.32%</u>			<u>2.86%</u>
Net interest margin (4)			<u>3.55%</u>			<u>3.18%</u>

(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.

(3) Securities available for sale are shown at amortized cost. Pretax unrealized gains of \$43.4 million in 2010 and \$12.7 million in 2009 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

Second Quarter 2010



Jimmy C. Tallent

President & CEO

Rex S. Schuette

EVP & CFO

rex_schuette@ucbi.com

(706) 781-2266

Strong Bank. Strong Service. Strong Future.

David P. Shearrow

EVP & CRO

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.

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 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, 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 Reconciliation 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.

 **Credit**

 **Loan and Deposit Growth**

 **Core Earnings**



■ Structure

- *Centralized underwriting and approval process*
- *Segregated work-out teams*
- *Highly skilled ORE disposition group*
- *Seasoned regional credit professionals*

■ Process

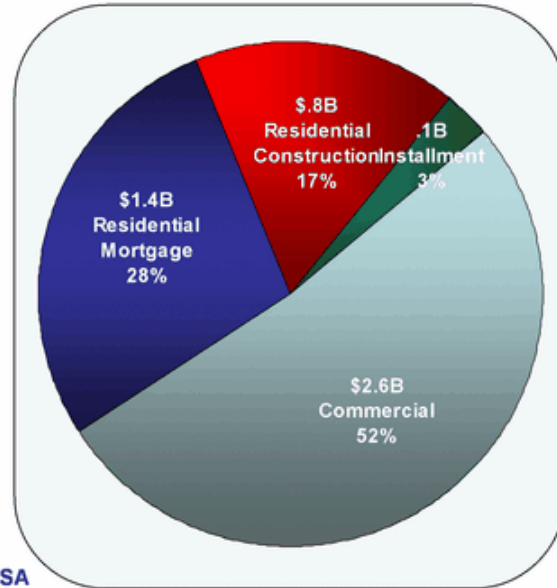
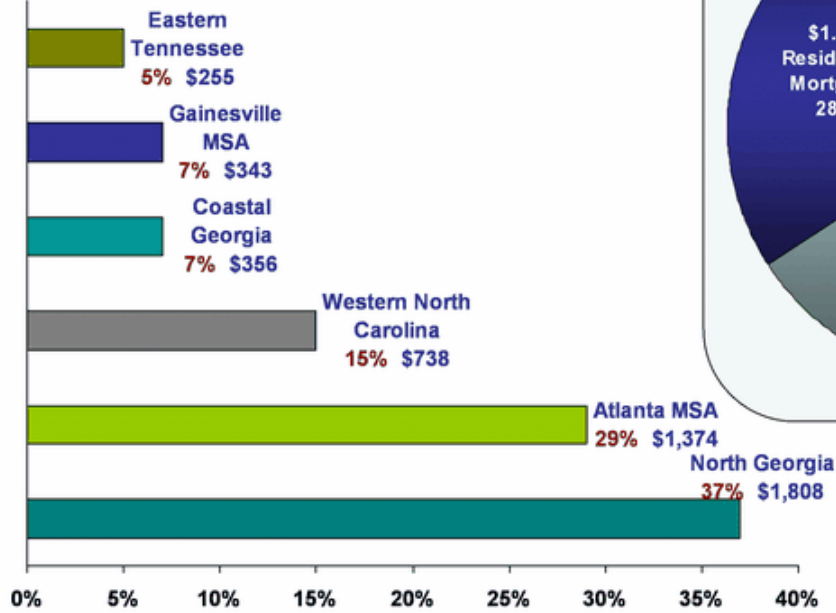
- *Continuous external loan review*
- *Intensive executive management involvement:*
 - *Weekly past due meetings*
 - *Weekly NPA/ORE meetings*
 - *Quarterly criticized watch loan review meetings*
 - *Quarterly pass commercial and CRE portfolio review meetings*
- *Internal loan review of new credit relationships*
- *Ongoing stress testing... commenced in 2007*

■ Policy

- *Ongoing enhancements to credit policy*
- *Periodic updates to portfolio limits*

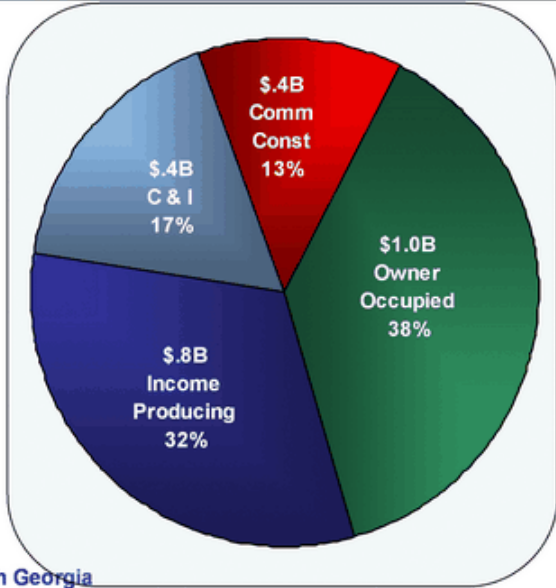
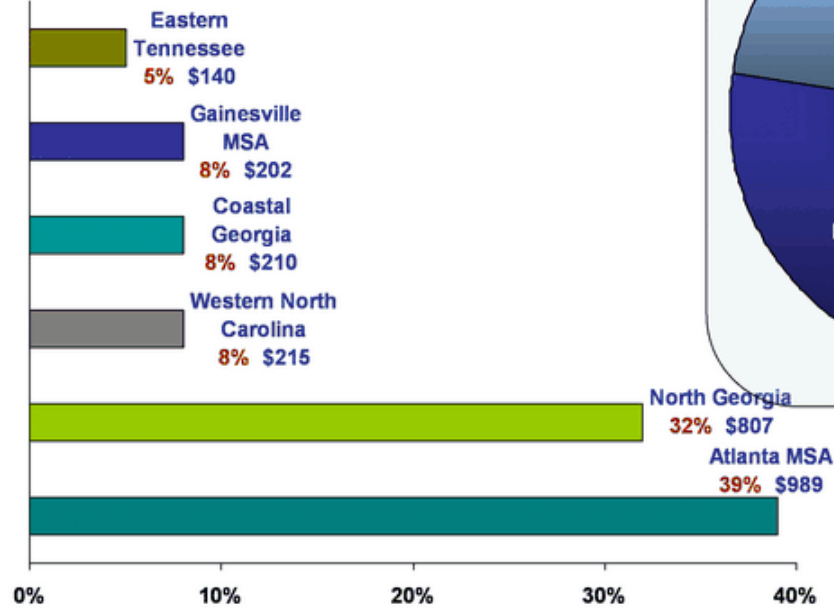
Geographic Diversity

\$ in millions



Geographic Diversity

\$ in millions



Average Loan Size

CRE:	\$450k
C&I:	\$83k
Comm. Constr.	\$710k

Commercial Real Estate (by loan type)

(in millions)

Loan Type	June 30, 2010	
	Amount	% of Total
Office Buildings	\$ 402	23%
Small Businesses	397	22
Single-Unit Retail/Strip Centers	221	12
Small Warehouses/Storage	177	10
Churches	133	7
Hotels/Motels	105	6
Convenience Stores	82	5
Franchise / Restaurants	76	4
Multi-Residential Properties	65	4
Farmland	46	3
Multi-Unit Retail	38	2
Miscellaneous	38	2
Total Commercial Real Estate	\$ 1,780	

Portfolio Characteristics

- 54% owner-occupied
- Typical owner-occupied: small business, doctors, dentists, attorneys, CPAs
- \$12 million project limit
- 61% LTV ⁽¹⁾
- \$450k average loan size

(1) Loan balance as of Jun 30, 2010 / most recent appraisal

(in millions)

<i>Loan Type</i>	Jun 30, 2010	
	Amount	% of Total
Land Development – Vacant (Improved)	\$ 129	38%
Raw Land – Vacant (Unimproved)	66	19
Commercial Land Development	56	16
Office Buildings	29	8
Retail Buildings	12	4
Churches	3	1
Miscellaneous	47	14
Total Commercial Construction	\$ 342	

Portfolio Characteristics

■ \$710k Average loan size

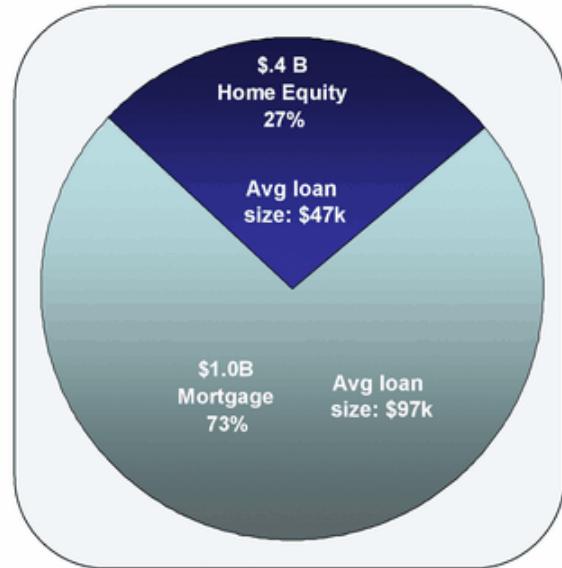
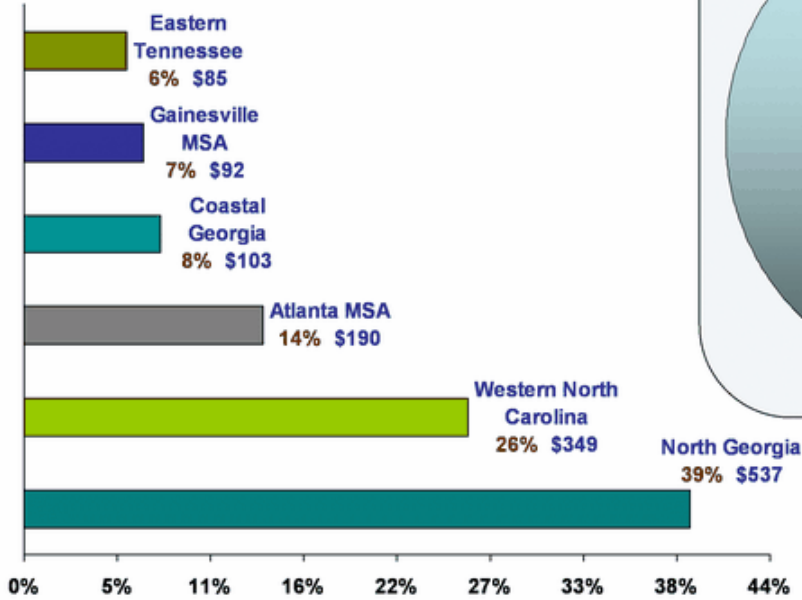
■ Average LTVs ⁽¹⁾

- Land Dev-Improved: 63%
- Raw Land-Unimpr: 48%
- Comm Land Dev: 61%
- Total: 61%

(1) Loan balance as of Jun 30, 2010 / most recent appraisal

Geographic Diversity

\$ in millions

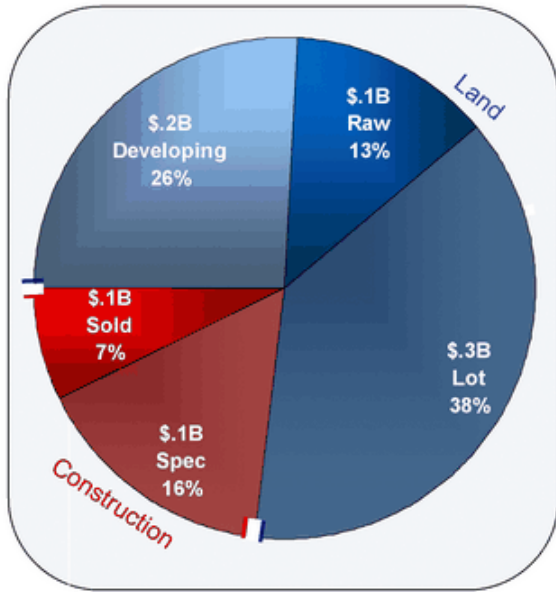
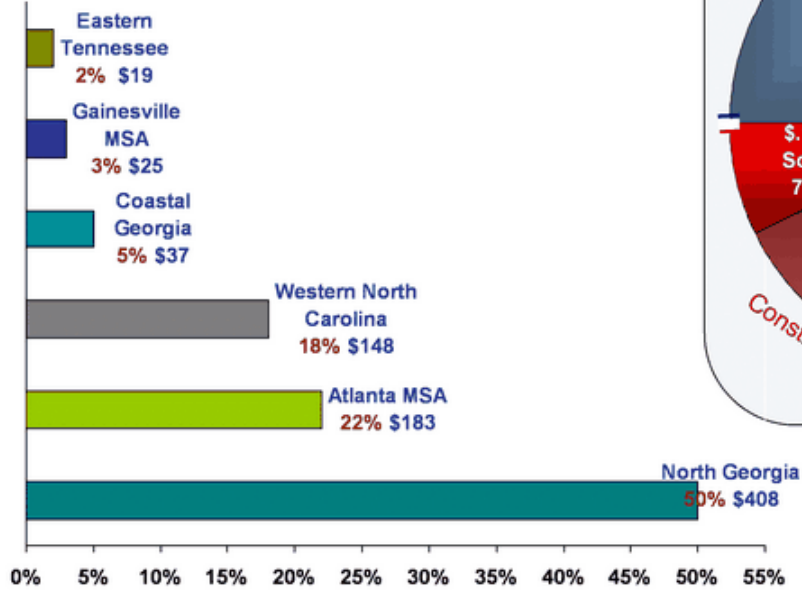


Origination Characteristics

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

Geographic Diversity

\$ in millions



Average Loan Size

Spec:	\$231k	Develop.:	\$677k
Sold:	\$150k	Raw:	\$282k
Lot:	\$128k		

(in millions)

	2Q10	1Q10	2Q09	Variance	
				1Q10	2Q09
Acquisition & Development					
Developing Land	\$ 52	\$ 66	\$ 124	\$ (14)	\$ (72)
Raw Land	32	43	63	(11)	(31)
Lot Loans	39	47	81	(8)	(42)
Total	123	156	268	(33)	(145)
Construction Loans					
Spec	50	58	127	(8)	(77)
Sold	10	14	29	(4)	(19)
Total	60	72	156	(12)	(96)
Total Res Construction	\$ 183	\$ 228	\$ 424	\$ (45)	\$ (241)

(in millions)

	2Q10	1Q10	2Q09	Variance	
				1Q10	2Q09
Acquisition & Development					
Developing Land	\$ 113	\$ 148	\$ 180	\$ (35)	\$ (67)
Raw Land	45	43	54	2	(9)
Lot Loans	181	189	204	(8)	(23)
Total	339	380	438	(41)	(99)
Construction Loans					
Spec	44	54	81	(10)	(37)
Sold	24	26	36	(2)	(12)
Total	68	80	117	(12)	(49)
Total Res Construction	\$ 407	\$ 460	\$ 555	\$ (53)	\$ (148)

(in millions)

	<u>2Q10</u>	<u>1Q10</u>	<u>4Q 09</u>	<u>3Q 09</u>	<u>2Q 09</u>
Net Charge-offs	\$ 61.3	\$ 56.7	\$ 84.6	\$ 90.5	\$ 58.3
as % of Average Loans	4.98%	4.51%	6.37%	6.57%	4.18%
Allowance for Loan Losses	\$ 174.1	\$ 173.9	\$ 155.6	\$ 150.2	\$ 145.7
as % of Total Loans	3.57%	3.48%	3.02%	2.80%	2.64%
as % of NPLs	78	62	59	49	51
as % of NPLs – Adjusted ⁽¹⁾	234	142	190	149	82
Past Due Loans (30 – 89 Days)	1.69%	2.17%	1.44%	2.02%	1.61%
Non-Performing Loans	\$ 224.3	\$ 280.8	\$ 264.1	\$ 304.4	\$ 287.8
OREO	123.9	136.3	120.8	110.6	104.8
Total NPAs	\$ 348.2	\$ 417.1	\$ 384.9	\$ 415.0	\$ 392.6
as % of Total Assets	4.55%	5.32%	4.81%	4.91%	4.63%
as % of Loans & OREO	6.97	8.13	7.30	7.58	6.99

(1) Excluding loans with no allocated reserve

(2) Excluding loans with no allocated reserve and loans sold to Fletcher

Net Charge-offs by Loan Category

(in thousands)

	2Q10		% of Average Loans			
	NCOs	% of Avg Loans	1Q10	4Q09	3Q09	LTM ⁽¹⁾
Commercial (sec. by RE)	\$ 9,757	2.21 %	.45 %	.86 %	2.33 %	1.46 %
Commercial Construction	1,460	1.67	2.48	5.03	4.55	3.43
Commercial & Industrial	867	.85	4.31	.15	1.76	1.77
Total Commercial	\$ 12,084	1.91	1.33	1.36	2.57	1.79
Residential Construction	41,515	18.71	17.32	23.87	21.31	20.30
Residential Mortgage	6,517	1.90	1.31	1.93	1.36	1.63
Consumer/ Installment	1,207	3.53	2.12	3.83	3.13	3.15
Total Net Charge-offs	\$ 61,323	4.98	4.51	6.37	6.57	5.61

(1) Based on simple average of the four quarters

Net Charge-offs by Market

(in thousands)

	2Q10		% of Average Loans			
	NCOs	% of Avg Loans	1Q10	4Q09	3Q09	LTM ⁽¹⁾
MARKETS						
Atlanta MSA	\$ 16,926	4.85 %	4.32 %	12.07 %	12.61 %	8.46 %
Gainesville MSA	2,547	3.01	1.92	2.49	1.60	2.26
North Georgia	28,100	6.19	6.51	3.57	4.74	5.25
Western North Carolina	7,194	3.86	1.96	5.11	1.98	3.23
Coastal Georgia	5,581	6.07	5.74	7.72	8.78	7.08
East Tennessee	975	1.53	0.55	3.67	1.30	1.76
Total	\$ 61,323	4.98	4.51	6.37	6.57	5.61

Note: Dollars in thousands

(1) Based on simple average of the four quarters

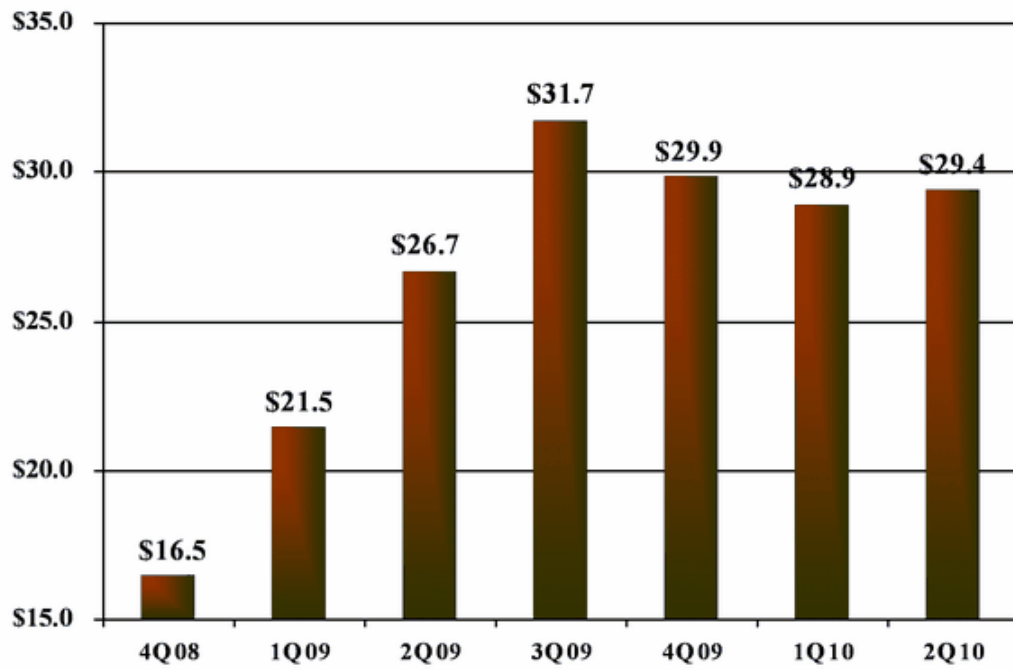
NPAs by Loan Category and Market

(in thousands)

	2Q10				2Q10		
	NPLs	OREO	Total NPAs		NPLs	OREO	Total NPAs
LOAN CATEGORY				MARKETS			
Commercial (sec. by RE)	\$ 56,013	\$ 13,297	\$ 69,310	Atlanta MSA	\$ 74,031	\$ 30,605	\$ 104,636
Commercial Construction	17,872	11,339	29,211	Gainesville MSA	10,730	2,750	13,480
Commercial & Industrial	7,245	-	7,245	North Georgia	102,198	60,597	162,795
Total Commercial	81,130	24,636	105,766	Western N. Carolina	22,776	11,473	34,249
Residential Construction	88,375	74,444	162,819	Coastal Georgia	8,341	16,548	24,889
Residential Mortgage	53,175	24,830	78,005	East Tennessee	6,259	1,937	8,196
Consumer/ Installment	1,655	-	1,655	Total	\$ 224,335	\$ 123,910	\$ 348,245
Total	\$ 224,335	\$ 123,910	\$ 348,245				



In millions



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 <i>(in millions)</i>		MARKETS <i>(in millions)</i>	
Commercial	\$ 29.4	Atlanta	\$ 10.7
Commercial Construction	11.3	Gainesville	13.5
Residential Construction	62.4	N. Georgia	50.0
Total	<u>\$ 103.1</u>	Coastal Georgia	7.6
		North Carolina	21.3
			<u>\$ 103.1</u>

Fair Value Accounting – Warrant / Option to Purchase Equity

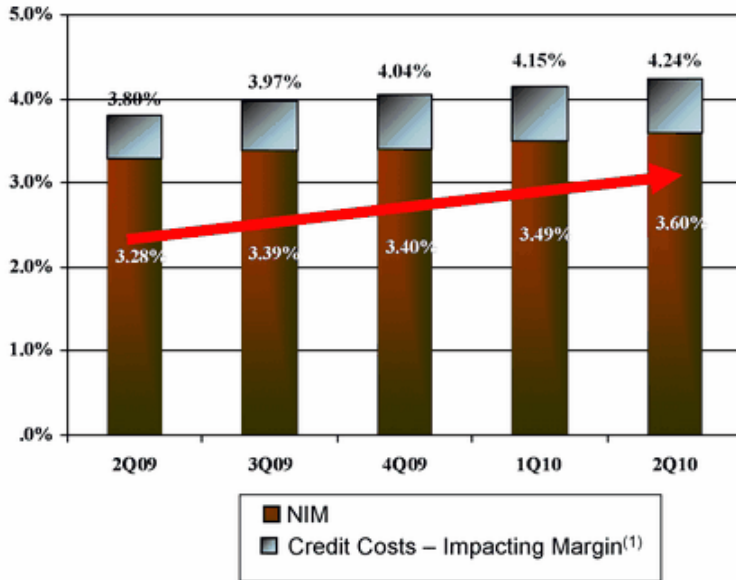
- Increase to Capital Surplus - \$39.8 million
- Pre-tax expense charge - \$45.3 million; after-tax cost - \$30.0 million
- GAAP Capital +\$9.8million – Slight Negative to “Reg. Capital” (DTA)

(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	<u>\$ (30.0)</u>	<u>\$ 39.8</u>
Impact on GAAP Equity	↻ <u>\$ +9.8</u> ↻	

<i>(In Thousands)</i>	Variance		
	2Q10	1Q10	2Q09
Net Interest Revenue	\$ 61,627	\$ 348	\$ 745
Core Fee Revenue	11,579	74	(437)
Gross Revenue	73,206	422	308
Core Operating Expense (Excl OREO)	43,768	(139)	(2,405)
Pre-Tax, Pre-Credit (Core)	\$ 29,438	\$ 561	\$ 2,713

Net Interest Margin	3.60 %	.11 %	.32 %
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(1) Excluding impact of nonaccrual loans, OREO and interest reversals

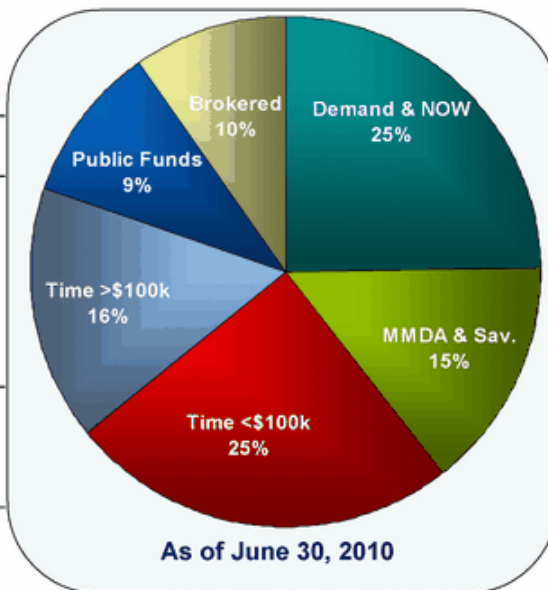
NIM Characteristics

- Margin improvement
11 bps vs. 1Q10
32 bps vs. 2Q09
- Improved CD pricing
- Maintained loan pricing
- Excess liquidity – lowered margin by 13 bps in 2Q

Deposit Mix (total \$6.3 billion)

(\$ in millions)

	2Q10	1Q10	2Q09
Demand / NOW	\$ 1,561	\$ 1,489	\$ 1,523
MMDA / Savings	930	908	744
Core Transaction	2,491	2,397	2,267
<p>10% Annualized Growth</p>			
Time < \$100,000	1,569	1,636	1,985
Public Deposits	564	611	482
Total Core	4,624	4,644	4,734
Time > \$100,000	1,028	1,059	1,293
Public Deposits	66	73	59
Total Customer	5,718	5,776	6,086
Brokered Deposits	612	711	763
Total Deposits	\$ 6,330	\$ 6,487	\$ 6,849



Net Operating Loss – From Continuing Operations

Second Quarter 2010

(In Thousands)

	2Q10	1Q10	2Q09
Pre-Tax, Pre-Credit (Core)	\$ 29,438	\$ 28,877	\$ 26,725
Provision for Loan Loss	(61,500)	(75,000)	(60,000)
Loss on Sale of NPA's	(45,349)	-	-
<i>Foreclosed Property Costs:</i>			
Write-downs	(11,192)	(8,097)	(2,618)
Maintenance, Taxes, Etc.	(3,348)	(2,716)	(3,119)
Securities Gains (Losses), Net	-	61	(711)
Special FDIC Assessment	-	-	(3,800)
BOLI Surrender Loss - Reversed	-	-	2,000
Income Taxes - Benefit	32,419	22,417	18,394
Net Operating Loss	(59,532)	(34,458)	(23,129)
Net Operating Loss per Share	(.66)	(.39)	(.53)

Second Quarter 2010

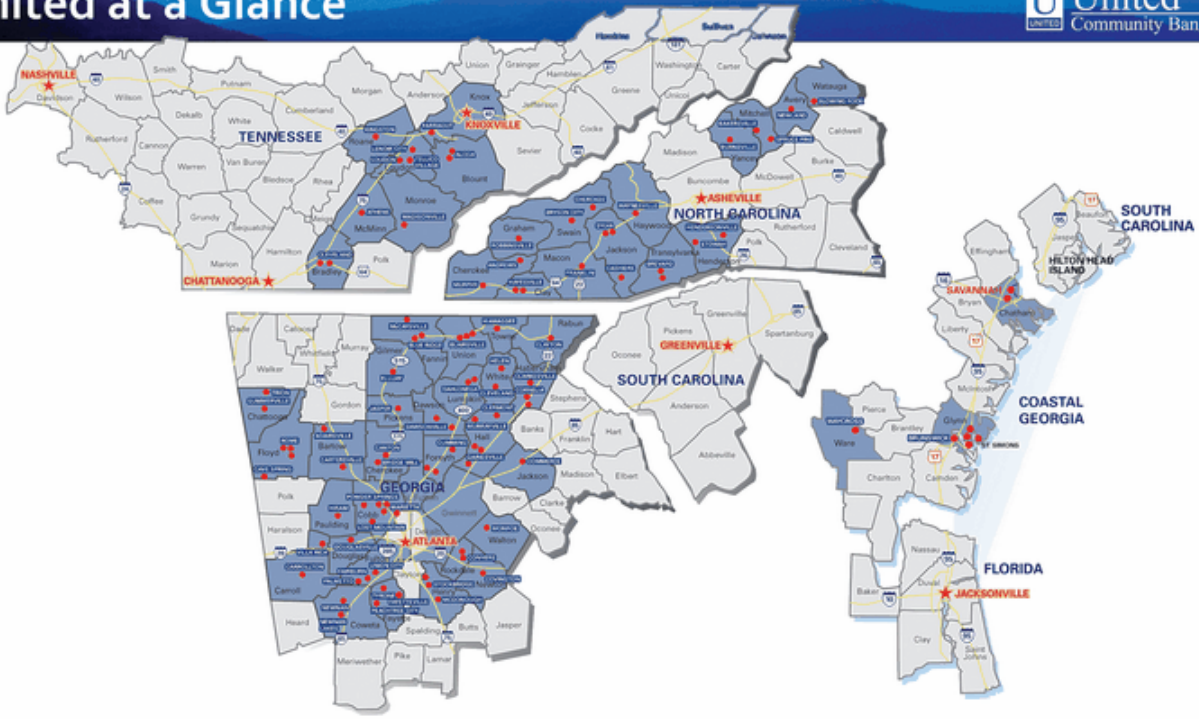
(In Thousands)

	2Q10	1Q10	2Q09
Net Operating Loss	\$ (59,532)	\$ (34,458)	\$ (23,129)
Earnings /(Loss) from Discounted Operations	-	(101)	66
Gain from Sale of Subsidiary, Net	-	1,266	-
Gain on SCB (pre-tax \$11.4m)	-	-	7,062
Net Loss	(59,532)	(33,293)	(16,001)
Preferred Stock Dividend (TARP)	(2,577)	(2,572)	(2,559)
Net Loss per Share	(.66)	(.38)	(.38)
Book Value	\$ 7.71	\$ 7.95	\$ 13.87
Tangible Book Value	5.39	5.62	8.85

	Well- Capitalized	<u>JUN '10</u>	<u>MAR '10</u>	<u>JUN '09</u>
Tier 1 RBC	6%	11.1 %	11.7 %	10.4 %
Total RBC	10%	13.8	14.4	13.1
Leverage	5%	7.7	8.1	7.7
Tangible Equity to Assets		9.3	9.4	8.0
Tangible Common to Assets		6.9	7.1	5.8



United at a Glance



Assets \$7.7 Billion
Deposits \$6.3 Billion

Banks 27
Offices 106

		Joined <u>UCBI</u>	Years in <u>Banking</u>
Jimmy Tallent	President & CEO	1984	37
Guy Freeman	Chief Operating Officer	1994	50
Rex Schuette	Chief Financial Officer	2001	33
David Shearrow	Chief Risk Officer	2007	29
Glenn White	President, Atlanta Region	2007	36
Craig Metz	Marketing	2002	18
Bill Gilbert	Retail Banking	2000	34

“Community bank service, large bank resources”

- **Twenty-seven “community banks”**
 - *Local CEOs with deep roots in their communities*
 - *Resources of \$7.7 billion bank*

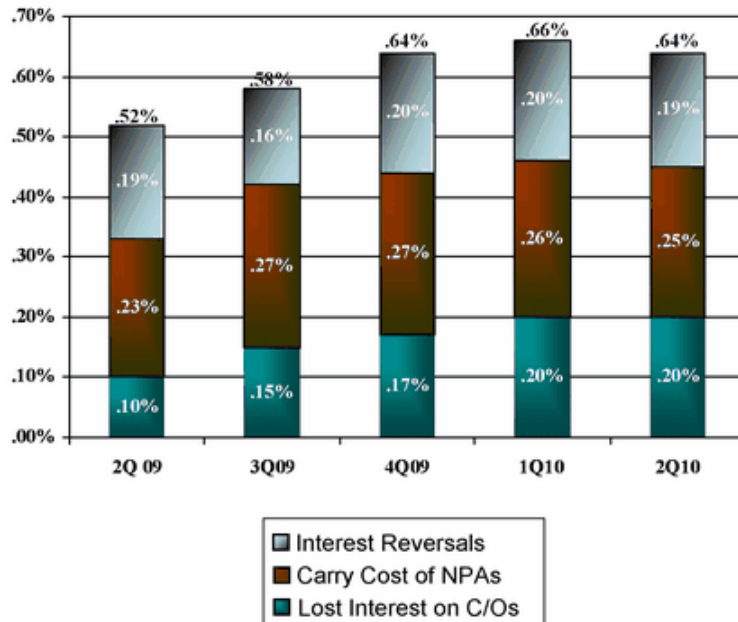
- **Service is point of differentiation**
 - *Golden rule of banking*
 - ✓ “The Bank That **SERVICE** Built”
 - *Ongoing customer surveys*
 - ✓ 95+% satisfaction rate

- **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*

Markets ¹	Population <i>(in thousands)</i>	Population Growth (%)	
		Actual 2000 - 2009	Projected 2009 - 2014
North Georgia	396	24	10
Atlanta MSA	5,544	31	13
Gainesville MSA	187	34	15
Coastal Georgia	370	10	5
Western North Carolina	425	11	5
East Tennessee	850	13	6
Total Markets			
Georgia	9,933	21	9
North Carolina	9,370	16	8
Tennessee	6,297	11	5
United States	309,732	10	5

¹ Population data is for 2009 and includes those markets where United takes deposits.
Source: SNL



Credit Costs Impacting Margin

- Historically 8 to 12 bps
- Credit cycle – significant drag on margin and earnings
- Lost interest (avg. yield) on loans charged off
- Carry costs high with level of NPAs
- Cost 2Q10 vs. Historical – 52 bps (annual earnings impact of \$36 million)

Market Share Opportunities

(excellent growth prospects)



Markets	Market Deposits (in billions) ⁽¹⁾	United Deposits	Banks	Offices	Deposit Share ⁽¹⁾	Rank ⁽¹⁾
North Georgia	\$ 8.5	\$ 2.4	11	23	31 %	1
Atlanta MSA	55.2	1.9	10	38	4	7
Gainesville MSA	2.6	.3	1	6	13	4
Coastal Georgia	7.5	.4	2	9	5	8
Western North Carolina	7.3	1.0	1	20	14	3
East Tennessee	14.4	.3	2	10	3	7
Total Markets	\$ 95.5	\$ 6.3	27	106		

¹ FDIC deposit market share and rank as of 6/09 for markets where United takes deposits.
Source: SNL and FDIC

Rank	Ticker	Company ⁽¹⁾	State	Total Assets (\$ B)	2009 - 2014 Population Growth ⁽²⁾
1	WAL	Western Alliance Bancorporation	NV	\$ 6.1	11.25 %
2	WTNY	Whitney Holding Corporation	LA	11.6	9.75
3	UCBI	United Community Banks, Inc.	GA	7.7	9.65
4	CFR	Cullen/Frost Bankers, Inc.	TX	16.8	9.20
5	PNFP	Pinnacle Financial Partners, Inc.	TN	5.0	8.80
6	SBIB	Sterling Bancshares, Inc.	TX	5.0	8.70
7	IBOC	International Bancshares Corporation	TX	10.8	8.05
8	PRSP	Prosperity Bancshares, Inc.	TX	9.2	7.70
9	FCNCA	First Citizens BancShares, Inc.	NC	21.2	7.20
10	GBCI	Glacier Bancorp, Inc.	MT	6.2	6.60
11	CVBF	CVB Financial Corp.	CA	6.8	6.50
12	CBC	Capitol Bancorp Ltd.	MI	5.1	6.45
13	TCBI	Texas Capital Bancshares, Inc.	TX	5.5	6.35
14	SNV	Synovus Financial Corp.	GA	32.4	5.85
15	BOKF	BOK Financial Corporation	OK	23.5	5.80

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

Number of Businesses with 1 – 49 Employees

<i>Markets</i> ¹	2000	2006	Small Business Growth (%)	Population Growth 2000 - 2009 (%)
North Georgia	6,453	7,693	19	24
Atlanta MSA	70,893	126,200	78	31
Gainesville MSA	3,158	3,824	21	34
Coastal Georgia	9,441	10,210	8	10
Western North Carolina	10,274	11,544	12	11
East Tennessee	16,273	17,839	10	13

The Atlanta MSA is seeing small business growth at nearly double its already significantly increasing population growth.

¹ Population data is for 2009, SNL;

Business demographics, U.S. Census Statistics of U.S. Businesses, 2008 & 2006; County Business Patterns 2000-2006

<i>(in millions)</i>	<u>2Q10</u>	<u>1Q10</u>	<u>4Q09</u>	<u>3Q09</u>	<u>2Q09</u>
LOANS BY CATEGORY					
Commercial (Sec. by RE)	\$ 141	\$ 152	\$ 124	\$ 93	\$ 70
Commercial Construction	78	75	51	51	36
Commercial & Industrial	22	35	34	35	12
TOTAL COMMERCIAL	\$ 241	\$ 262	\$ 209	\$ 179	\$ 118
Consumer / Installment	4	4	4	3	3
Residential Construction	149	154	197	208	148
Residential Mortgage	80	81	79	83	72
LOANS	\$ 474	\$ 501	\$ 489	\$ 473	\$ 341

<i>(in millions)</i>	<u>2Q10</u>	<u>1Q10</u>	<u>4Q09</u>	<u>3Q09</u>	<u>2Q09</u>	<u>2Q10 Year Over Year</u>
LOANS BY CATEGORY						
Commercial (sec. by R/E)	\$ 1,780	\$ 1,765	\$ 1,779	\$ 1,787	\$ 1,797	\$ (17)
Commercial Construction	342	357	363	380	379	(37)
Commercial & Industrial	441	381	390	403	399	42
Total Commercial	2,563	2,503	2,532	2,570	2,575	(12)
Residential Construction	820	960	1,050	1,185	1,315	(495)
Residential Mortgage	1,356	1,390	1,427	1,461	1,470	(114)
Consumer / Installment	134	139	142	147	153	(19)
TOTAL LOANS	\$ 4,873	\$ 4,992	\$ 5,151	\$ 5,363	\$ 5,513	\$ (640)

<i>(in millions)</i>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
LOANS BY CATEGORY					
Commercial (sec. by R/E)	\$ 1,779	\$ 1,627	\$ 1,476	\$ 1,230	\$ 1,055
Commercial Construction	363	500	527	469	359
Commercial & Industrial	390	410	418	296	237
Total Commercial	2,532	2,537	2,421	1,995	1,651
Residential Construction	1,050	1,479	1,829	1,864	1,380
Residential Mortgage	1,427	1,526	1,502	1,338	1,206
Consumer / Installment	142	163	177	180	161
TOTAL LOANS	\$ 5,151	\$ 5,705	\$ 5,929	\$ 5,377	\$ 4,398

Residential Construction – Total Company



(in millions)

	2Q10	1Q10	4Q09	3Q09	2Q09
Land Loans					
Developing Land	\$ 214	\$ 290	\$ 332	\$ 380	\$ 413
Raw Land	110	124	127	159	159
Lot Loans	311	321	336	336	369
Total	635	735	795	875	941
Construction Loans					
Spec	125	153	178	218	268
Sold	60	72	77	92	106
Total	185	225	255	310	374
Total Res Construction	\$ 820	\$ 960	\$ 1,050	\$ 1,185	\$ 1,315
By Region					
Atlanta	\$ 183	\$ 228	255	328	424
Gainesville MSA	25	42	51	56	61
North Georgia	408	460	503	534	557
North Carolina	148	151	156	161	160
Coastal Georgia	37	55	60	77	80
Tennessee	19	24	25	29	33
	\$ 820	\$ 960	\$ 1,050	\$ 1,185	\$ 1,315

<i>(in millions)</i>	<u>2Q10</u>	<u>1Q10</u>	<u>4Q09</u>	<u>3Q09</u>	<u>2Q09</u>
<i>Land Loans</i>					
Developing Land	\$ 52	\$ 66	\$ 76	\$ 100	\$ 124
Raw Land	32	43	43	61	63
Lot Loans	39	47	52	54	81
Total	123	156	171	215	268
<i>Construction Loans</i>					
Spec	50	58	68	91	127
Sold	10	14	16	22	29
Total	60	72	84	113	156
Total Res Construction	\$ 183	\$ 228	\$ 255	\$ 328	\$ 424

<i>(in millions)</i>	<u>2Q10</u>	<u>1Q10</u>	<u>4Q09</u>	<u>3Q09</u>	<u>2Q09</u>
Land Loans					
Developing Land	\$ 113	\$ 148	\$ 172	\$ 179	\$ 180
Raw Land	45	43	45	56	54
Lot Loans	181	189	197	198	204
Total	339	380	414	433	438
Construction Loans					
Spec	44	54	61	71	81
Sold	24	26	27	30	36
Total	68	80	88	101	117
Total Res Construction	\$ 407	\$ 460	\$ 502	\$ 534	\$ 555

(in millions)

	2Q10	1Q10	4Q09	3Q09	2Q09
LOANS BY MARKET					
Atlanta MSA	\$ 1,373	\$ 1,404	\$ 1,435	\$ 1,526	\$ 1,605
Gainesville MSA	343	372	390	402	413
North Georgia	1,808	1,814	1,884	1,942	1,978
Western North Carolina	738	756	772	786	794
Coastal Georgia	356	388	405	440	455
East Tennessee	255	258	265	267	268
Total	\$ 4,873	\$ 4,992	\$ 5,151	\$ 5,363	\$ 5,513





(in millions)

	2009	2008	2007	2006	2005
LOANS BY MARKET					
Atlanta MSA	\$ 1,435	\$ 1,706	\$ 2,002	\$ 1,651	\$ 1,207
Gainesville MSA	390	420	400	354	249
North Georgia	1,884	2,040	2,060	2,034	1,790
Western North Carolina	772	810	806	773	668
Coastal Georgia	405	464	415	358	306
East Tennessee	265	265	246	207	178
Total	\$ 5,151	\$ 5,705	\$ 5,929	\$ 5,377	\$ 4,398

Lending – Credit Summary *(as of June 30, 2010)*



(in millions)

 Legal lending limit	\$196
 House lending limit	20
 Top 25 relationships	425
▪ 8.7% of total loans	
 Regional credit review	
▪ Standard Underwriting	

NPAs by Loan Category, Market, and Activity



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

(in thousands)	Second Quarter 2010			First Quarter 2010			Fourth Quarter 2009		
	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)	\$ 56,013	\$ 13,297	\$ 69,310	\$ 45,918	\$ 21,597	\$ 67,515	\$ 37,040	\$ 15,842	\$ 52,882
Commercial construction	17,872	11,339	29,211	23,556	14,285	37,841	19,976	9,761	29,737
Commercial & industrial	7,245	-	7,245	3,610	-	3,610	3,946	-	3,946
Total commercial	81,130	24,636	105,766	73,084	35,882	108,966	60,962	25,603	86,565
Residential construction	88,375	74,444	162,819	147,326	74,220	221,546	142,332	76,519	218,851
Residential mortgage	53,175	24,830	78,005	57,920	26,173	84,093	58,767	18,648	77,415
Consumer / installment	1,655	-	1,655	2,472	-	2,472	2,031	-	2,031
Total NPAs	\$ 224,335	\$ 123,910	\$ 348,245	\$ 280,802	\$ 136,275	\$ 417,077	\$ 264,092	\$ 120,770	\$ 384,862
NPAs BY MARKET									
Atlanta MSA	\$ 74,031	\$ 30,605	\$ 104,636	\$ 81,914	\$ 36,951	\$ 118,865	\$ 106,536	\$ 41,125	\$ 147,661
Gainesville MSA	10,730	2,750	13,480	17,058	3,192	20,250	5,074	2,614	7,688
North Georgia	102,198	60,597	162,795	109,280	63,128	172,408	87,598	53,072	140,670
Western North Carolina	22,776	11,473	34,249	31,353	8,588	39,941	29,610	5,096	34,706
Coastal Georgia	8,341	16,548	24,889	33,438	21,871	55,309	26,871	17,150	44,021
East Tennessee	6,259	1,937	8,196	7,759	2,545	10,304	8,403	1,713	10,116
Total NPAs	\$ 224,335	\$ 123,910	\$ 348,245	\$ 280,802	\$ 136,275	\$ 417,077	\$ 264,092	\$ 120,770	\$ 384,862
NPA ACTIVITY									
Beginning Balance	\$ 280,802	\$ 136,275	\$ 417,077	\$ 264,092	\$ 120,770	\$ 384,862	\$ 304,381	\$ 110,610	\$ 414,991
Loans placed on non-accrual	155,007	-	155,007	139,030	-	139,030	174,898	-	174,898
Payments received	(12,189)	-	(12,189)	(5,733)	-	(5,733)	(26,935)	-	(26,935)
Loan charge-offs	(62,693)	-	(62,693)	(58,897)	-	(58,897)	(88,427)	-	(88,427)
Foreclosures	(66,994)	66,994	-	(49,233)	49,233	-	(79,983)	79,983	-
Capitalized costs	-	305	305	-	320	320	-	981	981
Note / property sales	(69,598)	(68,472)	(138,070)	(8,457)	(25,951)	(34,408)	(19,842)	(61,228)	(81,070)
Write downs	-	(6,094)	(6,094)	-	(4,579)	(4,579)	-	(2,209)	(2,209)
Net losses on sales	-	(5,098)	(5,098)	-	(3,518)	(3,518)	-	(7,367)	(7,367)
Ending Balance	\$ 224,335	\$ 123,910	\$ 348,245	\$ 280,802	\$ 136,275	\$ 417,077	\$ 264,092	\$ 120,770	\$ 384,862

Net Charge-offs by Category and Market



<i>(in thousands)</i>	Second Quarter 2010		First Quarter 2010		Fourth Quarter 2009	
	Net Charge-Offs	Net Charge-Offs to Average Loans ⁽²⁾	Net Charge-Offs	Net Charge-Offs to Average Loans ⁽²⁾	Net Charge-Offs	Net Charge-Offs to Average Loans ⁽²⁾
NET CHARGE-OFFS BY CATEGORY						
Commercial (sec. by RE)	\$ 9,757	2.21 %	\$ 1,964	.45 %	\$ 3,896	.86 %
Commercial construction	1,460	1.67	2,206	2.48	4,717	5.03
Commercial & industrial	867	.85	4,110	4.31	153	.15
Total commercial	12,084	1.91	8,280	1.33	8,766	1.36
Residential construction	41,515	18.71	43,100	17.32	67,393	23.87
Residential mortgage	6,517	1.90	4,551	1.31	7,026	1.93
Consumer / installment	1,207	3.53	737	2.12	1,400	3.83
Total	\$ 61,323	4.98	\$ 56,668	4.51	\$ 84,585	6.37
NET CHARGE-OFFS BY MARKET						
Atlanta MSA	\$ 16,926	4.85 %	\$ 15,545	4.32 %	\$ 43,595	12.07 %
Gainesville MSA	2,547	3.01	1,675	1.92	2,273	2.49
North Georgia	28,100	6.19	29,747	6.51	18,057	3.57
Western North Carolina	7,194	3.86	3,695	1.96	10,091	5.11
Coastal Georgia	5,581	6.07	5,649	5.74	8,109	7.72
East Tennessee	975	1.53	357	.55	2,460	3.67
Total	\$ 61,323	4.98	\$ 56,668	4.51	\$ 84,585	6.37

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

(2) Annualized.

Liquidity – Loans / Deposits

(in millions)

	2Q 10	1Q 09	2Q 09	Variance	
				vs 1Q 10	vs 2Q 09
Loans	\$ 4,873	\$ 4,992	\$ 5,513	\$ (119)	\$ (640)
Core (DDA, MMDA, Savings)	2,491	2,397	2,267	94	224
Public Funds	630	685	541	(55)	89
CD's	2,597	2,695	3,278	(98)	(681)
Total Deposits (excl Brokered)	\$ 5,718	\$ 5,777	\$ 6,086	\$ (59)	\$ (368)
Loan to Deposit Ratio	85%	86%	91%		
Investment Securities	1,488	1,527	1,817	\$ (39)	\$ (329)
Percent of Assets	19%	19%	21%		
Commercial & Short-Term Paper	\$ 148	\$ 183	\$ -	\$ (35)	\$ 148
Other Interest Bearing Deposits	105	100	70	5	35
Excess Fed Reserve	43	40	28	3	15
Total Excess Liquidity	\$ 296	\$ 323	\$ 98	\$ (27)	\$ 198

<i>(in millions)</i>	Unused Capacity				Variance	
		2Q10	1Q10	2Q09	vs 1Q 10	vs 2Q 09
Brokered Deposits	\$ 1,301	\$ 612	\$ 711	\$ 763	\$ (99)	\$ (151)
FHLB	867	104	114	283	(10)	(179)
Fed Funds	100	-	-	-	-	-
Other Wholesale	290	104	102	252	2	(148)
Total	\$ 2,558	\$ 820	\$ 927	\$ 1,298	\$ (107)	\$ (478)
Sub-Debt		\$ 96	\$ 96	\$ 96	\$ -	\$ -
Trust Preferred Securities		55	54	54	1	1
Total Long-Term Debt		\$ 151	\$ 150	\$ 150	\$ 1	\$ 1

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

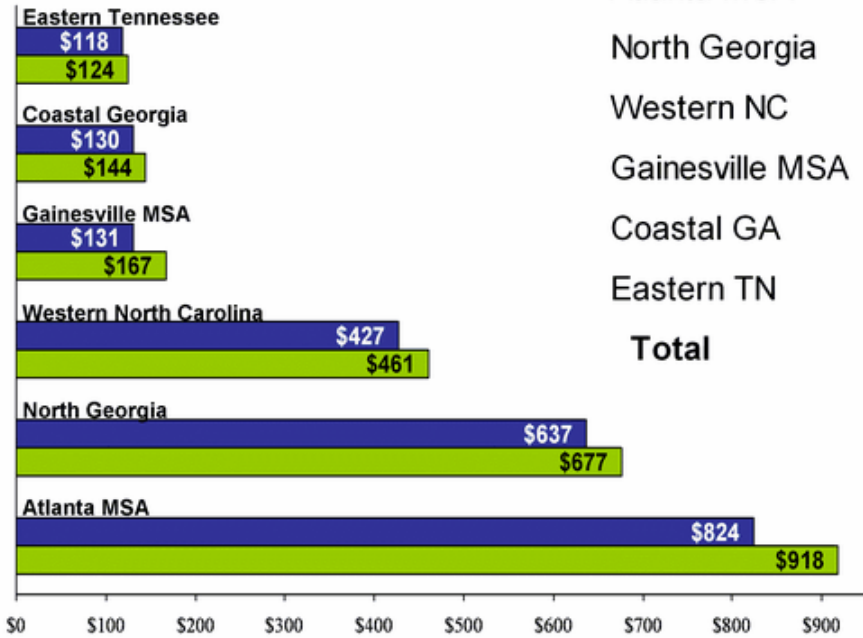
(in millions)

DEPOSITS BY CATEGORY	2Q10	1Q10	4Q09	3Q09	2Q09
Demand & Now	\$ 1,561	\$ 1,489	\$ 1,465	\$ 1,481	\$ 1,523
MMDA & Savings	930	908	879	858	744
Core Transaction Deposits	2,491	2,397	2,344	2,339	2,267
Time < \$100,000	1,569	1,636	1,740	1,848	1,985
Public Deposits	564	611	597	557	482
Total Core Deposits	4,624	4,644	4,681	4,744	4,734
Time > \$100,000	1,028	1,059	1,138	1,187	1,293
Public Deposits	66	73	49	50	59
Total Customer Deposits	5,718	5,776	5,869	5,981	6,086
Brokered Deposits	612	711	759	840	763
Total Deposits	\$ 6,330	\$ 6,487	\$ 6,628	\$ 6,821	\$ 6,849

Geographic Diversity

■ 2Q 09 ■ 2Q 10

\$ in millions



Core Transactions / Total Deposits (%)

	2Q10	2Q09
Atlanta MSA	48.0 %	38.5 %
North Georgia	28.3	24.7
Western NC	46.2	40.9
Gainesville MSA	49.0	39.8
Coastal GA	38.7	36.2
Eastern TN	38.2	29.6
Total	39.4 %	33.1 %

U FBR Capital

(Market Perform - Apr 22, 2010)

U FIG Partners

(Outperform - Apr 26, 2010)

U Guggenheim Securities, LLC

(Neutral - Jun 10, 2010)

U Keefe, Bruyette & Woods

(Market Perform - Apr 23, 2010)

U Macquarie Capital (USA)

(Neutral - Apr 22, 2010)

U Raymond James & Assoc.

(Outperform 2 - Jun 18, 2010)

U Sandler O'Neill & Partners

(Hold - Jun 28, 2010)

U Soleil (Tenner Investment Research)

(Hold - Apr 26, 2010)

U Stephens, Inc.

(Equal Weight - May 10, 2010)

U Sterne Agee & Leach, Inc.

(Neutral - Apr 22, 2010)

U SunTrust Robinson Humphrey

(Buy - Apr 22, 2010)

(\$ in millions)

- Purchased – June 19, 2009
- Nine years old – Enhances presence in southside metro Atlanta markets
- Four banking offices in southside metro Atlanta MSA – Fayetteville, Coweta and Henry counties
- 54 employees (Reduced by 17 after conversion in September 2009)
- \$208 in customer deposits, including \$53 core deposits
- FDIC assisted transaction: 80% guarantee on \$109 loss threshold, 95% above
 - Fully discounted bid with no credit exposure
 - Accounted for credit related items (at FMV) as “covered assets” on balance sheet

	<u>2Q10</u>	<u>1Q10</u>	<u>4Q09</u>	<u>2Q09</u>
Loans	\$ 81	\$ 79	\$ 85	\$ 110
OREO	33	32	34	25
FDIC receivable	<u>43</u>	<u>58</u>	<u>67</u>	<u>95</u>
Total Covered Assets	<u>\$157</u>	<u>\$169</u>	<u>\$ 186</u>	<u>\$ 230</u>

- Pre-tax gain on acquisition of \$11.4
- Accretive to earnings per share

Non-GAAP Reconciliation Tables

(in thousands except EPS)

	Operating Earnings to GAAP Earnings Reconciliation		
	2Q 10	1Q 10	2Q09
Core fee revenue reconciliation⁽¹⁾			
Core fee revenue	\$ 11,579	\$ 11,605	\$ 12,016
Securities gains (losses), net	-	61	(711)
SCB Acquisition Gain	-	-	11,390
Fee Revenue (GAAP)	\$ 11,579	\$ 11,666	\$ 22,695
Core operating expense reconciliation⁽¹⁾			
Core operating expense	\$ 43,768	\$ 44,007	\$ 46,173
Foreclosed property expense	14,540	10,813	5,737
Special FDIC Assessment	-	-	3,800
Loss from sale of nonperforming assets	45,349	-	(2,000)
Operating expense (GAAP)	\$ 103,657	\$ 54,820	\$ 53,710
Diluted loss per common share reconciliation⁽¹⁾			
Diluted operating loss per common share	\$ (.66)	\$ (.39)	\$ (.53)
Gain from acquisition	-	-	0
Diluted loss per common share (GAAP)	\$ (.66)	\$ (.39)	\$ (.38)

(1) From continuing operations

	Operating Earnings to GAAP Earnings Reconciliation		
	2Q 10	1Q 10	2Q 09
Net interest margin - pre credit reconciliation			
Net interest margin - pre credit	4.24 %	4.15 %	3.80 %
Effect of interest reversals, lost interest, and carry costs of NPAs	(.64)	(.66)	(.52)
Net interest margin	3.60 %	3.49 %	3.28 %
Tangible common equity and tangible equity to tangible assets reconciliation			
Tangible common equity to tangible assets	6.91 %	7.13 %	5.77 %
Effect of preferred equity	2.35	2.26	2.19
Tangible equity to tangible assets	9.26	9.39	7.96
Effect of goodwill and other intangibles	2.58	2.51	2.75
Equity to assets (GAAP)	11.84 %	11.90 %	10.71 %
Tangible common equity to risk-weighted assets reconciliation			
Tangible common equity to risk-weighted assets	9.97 %	10.03 %	7.49 %
Effect of preferred equity	3.41	3.29	2.99
Tangible equity to risk weighted assets	13.38	13.32	10.48
Effect of other comprehensive income	(.87)	(.85)	(.72)
Effect of trust preferred	1.03	1.00	.90
Effect of deferred tax asset limitation	(2.47)	(1.75)	(.22)
Tier I capital ratio (Regulatory)	11.07 %	11.72 %	10.44 %

United Community Banks, Inc.

Investor Presentation

Second Quarter 2010



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