
**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 28, 2011

United Community Banks, Inc.

(Exact name of registrant as specified in its charter)

Georgia

(State or other jurisdiction
of incorporation)

No. 001-35095

(Commission File Number)

No. 58-180-7304

(IRS Employer Identification No.)

**125 Highway 515 East, P.O. Box 398
Blairsville, Georgia**

(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 28, 2011, United Community Banks, Inc. (the “Registrant”) issued a news release announcing its financial results for the quarter ended June 30, 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 July 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 June 30, 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 July 28, 2011
99.2	Investor Presentation, Second 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

Rex S. Schuette
Executive Vice President and
Chief Financial Officer

July 28, 2011



For Immediate Release

For more information:

Rex S. Schuette

Chief Financial Officer

(706) 781-2266

Rex_Schuette@ucbi.com

**UNITED COMMUNITY BANKS, INC. REPORTS
EARNINGS OF \$7.6 MILLION OR EIGHT CENTS PER SHARE
FOR SECOND QUARTER 2011**

- Profitable quarter driven by core earnings and lower credit losses
- Nonperforming assets continue to improve; down \$19 million, or 14 percent, from last quarter to 1.60 percent of assets
- Allowance for loan losses remains strong at 3.07 percent of loans
- Core transaction deposits up 10 percent on an annualized basis
- Completed conversion of preferred stock to common and reverse stock split

BLAIRSVILLE, GA – July 28, 2011 – United Community Banks, Inc. (NASDAQ: UCBI) today reported net income of \$7.6 million, or 8 cents per diluted share, for the second quarter of 2011. The year-to-date net loss of \$135 million reflects the significant credit losses in the first quarter incurred in connection with the Problem Asset Disposition Plan which was announced last quarter in conjunction with the raising of \$380 million in new capital.

“The de-risking of our balance sheet and capital transaction, coupled with the execution of the Problem Asset Disposition Plan in the first quarter allowed us to return to profitability much sooner than would have otherwise been feasible,” stated Jimmy Tallent, president and chief executive officer. “While we still have work to do in this difficult economic environment, our credit trends show improvement by every measure and we expect that positive trend to continue.”

Total loans were \$4.2 billion at quarter-end, down \$31 million from the end of the first quarter and \$710 million from a year earlier. “The \$31 million decrease from last quarter is actually a very encouraging sign in that it is the smallest quarterly decrease in loan balances since the first quarter of 2008,” stated Tallent. “We believe the slowing attrition in the loan portfolio marks the approach of an inflection point upon which we can once again begin to grow our loan portfolio. We were pleased with our new loans made during the second quarter that included \$136 million of loan commitments with \$105 million funded of which the majority were commercial loans. Our pipeline of new business continues to gain momentum and we continue to add commercial lenders to our metro markets across our footprint. I’m encouraged by the direction in which we are heading. I can’t overemphasize the importance of restoring modest growth to our loan portfolio and growing net interest revenue.”

Taxable equivalent net interest revenue of \$58.9 million was up \$2.6 million from the first quarter due mostly to the impact last quarter of a \$2 million interest reversal on the performing classified loans that were included in the bulk loan sale. Compared with the second quarter of 2010, net interest revenue was \$2.7 million lower, primarily due to the \$745 million reduction in average loan balances that was offset partially by lower rates on our deposits. Net interest margin was 3.41 percent for the second quarter of 2011, down 19 basis points from a year ago and equal to the first quarter after adding back the \$2 million interest reversal in the bulk loan sale.

“Growing loans and deposits is the key to building core earnings,” Tallent commented. “We are making steady progress on the lending side and grew core transaction deposits in the second quarter by \$69 million, or 10 percent, on an annualized basis. This was the tenth consecutive quarter of core deposit growth.”

Operating fee revenue was \$13.9 million in the second quarter of 2011, compared to \$11.6 million a year ago and \$11.8 million last quarter. Service charges and fees were \$7.6 million, down \$385,000 from a year ago, due primarily to lower overdraft fees resulting from regulatory changes last year that required customers to provide consent before using overdraft services. Partially offsetting this reduction in overdraft fees was an increase in ATM and debit card usage fees. Service charges and fees were up \$888,000 from last quarter due to the increase in ATM and debit card usage fees. Mortgage fees of \$952,000 were down \$649,000 from a year ago and down \$542,000 from last quarter due to the lower level of refinancing activities. Other fee revenue of \$4.7 million reflected an increase of \$3.3 million from a year ago and \$1.8 million from the first quarter primarily due to the accelerated recognition of deferred gains relating to the ineffectiveness of terminated cash flow hedges on certain prime-based loans. Gains recognized in the second quarter were \$2.8 million compared with \$1.3 million in the first quarter of 2011 and \$239,000 in the second quarter of 2010.

Excluding foreclosed property costs and the loss on sale of nonperforming assets in 2010, the second quarter operating expenses were \$46.8 million, flat with the first quarter and \$3.1 million higher than a year ago. Salary and benefit costs totaled \$26.4 million and increased \$2.8 million from last year and \$1.5 million from first quarter. Severance costs for eliminated staff positions account for \$1.2 million of the increase from both periods. Also contributing to the increase from a year ago were \$717,000 in higher incentive costs, lower deferred direct loan origination costs of \$518,000 and a \$288,000 change in the value of our deferred compensation liability.

Foreclosed property costs for the second quarter of 2011 were \$1.9 million as compared to \$64.9 million last quarter and \$14.5 million a year ago. For the second quarter of 2011, these costs were for maintenance of foreclosed properties. For the first quarter of 2011, foreclosed property costs included \$60.6 million of write downs and losses on accelerated sales related to the asset disposition plan and \$4.3 million of maintenance costs. Second quarter 2010 included \$11.2 million of write downs and losses and \$3.3 million for maintenance costs.

The effective tax rate for the second quarter of 2011 was 40 percent, equal to the first quarter of 2011. The effective tax rate for the balance of 2011 will continue in the 40 percent range due to year-to-date net losses and will return to a normal range of 35 to 36 percent with expected profitability for 2012.

As of June 30, 2011, the capital ratios for United were as follows: Tier 1 Risk Based of 13.9 percent; Tier 1 Leverage of 8.7 percent; and, Total Risk Based of 16.4 percent. The quarterly average tangible equity-to-assets ratio was 11.1 percent. As of quarter-end, tangible common equity-to-assets ratio was 8.9 percent compared to the quarterly average of 4.8 percent which was distorted by the late-quarter timing of the conversion of the mandatorily convertible preferred stock that occurred late in the quarter. The quarter-end tangible common equity to assets ratio of 8.9 percent is more representative of United's current capital strength.

"It is of course good to once again report positive earnings," Tallent said. "The last three years have been extremely challenging in our industry, and challenges remain as the economy continues to struggle. We have laid out our strategy and now we are about the business of implementation. Our company has completed the capital transaction, de-risked our balance sheet through the Problem Asset Disposition Plan, executed the reverse stock split, and achieved profitability. We are on the right track but by no means satisfied; there is more work to do on credit quality, commercial loans, core deposits, customer service, and organic growth. We are moving forward with determination and optimism."

Conference Call

United Community Banks will hold a conference call today, Thursday, July 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 conference number 78907241. 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 \$7.4 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.

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UNITED COMMUNITY BANKS, INC.
Financial Highlights
Selected Financial Information

(in thousands, except per share data; taxable equivalent)	2011		2010			Second Quarter 2011-2010 Change	For the Six Months Ended		YTD 2011-2010 Change
	Second Quarter	First Quarter	Fourth Quarter	Third Quarter	Second Quarter		2011	2010	
INCOME SUMMARY									
Interest revenue	\$ 76,931	\$ 75,965	\$ 81,215	\$ 84,360	\$ 87,699		\$ 152,896	\$ 177,548	
Interest expense	17,985	19,573	21,083	24,346	26,072		37,558	54,642	
Net interest revenue	58,946	56,392	60,132	60,014	61,627	(4)%	115,338	122,906	(6)%
Operating provision for loan losses (1)	11,000	190,000	47,750	50,500	61,500		201,000	136,500	
Fee revenue (2)	13,905	11,838	12,442	12,861	11,579	20	25,743	23,245	11
Total operating revenue (1)(2)	61,851	(121,770)	24,824	22,375	11,706		(59,919)	9,651	
Operating expenses (3)	48,728	115,271	64,918	64,906	58,308	(16)	163,999	113,128	45
Loss on sale of nonperforming assets	—	—	—	—	45,349		—	45,349	
Operating income (loss) from continuing operations before income taxes	13,123	(237,041)	(40,094)	(42,531)	(91,951)	114	(223,918)	(148,826)	
Operating income tax expense (benefit)	5,506	(94,555)	(16,520)	(16,706)	(32,419)		(89,049)	(54,836)	
Net operating income (loss) from continuing operations (1)(2)(3)	7,617	(142,486)	(23,574)	(25,825)	(59,532)	113	(134,869)	(93,990)	(43)
Noncash goodwill impairment charges	—	—	—	(210,590)	—		—	—	
Partial reversal of fraud loss provision, net of income tax	—	—	7,179	—	—		—	—	
Loss from discontinued operations, net of income tax	—	—	—	—	—		—	(101)	
Gain from sale of subsidiary, net income tax	—	—	—	—	—		—	1,266	
Net income (loss)	7,617	(142,486)	(16,395)	(236,415)	(59,532)	113	(134,869)	(92,825)	(45)
Preferred dividends and discount accretion	3,016	2,778	2,586	2,581	2,577		5,794	5,149	
Net income (loss) available to common shareholders	\$ 4,601	\$ (145,264)	\$ (18,981)	\$ (238,996)	\$ (62,109)		\$ (140,663)	\$ (97,974)	

PERFORMANCE MEASURES

Per common share:									
Diluted operating income (loss) from continuing operations (1)(2)(3)	\$.08	\$ (7.87)	\$ (1.38)	\$ (1.50)	\$ (3.29)	102	\$ (6.40)	\$ (5.25)	(22)
Diluted income (loss) from continuing operations	.08	(7.87)	(1.00)	(12.62)	(3.29)	102	(6.40)	(5.25)	(22)
Diluted income (loss)	.08	(7.87)	(1.00)	(12.62)	(3.29)	102	(6.40)	(5.19)	(23)
Book value	11.59	14.78	24.18	25.70	38.55	(70)	11.59	38.55	(70)
Tangible book value (5)	11.47	14.44	23.78	25.26	26.95	(57)	11.47	26.95	(57)
Key performance ratios:									
Return on equity (4)(6)	5.34%	(147.11)%	(17.16)%	(148.04)%	(35.89)%		(76.07)%	(27.87)%	
Return on assets (6)	.40	(7.61)	(.89)	(12.47)	(3.10)		(3.57)	(2.39)	
Net interest margin (6)	3.41	3.30	3.58	3.57	3.60		3.36	3.55	
Operating efficiency ratio from continuing operations (2)(3)	66.88	169.08	89.45	89.38	141.60		116.28	108.48	
Equity to assets	11.21	8.82	8.85	11.37	11.84		10.02	11.87	
Tangible equity to assets (5)	11.13	8.73	8.75	9.19	9.26		9.94	9.32	
Tangible common equity to assets (5)	4.79	5.51	6.35	6.78	6.91		5.15	7.02	
Tangible common equity to risk-weighted assets (5)	14.26	6.40	9.05	9.60	9.97		14.26	9.97	

ASSET QUALITY *

Non-performing loans	\$ 71,065	\$ 83,769	\$ 179,094	\$ 217,766	\$ 224,335		\$ 71,065	\$ 224,335	
Foreclosed properties	47,584	54,378	142,208	129,964	123,910		47,584	123,910	
Total non-performing assets (NPAs)	118,649	138,147	321,302	347,730	348,245		118,649	348,245	
Allowance for loan losses	127,638	133,121	174,695	174,613	174,111		127,638	174,111	
Operating net charge-offs (1)	16,483	231,574	47,668	49,998	61,323		248,057	117,991	
Allowance for loan losses to loans	3.07%	3.17%	3.79%	3.67%	3.57%		3.07%	3.57%	
Operating net charge-offs to average loans (1)(6)	1.58	20.71	4.03	4.12	4.98		11.46	4.75	
NPAs to loans and foreclosed properties	2.82	3.25	6.77	7.11	6.97		2.82	6.97	
NPAs to total assets	1.60	1.73	4.32	4.96	4.55		1.60	4.55	

AVERAGE BALANCES (\$ in millions)

Loans	\$ 4,266	\$ 4,599	\$ 4,768	\$ 4,896	\$ 5,011	(15)	\$ 4,432	\$ 5,091	(13)
Investment securities	2,074	1,625	1,354	1,411	1,532	35	1,851	1,525	21
Earning assets	6,924	6,902	6,680	6,676	6,854	1	6,913	6,969	(1)
Total assets	7,624	7,595	7,338	7,522	7,704	(1)	7,609	7,825	(3)
Deposits	6,372	6,560	6,294	6,257	6,375	—	6,465	6,472	—
Shareholders' equity	854	670	649	855	912	(6)	763	929	(18)
Common shares — basic (thousands)	25,427	18,466	18,984	18,936	18,905		21,965	18,891	
Common shares — diluted (thousands)	57,543	18,466	18,984	18,936	18,905		21,965	18,891	

AT PERIOD END (\$ in millions)

Loans *	\$ 4,163	\$ 4,194	\$ 4,604	\$ 4,760	\$ 4,873	(15)	\$ 4,163	\$ 4,873	(15)
Investment securities	2,188	1,884	1,490	1,310	1,488	47	2,188	1,488	47
Total assets	7,410	7,974	7,443	7,013	7,652	(3)	7,410	7,652	(3)
Deposits	6,183	6,598	6,469	5,999	6,330	(2)	6,183	6,330	(2)
Shareholders' equity	860	850	636	662	904	(5)	860	904	(5)
Common shares outstanding (thousands)	57,469	20,903	18,937	18,887	18,856		57,469	18,856	

(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

<i>(in thousands, except per share data; taxable equivalent)</i>	2011		2010			For the Six Months Ended	
	Second Quarter	First Quarter	Fourth Quarter	Third Quarter	Second Quarter	2011	2010
Interest revenue reconciliation							
Interest revenue — taxable equivalent	\$ 76,931	\$ 75,965	\$ 81,215	\$ 84,360	\$ 87,699	\$ 152,896	\$ 177,548
Taxable equivalent adjustment	(429)	(435)	(497)	(511)	(500)	(864)	(993)
Interest revenue (GAAP)	<u>\$ 76,502</u>	<u>\$ 75,530</u>	<u>\$ 80,718</u>	<u>\$ 83,849</u>	<u>\$ 87,199</u>	<u>\$ 152,032</u>	<u>\$ 176,555</u>
Net interest revenue reconciliation							
Net interest revenue — taxable equivalent	\$ 58,946	\$ 56,392	\$ 60,132	\$ 60,014	\$ 61,627	\$ 115,338	\$ 122,906
Taxable equivalent adjustment	(429)	(435)	(497)	(511)	(500)	(864)	(993)
Net interest revenue (GAAP)	<u>\$ 58,517</u>	<u>\$ 55,957</u>	<u>\$ 59,635</u>	<u>\$ 59,503</u>	<u>\$ 61,127</u>	<u>\$ 114,474</u>	<u>\$ 121,913</u>
Provision for loan losses reconciliation							
Operating provision for loan losses	\$ 11,000	\$ 190,000	\$ 47,750	\$ 50,500	\$ 61,500	\$ 201,000	\$ 136,500
Partial reversal of special fraud-related provision for loan loss	—	—	(11,750)	—	—	—	—
Provision for loan losses (GAAP)	<u>\$ 11,000</u>	<u>\$ 190,000</u>	<u>\$ 36,000</u>	<u>\$ 50,500</u>	<u>\$ 61,500</u>	<u>\$ 201,000</u>	<u>\$ 136,500</u>
Total revenue reconciliation							
Total operating revenue	\$ 61,851	\$ (121,770)	\$ 24,824	\$ 22,375	\$ 11,706	\$ (59,919)	\$ 9,651
Taxable equivalent adjustment	(429)	(435)	(497)	(511)	(500)	(864)	(993)
Partial reversal of special fraud-related provision for loan loss	—	—	11,750	—	—	—	—
Total revenue (GAAP)	<u>\$ 61,422</u>	<u>\$ (122,205)</u>	<u>\$ 36,077</u>	<u>\$ 21,864</u>	<u>\$ 11,206</u>	<u>\$ (60,783)</u>	<u>\$ 8,658</u>
Expense reconciliation							
Operating expense	\$ 48,728	\$ 115,271	\$ 64,918	\$ 64,906	\$ 103,657	\$ 163,999	\$ 158,477
Noncash goodwill impairment charge	—	—	—	210,590	—	—	—
Operating expense (GAAP)	<u>\$ 48,728</u>	<u>\$ 115,271</u>	<u>\$ 64,918</u>	<u>\$ 275,496</u>	<u>\$ 103,657</u>	<u>\$ 163,999</u>	<u>\$ 158,477</u>
Income (loss) from continuing operations before taxes reconciliation							
Operating income (loss) from continuing operations before taxes	\$ 13,123	\$ (237,041)	\$ (40,094)	\$ (42,531)	\$ (91,951)	\$ (223,918)	\$ (148,826)
Taxable equivalent adjustment	(429)	(435)	(497)	(511)	(500)	(864)	(993)
Noncash goodwill impairment charge	—	—	—	(210,590)	—	—	—
Partial reversal of special fraud-related provision for loan loss	—	—	11,750	—	—	—	—
Income (loss) from continuing operations before taxes (GAAP)	<u>\$ 12,694</u>	<u>\$ (237,476)</u>	<u>\$ (28,841)</u>	<u>\$ (253,632)</u>	<u>\$ (92,451)</u>	<u>\$ (224,782)</u>	<u>\$ (149,819)</u>
Income tax expense (benefit) reconciliation							
Operating income tax expense (benefit)	\$ 5,506	\$ (94,555)	\$ (16,520)	\$ (16,706)	\$ (32,419)	\$ (89,049)	\$ (54,836)
Taxable equivalent adjustment	(429)	(435)	(497)	(511)	(500)	(864)	(993)
Partial reversal of special fraud-related provision for loan loss	—	—	4,571	—	—	—	—
Income tax expense (benefit) (GAAP)	<u>\$ 5,077</u>	<u>\$ (94,990)</u>	<u>\$ (12,446)</u>	<u>\$ (17,217)</u>	<u>\$ (32,919)</u>	<u>\$ (89,913)</u>	<u>\$ (55,829)</u>
Diluted earnings (loss) from continuing operations per common share reconciliation							
Diluted operating earnings (loss) from continuing operations per common share	\$.08	\$ (7.87)	\$ (1.38)	\$ (1.50)	\$ (3.29)	\$ (6.40)	\$ (5.25)
Noncash goodwill impairment charge	—	—	—	(11.12)	—	—	—
Partial reversal of special fraud-related provision for loan loss	—	—	.38	—	—	—	—
Diluted earnings (loss) from continuing operations per common share (GAAP)	<u>\$.08</u>	<u>\$ (7.87)</u>	<u>\$ (1.00)</u>	<u>\$ (12.62)</u>	<u>\$ (3.29)</u>	<u>\$ (6.40)</u>	<u>\$ (5.25)</u>
Book value per common share reconciliation							
Tangible book value per common share	\$ 11.47	\$ 14.44	\$ 23.78	\$ 25.26	\$ 26.95	\$ 11.47	\$ 26.95
Effect of goodwill and other intangibles	.12	.34	.40	.44	11.60	.12	11.60
Book value per common share (GAAP)	<u>\$ 11.59</u>	<u>\$ 14.78</u>	<u>\$ 24.18</u>	<u>\$ 25.70</u>	<u>\$ 38.55</u>	<u>\$ 11.59</u>	<u>\$ 38.55</u>
Efficiency ratio from continuing operations reconciliation							
Operating efficiency ratio from continuing operations	66.88%	169.08%	89.45%	89.38%	141.60%	116.28%	108.48%
Noncash goodwill impairment charge	—	—	—	290.00	—	—	—
Efficiency ratio from continuing operations (GAAP)	<u>66.88%</u>	<u>169.08%</u>	<u>89.45%</u>	<u>379.38%</u>	<u>141.60%</u>	<u>116.28%</u>	<u>108.48%</u>
Average equity to assets reconciliation							
Tangible common equity to assets	4.79%	5.51%	6.35%	6.78%	6.91%	5.15%	7.02%
Effect of preferred equity	6.34	3.22	2.40	2.41	2.35	4.79	2.30
Tangible equity to assets	11.13	8.73	8.75	9.19	9.26	9.94	9.32
Effect of goodwill and other intangibles	.08	.09	.10	2.18	2.58	.08	2.55
Equity to assets (GAAP)	<u>11.21%</u>	<u>8.82%</u>	<u>8.85%</u>	<u>11.37%</u>	<u>11.84%</u>	<u>10.02%</u>	<u>11.87%</u>
Actual tangible common equity to risk-weighted assets reconciliation							
Tangible common equity to risk-weighted assets	14.26%	6.40%	9.05%	9.60%	9.97%	14.26%	9.97%
Effect of other comprehensive income	(.65)	(.58)	(.62)	(.81)	(.87)	(.65)	(.87)
Effect of deferred tax limitation	(5.04)	(5.10)	(3.34)	(2.94)	(2.47)	(5.04)	(2.47)
Effect of trust preferred	1.14	1.12	1.06	1.06	1.03	1.14	1.03
Effect of preferred equity	4.17	5.97	3.52	3.51	3.41	4.17	3.41
Tier 1 capital ratio (Regulatory)	<u>13.88%</u>	<u>7.81%</u>	<u>9.67%</u>	<u>10.42%</u>	<u>11.07%</u>	<u>13.88%</u>	<u>11.07%</u>
Net charge-offs reconciliation							
Operating net charge-offs	\$ 16,483	\$ 231,574	\$ 47,668	\$ 49,998	\$ 61,323	\$ 248,057	\$ 117,991
Subsequent partial recovery of fraud-related charge-off	—	—	(11,750)	—	—	—	—
Net charge-offs (GAAP)	<u>\$ 16,483</u>	<u>\$ 231,574</u>	<u>\$ 35,918</u>	<u>\$ 49,998</u>	<u>\$ 61,323</u>	<u>\$ 248,057</u>	<u>\$ 117,991</u>

Net charge-offs to average loans reconciliation

Operating net charge-offs to average loans	1.58%	20.71%	4.03%	4.12%	4.98%	11.46%	4.75%
Subsequent partial recovery of fraud-related charge-off	—	—	(1.00)	—	—	—	—
Net charge-offs to average loans (GAAP)	<u>1.58%</u>	<u>20.71%</u>	<u>3.03%</u>	<u>4.12%</u>	<u>4.98%</u>	<u>11.46%</u>	<u>4.75%</u>

UNITED COMMUNITY BANKS, INC.

Financial Highlights

Loan Portfolio Composition at Period-End ⁽¹⁾

<i>(in millions)</i>	2011		2010			Linked Quarter Change	Year over Year Change
	Second Quarter	First Quarter	Fourth Quarter	Third Quarter	Second Quarter		
LOANS BY CATEGORY							
Commercial (sec. by RE)	\$ 1,742	\$ 1,692	\$ 1,761	\$ 1,781	\$ 1,780	\$ 50	\$ (38)
Commercial construction	195	213	297	310	342	(18)	(147)
Commercial & industrial	428	431	441	456	441	(3)	(13)
Total commercial	2,365	2,336	2,499	2,547	2,563	29	(198)
Residential construction	502	550	695	764	820	(48)	(318)
Residential mortgage	1,177	1,187	1,279	1,316	1,356	(10)	(179)
Consumer / installment	119	121	131	133	134	(2)	(15)
Total loans	\$ 4,163	\$ 4,194	\$ 4,604	\$ 4,760	\$ 4,873	(31)	(710)

LOANS BY MARKET

Atlanta MSA	\$ 1,188	\$ 1,179	\$ 1,310	\$ 1,365	\$ 1,373	9	(185)
Gainesville MSA	275	282	312	316	343	(7)	(68)
North Georgia	1,500	1,531	1,689	1,755	1,808	(31)	(308)
Western North Carolina	626	640	702	719	738	(14)	(112)
Coastal Georgia	325	312	335	345	356	13	(31)
East Tennessee	249	250	256	260	255	(1)	(6)
Total loans	\$ 4,163	\$ 4,194	\$ 4,604	\$ 4,760	\$ 4,873	(31)	(710)

**RESIDENTIAL
CONSTRUCTION**

Dirt loans							
Acquisition & development	\$ 105	\$ 116	\$ 174	\$ 190	\$ 214	(11)	(109)
Land loans	62	69	99	104	110	(7)	(48)
Lot loans	218	228	275	303	311	(10)	(93)
Total	385	413	548	597	635	(28)	(250)
House loans							
Spec	74	88	97	109	125	(14)	(51)
Sold	43	49	50	58	60	(6)	(17)
Total	117	137	147	167	185	(20)	(68)
Total residential construction	\$ 502	\$ 550	\$ 695	\$ 764	\$ 820	(48)	(318)

**RESIDENTIAL
CONSTRUCTION -
ATLANTA MSA**

Dirt loans							
Acquisition & development	\$ 20	\$ 22	\$ 30	\$ 34	\$ 40	(2)	(20)
Land loans	16	19	23	27	32	(3)	(16)
Lot loans	22	24	32	45	39	(2)	(17)
Total	58	65	85	106	111	(7)	(53)
House loans							
Spec	30	34	38	42	48	(4)	(18)
Sold	9	11	10	11	10	(2)	(1)
Total	39	45	48	53	58	(6)	(19)
Total residential construction	\$ 97	\$ 110	\$ 133	\$ 159	\$ 169	(13)	(72)

(1) Excludes total loans of \$70.8 million, \$63.3 million, \$68.2 million, \$75.2 million and \$80.8 million as of June 30, 2011, March 31, 2011, December 31, 2010, September 30, 2010 and June 30, 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)	Second Quarter 2011			First Quarter 2011 (2)			Fourth 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)	\$ 17,764	\$ 6,796	\$ 24,560	\$ 20,648	\$ 7,886	\$ 28,534	\$ 44,927	\$ 23,659	\$ 68,586
Commercial construction	2,782	6,764	9,546	3,701	11,568	15,269	21,374	17,808	39,182
Commercial & industrial	1,998	—	1,998	2,198	—	2,198	5,611	—	5,611
Total commercial	22,544	13,560	36,104	26,547	19,454	46,001	71,912	41,467	113,379
Residential construction	22,643	24,968	47,611	32,038	25,807	57,845	54,505	78,231	132,736
Residential mortgage	24,809	9,056	33,865	23,711	9,117	32,828	51,083	22,510	73,593
Consumer / installment	1,069	—	1,069	1,473	—	1,473	1,594	—	1,594
Total NPAs	\$ 71,065	\$ 47,584	\$ 118,649	\$ 83,769	\$ 54,378	\$ 138,147	\$ 179,094	\$ 142,208	\$ 321,302
Balance as a % of Unpaid Principal	64.5%	32.6%	46.3%	57.3%	30.3%	42.4%	67.2%	64.4%	65.9%
NPAs BY MARKET									
Atlanta MSA	\$ 14,700	\$ 11,239	\$ 25,939	\$ 21,501	\$ 16,913	\$ 38,414	\$ 48,289	\$ 41,154	\$ 89,443
Gainesville MSA	4,505	3,174	7,679	4,332	2,157	6,489	5,171	9,273	14,444
North Georgia	28,117	21,278	49,395	30,214	23,094	53,308	83,551	66,211	149,762
Western North Carolina	15,153	8,953	24,106	18,849	7,802	26,651	25,832	11,553	37,385
Coastal Georgia	5,357	2,564	7,921	5,847	3,781	9,628	11,145	11,901	23,046
East Tennessee	3,233	376	3,609	3,026	631	3,657	5,106	2,116	7,222
Total NPAs	\$ 71,065	\$ 47,584	\$ 118,649	\$ 83,769	\$ 54,378	\$ 138,147	\$ 179,094	\$ 142,208	\$ 321,302

NPA ACTIVITY									
Beginning Balance	\$ 83,769	\$ 54,378	\$ 138,147	\$ 179,094	\$ 142,208	\$ 321,302	\$ 217,766	\$ 129,964	\$ 347,730
Loans placed on non-accrual	35,911	—	35,911	54,730	—	54,730	81,023	—	81,023
Payments received	(7,702)	—	(7,702)	(3,550)	—	(3,550)	(7,250)	—	(7,250)
Loan charge-offs	(18,888)	—	(18,888)	(43,969)	—	(43,969)	(47,913)	—	(47,913)
Foreclosures	(22,025)	22,025	—	(17,052)	17,052	—	(61,432)	61,432	—
Capitalized costs	—	20	20	—	270	270	—	170	170
Note / property sales	—	(28,939)	(28,939)	(11,400)	(44,547)	(55,947)	(3,100)	(33,509)	(36,609)
Loans held for sale	—	—	—	(74,084)	—	(74,084)	—	—	—
Write downs	—	(3,118)	(3,118)	—	(48,585)	(48,585)	—	(8,031)	(8,031)
Net losses on sales	—	3,218	3,218	—	(12,020)	(12,020)	—	(7,818)	(7,818)
Ending Balance	\$ 71,065	\$ 47,584	\$ 118,649	\$ 83,769	\$ 54,378	\$ 138,147	\$ 179,094	\$ 142,208	\$ 321,302

(in thousands)	Second Quarter 2011 (3)		First Quarter 2011 (3)		Fourth Quarter 2010 (4)	
	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)	\$ 3,259	.76%	\$ 48,607	11.07%	\$ 6,493	1.45%
Commercial construction	869	1.70	49,715	76.95	3,924	5.12
Commercial & industrial	523	.49	4,040	3.64	2,891	2.54
Total commercial	4,651	.79	102,362	16.66	13,308	2.09
Residential construction	6,629	5.04	92,138	58.20	24,497	13.28
Residential mortgage	4,589	1.55	36,383	11.62	9,176	2.80
Consumer / installment	614	2.04	691	2.16	687	2.06
Total	\$ 16,483	1.58	\$ 231,574	20.71	\$ 47,668	4.03
NET CHARGE-OFFS BY MARKET						
Atlanta MSA	\$ 2,920	.99%	\$ 56,489	17.86%	\$ 15,222	4.48%
Gainesville MSA	2,318	3.36	8,616	11.93	3,434	4.37
North Georgia	6,575	1.72	123,305	29.66	18,537	4.26
Western North Carolina	3,522	2.21	26,447	15.61	5,154	2.87
Coastal Georgia	815	1.02	12,003	14.80	3,670	4.27
East Tennessee	333	.54	4,714	7.47	1,651	2.53
Total	\$ 16,483	1.58	\$ 231,574	20.71	\$ 47,668	4.03

(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 and second quarters 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 and second quarters 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

Net Charge-Off Summary (1)

<i>(in thousands)</i>	Second Quarter 2011			First Quarter 2011			First Six Months 2011		
	Other	Problem Asset Disposition Plan	Total	Other	Problem Asset Disposition Plan	Total	Other	Problem Asset Disposition Plan	Total
BY CATEGORY									
Commercial (sec. by RE)	\$ 4,972	\$ (1,713)	\$ 3,259	\$ 2,842	\$ 45,765	\$ 48,607	\$ 7,814	\$ 44,052	\$ 51,866
Commercial construction	2,201	(1,332)	869	1,146	48,569	49,715	3,347	47,237	50,584
Commercial & industrial	639	(116)	523	513	3,527	4,040	1,152	3,411	4,563
Total commercial	7,812	(3,161)	4,651	4,501	97,861	102,362	12,313	94,700	107,013
Residential construction	9,471	(2,842)	6,629	10,643	81,495	92,138	20,114	78,653	98,767
Residential mortgage	5,844	(1,255)	4,589	4,989	31,394	36,383	10,833	30,139	40,972
Consumer / installment	625	(11)	614	383	308	691	1,008	297	1,305
Total	\$23,752	\$ (7,269)	\$16,483	\$20,516	\$ 211,058	\$231,574	\$44,268	\$ 203,789	\$248,057
BY MARKET									
Atlanta MSA	\$ 4,875	\$ (1,955)	\$ 2,920	\$ 3,296	\$ 53,193	\$ 56,489	\$ 8,171	\$ 51,238	\$ 59,409
Gainesville MSA	2,576	(258)	2,318	954	7,662	8,616	3,530	7,404	10,934
North Georgia	10,360	(3,785)	6,575	8,544	114,761	123,305	18,904	110,976	129,880
Western North Carolina	4,263	(741)	3,522	6,749	19,698	26,447	11,012	18,957	29,969
Coastal Georgia	1,206	(391)	815	341	11,662	12,003	1,547	11,271	12,818
East Tennessee	472	(139)	333	632	4,082	4,714	1,104	3,943	5,047
Total	\$23,752	\$ (7,269)	\$16,483	\$20,516	\$ 211,058	\$231,574	\$44,268	\$ 203,789	\$248,057

(1) This schedule presents net charge-offs by loan type and geographic market separated between those charge offs related to United's first quarter 2011 Problem Asset Disposition Plan including losses on loans sold in the bulk loan sale transaction that closed on April 18, 2011 and all other charge-offs. The charge-offs on the bulk loan sale recognized in the first quarter were estimated based on indicative bids from prospective buyers. Actual losses were less than estimated resulting in an adjustment to the loss in the second quarter.

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

<i>(in thousands, except per share data)</i>	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2011	2010	2011	2010
Interest revenue:				
Loans, including fees	\$ 60,958	\$ 70,611	\$ 122,065	\$ 142,826
Investment securities, including tax exempt of \$251, \$295, \$510 and \$606	14,792	15,829	28,396	32,032
Federal funds sold, commercial paper and deposits in banks	752	759	1,571	1,697
Total interest revenue	76,502	87,199	152,032	176,555
Interest expense:				
Deposits:				
NOW	1,036	1,745	2,360	3,599
Money market	1,499	1,829	3,527	3,586
Savings	64	83	141	167
Time	10,995	17,718	22,727	37,916
Total deposit interest expense	13,594	21,375	28,755	45,268
Federal funds purchased, repurchase agreements and other short-term borrowings	1,074	1,056	2,116	2,094
Federal Home Loan Bank advances	570	974	1,160	1,951
Long-term debt	2,747	2,667	5,527	5,329
Total interest expense	17,985	26,072	37,558	54,642
Net interest revenue	58,517	61,127	114,474	121,913
Provision for loan losses	11,000	61,500	201,000	136,500
Net interest revenue after provision for loan losses	47,517	(373)	(86,526)	(14,587)
Fee revenue:				
Service charges and fees	7,608	7,993	14,328	15,440
Mortgage loan and other related fees	952	1,601	2,446	3,080
Brokerage fees	691	586	1,368	1,153
Securities gains, net	783	—	838	61
Loss from prepayment of debt	(791)	—	(791)	—
Other	4,662	1,399	7,554	3,511
Total fee revenue	13,905	11,579	25,743	23,245
Total revenue	61,422	11,206	(60,783)	8,658
Operating expenses:				
Salaries and employee benefits	26,436	23,590	51,360	47,950
Communications and equipment	3,378	3,511	6,722	6,784
Occupancy	3,805	3,836	7,879	7,650
Advertising and public relations	1,317	1,352	2,295	2,395
Postage, printing and supplies	1,085	765	2,203	1,990
Professional fees	2,350	2,178	5,680	4,121
Foreclosed property	1,891	14,540	66,790	25,353
FDIC assessments and other regulatory charges	3,644	3,566	9,057	7,192
Amortization of intangibles	760	794	1,522	1,596
Other	4,062	4,176	10,491	8,097
Loss on sale of nonperforming assets	—	45,349	—	45,349
Total operating expenses	48,728	103,657	163,999	158,477
Income (loss) from continuing operations before income taxes	12,694	(92,451)	(224,782)	(149,819)
Income tax expense (benefit)	5,077	(32,919)	(89,913)	(55,829)
Net income (loss) from continuing operations	7,617	(59,532)	(134,869)	(93,990)
Loss from discontinued operations, net of income taxes	—	—	—	(101)
Gain from sale of subsidiary, net of income taxes and selling costs	—	—	—	1,266
Net income (loss)	7,617	(59,532)	(134,869)	(92,825)
Preferred stock dividends and discount accretion	3,016	2,577	5,794	5,149
Net income (loss) available to common shareholders	\$ 4,601	\$ (62,109)	\$ (140,663)	\$ (97,974)
Earnings (loss) from continuing operations per common share — Basic	\$.18	\$ (3.29)	\$ (6.40)	\$ (5.25)
Earnings (loss) from continuing operations per common share — Diluted	.08	(3.29)	(6.40)	(5.25)
Earnings (loss) per common share — Basic	.18	(3.29)	(6.40)	(5.19)

Earnings (loss) per common share — Diluted	.08	(3.29)	(6.40)	(5.19)
Weighted average common shares outstanding — Basic	25,427	18,905	21,965	18,891
Weighted average common shares outstanding — Diluted	57,543	18,905	21,965	18,891

UNITED COMMUNITY BANKS, INC.
Consolidated Balance Sheet

<i>(in thousands, except share and per share data)</i>	June 30, 2011 <i>(unaudited)</i>	December 31, 2010 <i>(audited)</i>	June 30, 2010 <i>(unaudited)</i>
ASSETS			
Cash and due from banks	\$ 163,331	\$ 95,994	\$ 115,088
Interest-bearing deposits in banks	41,863	111,901	105,183
Federal funds sold, commercial paper and short-term investments	174,996	441,562	148,227
Cash and cash equivalents	380,190	649,457	368,498
Securities available for sale	1,816,613	1,224,417	1,165,776
Securities held to maturity (fair value \$379,231, 267,988 and \$327,497)	371,578	265,807	322,148
Mortgage loans held for sale	19,406	35,908	22,705
Loans, net of unearned income	4,163,447	4,604,126	4,873,030
Less allowance for loan losses	127,638	174,695	174,111
Loans, net	4,035,809	4,429,431	4,698,919
Assets covered by loss sharing agreements with the FDIC	95,726	131,887	156,611
Premises and equipment, net	178,208	178,239	180,125
Accrued interest receivable	21,291	24,299	29,650
Goodwill and other intangible assets	9,922	11,446	223,600
Foreclosed property	47,584	142,208	123,910
Net deferred tax asset	261,268	166,937	111,485
Other assets	172,074	183,160	249,057
Total assets	\$ 7,409,669	\$ 7,443,196	\$ 7,652,484
LIABILITIES AND SHAREHOLDERS' EQUITY			
Liabilities:			
Deposits:			
Demand	\$ 899,017	\$ 793,414	\$ 779,934
NOW	1,306,109	1,424,781	1,326,861
Money market	989,600	891,252	756,370
Savings	197,927	183,894	185,176
Time:			
Less than \$100,000	1,508,444	1,496,700	1,575,211
Greater than \$100,000	981,154	1,002,359	1,093,975
Brokered	300,964	676,772	611,985
Total deposits	6,183,215	6,469,172	6,329,512
Federal funds purchased, repurchase agreements, and other short-term borrowings	103,666	101,067	104,127
Federal Home Loan Bank advances	40,625	55,125	104,138
Long-term debt	150,186	150,146	150,106
Unsettled securities purchases	35,634	—	20,941
Accrued expenses and other liabilities	36,368	32,171	39,243
Total liabilities	6,549,694	6,807,681	6,748,067
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	176,392	175,711	175,050
Series D; \$1,000 stated value; 16,613 shares issued and outstanding	16,613	—	—
Common stock, \$1 par value; 100,000,000 shares authorized;			
41,554,874, 18,937,001 and 18,856,185 shares issued and outstanding	41,555	18,937	18,856
Common stock, non-voting, \$1 par value; 30,000,000 shares authorized;			
15,914,209 shares issued and outstanding	15,914	—	—
Common stock issuable; 83,575, 67,287 and 56,954 shares	3,574	3,894	3,898
Capital surplus	1,051,607	741,244	739,261
Accumulated deficit	(476,230)	(335,567)	(77,590)
Accumulated other comprehensive income	30,333	31,079	44,725
Total shareholders' equity	859,975	635,515	904,417
Total liabilities and shareholders' equity	\$ 7,409,669	\$ 7,443,196	\$ 7,652,484

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>	2011			2010		
	Average Balance	Interest	Avg. Rate	Average Balance	Interest	Avg. Rate
Assets:						
Interest-earning assets:						
Loans, net of unearned income (1)(2)	\$ 4,266,211	\$ 60,958	5.73%	\$ 5,010,937	\$ 70,640	5.65%
Taxable securities (3)	2,048,683	14,541	2.84	1,503,162	15,534	4.13
Tax-exempt securities (1)(3)	25,044	411	6.56	28,920	482	6.67
Federal funds sold and other interest-earning assets	583,832	1,021	.70	311,475	1,043	1.34
Total interest-earning assets	6,923,770	76,931	4.45	6,854,494	87,699	5.13
Non-interest-earning assets:						
Allowance for loan losses	(139,744)			(193,998)		
Cash and due from banks	119,801			100,931		
Premises and equipment	178,949			181,064		
Other assets (3)	540,943			761,803		
Total assets	\$7,623,719			\$7,704,294		
Liabilities and Shareholders' Equity:						
Interest-bearing liabilities:						
Interest-bearing deposits:						
NOW	\$ 1,310,441	1,036	.32	\$ 1,325,099	1,745	.53
Money market	979,432	1,499	.61	746,039	1,829	.98
Savings	195,946	64	.13	186,628	83	.18
Time less than \$100,000	1,541,909	4,990	1.30	1,605,308	7,887	1.97
Time greater than \$100,000	988,810	3,873	1.57	1,110,010	6,102	2.20
Brokered	473,161	2,132	1.81	642,954	3,729	2.33
Total interest-bearing deposits	5,489,699	13,594	.99	5,616,038	21,375	1.53
Federal funds purchased and other borrowings						
	103,156	1,074	4.18	104,637	1,056	4.05
Federal Home Loan Bank advances	52,735	570	4.34	107,948	974	3.62
Long-term debt	150,178	2,747	7.34	150,097	2,667	7.13
Total borrowed funds	306,069	4,391	5.75	362,682	4,697	5.19
Total interest-bearing liabilities	5,795,768	17,985	1.24	5,978,720	26,072	1.75
Non-interest-bearing liabilities:						
Non-interest-bearing deposits	882,151			758,558		
Other liabilities	91,353			54,931		
Total liabilities	6,769,272			6,792,209		
Shareholders' equity	854,447			912,085		
Total liabilities and shareholders' equity	\$7,623,719			\$7,704,294		
Net interest revenue		\$ 58,946			\$ 61,627	
Net interest-rate spread			3.21%			3.38%
Net interest margin (4)			3.41%			3.60%

(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 \$32.2 million in 2011 and \$43.6 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.
Average Consolidated Balance Sheets and Net Interest Analysis

For the Six Months Ended June 30,

<i>(dollars in thousands, taxable equivalent)</i>	2011			2010		
	Average Balance	Interest	Avg. Rate	Average Balance	Interest	Avg. Rate
Assets:						
Interest-earning assets:						
Loans, net of unearned income (1)(2)	\$4,431,617	\$ 122,028	5.55%	\$5,091,445	\$ 142,859	5.66%
Taxable securities (3)	1,825,322	27,886	3.06	1,495,447	31,426	4.20
Tax-exempt securities (1)(3)	25,434	835	6.57	29,482	991	6.72
Federal funds sold and other interest-earning assets	630,384	2,147	.68	352,683	2,272	1.29
Total interest-earning assets	6,912,757	152,896	4.45	6,969,057	177,548	5.13
Non-interest-earning assets:						
Allowance for loan losses	(154,347)			(190,662)		
Cash and due from banks	127,031			102,728		
Premises and equipment	179,150			181,493		
Other assets (3)	544,625			762,014		
Total assets	\$7,609,216			\$7,824,630		
Liabilities and Shareholders' Equity:						
Interest-bearing liabilities:						
Interest-bearing deposits:						
NOW	\$1,341,618	2,360	.35	\$1,343,297	3,599	.54
Money market	954,128	3,527	.75	734,817	3,586	.98
Savings	191,708	141	.15	183,555	167	.18
Time less than \$100,000	1,541,130	10,441	1.37	1,648,739	16,778	2.05
Time greater than \$100,000	989,840	8,024	1.63	1,132,767	12,872	2.29
Brokered	585,103	4,262	1.47	689,717	8,266	2.42
Total interest-bearing deposits	5,603,527	28,755	1.03	5,732,892	45,268	1.59
Federal funds purchased and other borrowings						
	102,132	2,116	4.18	103,355	2,094	4.09
Federal Home Loan Bank advances	53,923	1,160	4.34	111,150	1,951	3.54
Long-term debt	150,169	5,527	7.42	150,088	5,329	7.16
Total borrowed funds	306,224	8,803	5.80	364,593	9,374	5.18
Total interest-bearing liabilities	5,909,751	37,558	1.28	6,097,485	54,642	1.81
Non-interest-bearing liabilities:						
Non-interest-bearing deposits	861,864			738,876		
Other liabilities	75,083			59,605		
Total liabilities	6,846,698			6,895,966		
Shareholders' equity	762,518			928,664		
Total liabilities and shareholders' equity	\$7,609,216			\$7,824,630		
Net interest revenue		\$ 115,338			\$ 122,906	
Net interest-rate spread			3.17%			3.32%
Net interest margin (4)			3.36%			3.55%

(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 \$29.7 million in 2011 and \$43.4 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

Second Quarter 2011

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Satisfaction

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Cautionary Statement

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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.

Non-GAAP Measures

3

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 Reconciliation Tables' at the end of the Appendix of this presentation.

Highlights Second Quarter

4

- Returned to profitability
- Completion of Bulk Loan Sale
- Conversion of Preferred Stock and Reverse Stock Split
- Credit Quality Continues to Improve
 - Customer service and core deposits

LOAN PORTFOLIO & CREDIT QUALITY



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Proactively Addressing Credit Environment

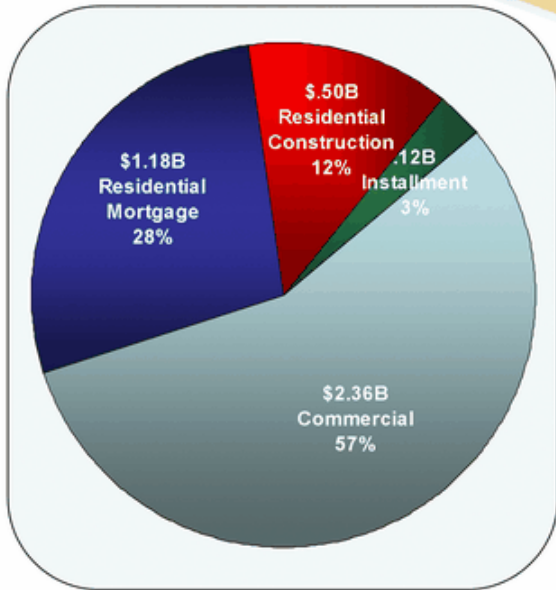
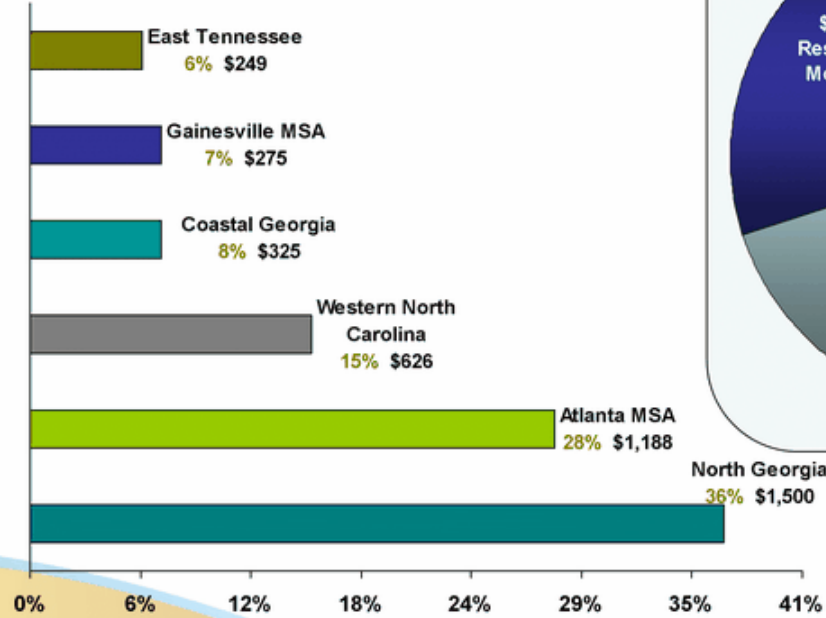
6

- **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*

Loan Portfolio (total \$4.16 billion)

Geographic Diversity

\$ in millions



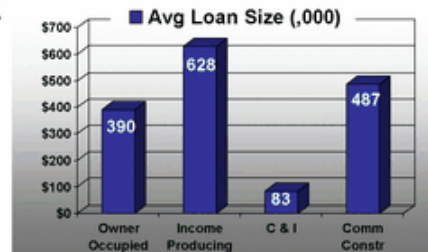
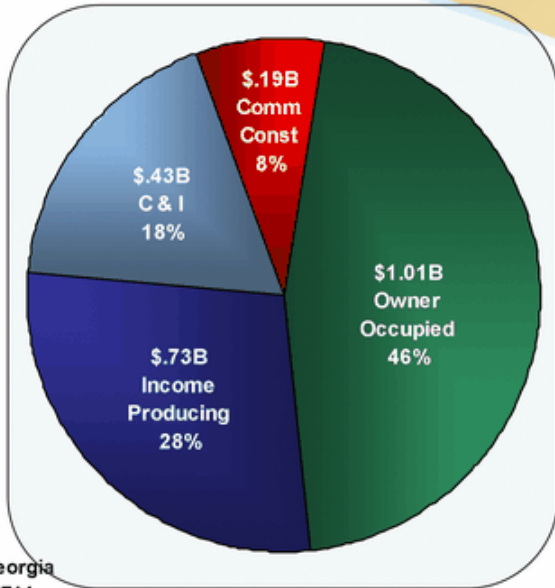
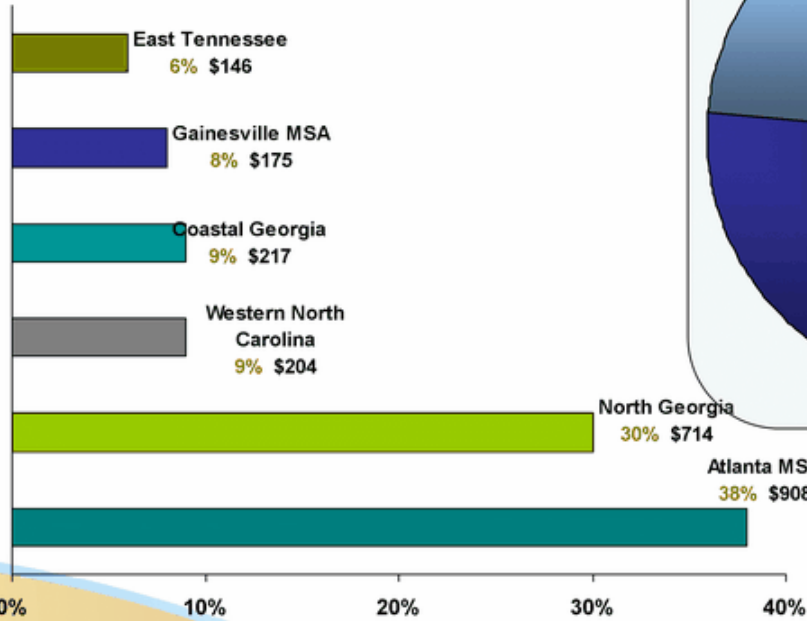
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Commercial Loans (total \$2.36 billion)

Geographic Diversity

in millions



Commercial Real Estate *(by loan type)*

(in millions)

Loan Type	June 30, 2011			
	Owner Occupied	Income Producing	Total	Percent
Office Buildings	\$ 250	\$ 203	\$ 453	26 %
Retail	112	144	256	15
Small Warehouses/Storage	114	73	187	11
Churches	147	-	147	9
Hotels/Motels	-	94	94	5
Convenience Stores	56	20	76	4
Franchise / Restaurants	37	35	72	4
Multi-Residential Properties	-	62	62	4
Farmland	56	-	56	3
Manufacturing Facility	38	8	46	3
Auto Dealership/Service	42	5	47	3
Golf Course/Recreation	9	35	44	2
Daycare Facility	15	9	23	1
Carwash	21	0	22	1
Funeral Home	13	1	14	1
Other Small Business	104	39	143	8
Total	\$ 1,014	\$ 728	\$ 1,742	

Portfolio Characteristics

- 58% owner-occupied
- Small business, doctors, dentists, attorneys, CPAs
- \$12 million project limit
- Average Loan Size
 - \$453 Composite CRE
 - \$390 Owner Occupied
 - \$628 Income Producing

Commercial Construction *(by loan type)*

10

(in millions)

Loan Type	June 30, 2011	
	Amount	Percent
Land Develop - Vacant (Improved)	\$ 70	36 %
Raw Land - Vacant (Unimproved)	61	31
Commercial Land Development	27	14
Office Buildings	10	5
Retail Buildings	4	2
Churches	2	1
Restaurants & Fast Foods/Franchise	2	1
Poultry Houses	1	1
Carwash	1	0
Miscellaneous Construction	17	9
Total Commercial Construction	\$ 195	100 %

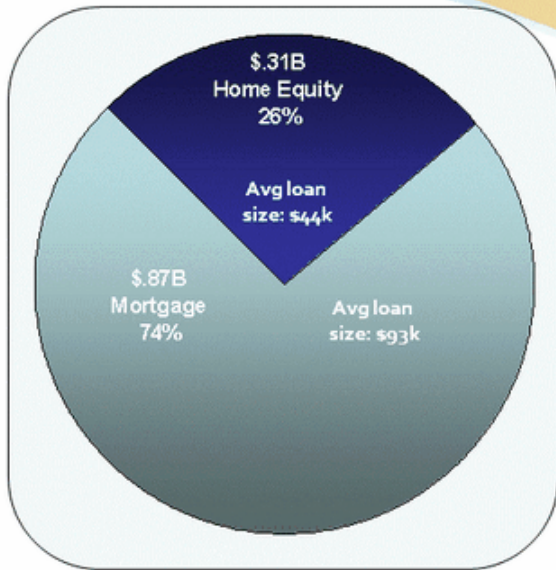
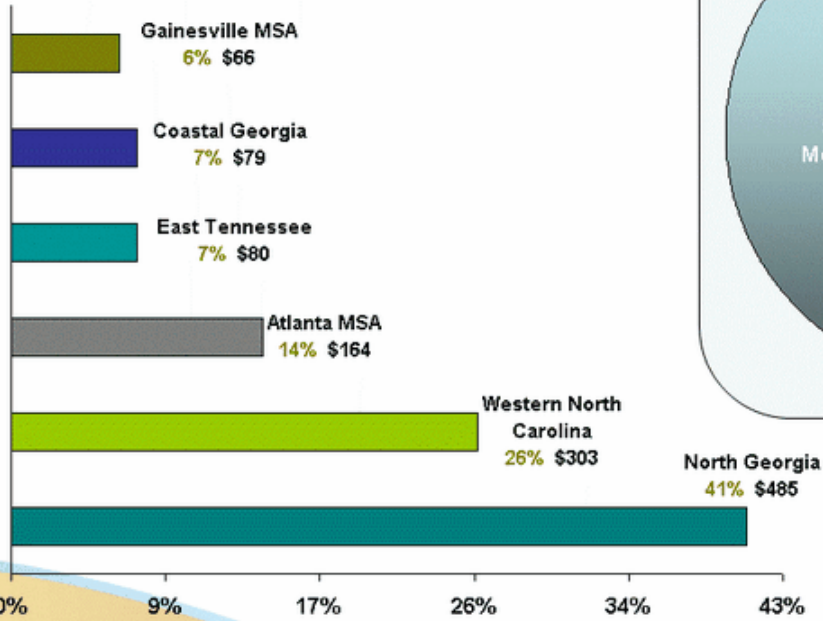
Portfolio Characteristics

■ Average loan size: \$487k

Residential Mortgage (total \$1.18 billion)

Geographic Diversity

\$ in millions



Origination Characteristics

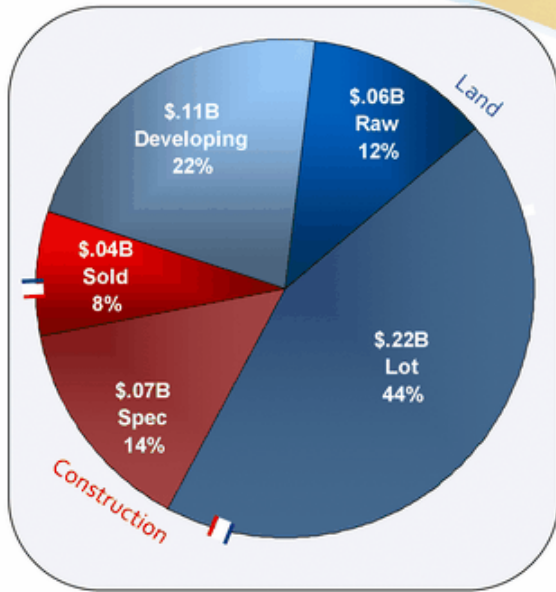
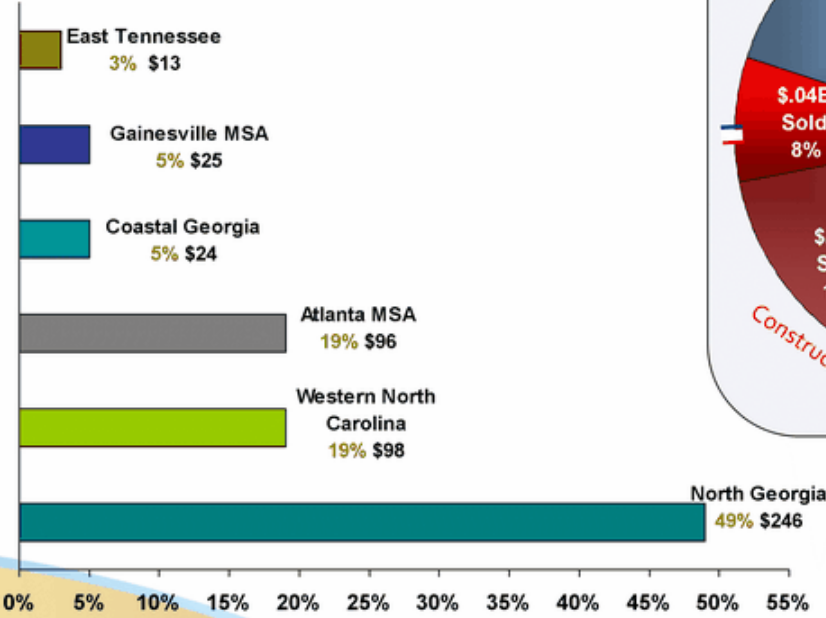
- No broker loans
- No sub-prime / Alt-A
- Policy Max LTV: 80-85%
- 52% of HE Primary Lien



Residential Construction (total \$.50 billion)

Geographic Diversity

\$ in millions



Average Loan Size

Spec	\$243k	Develop	\$626k
Sold	\$144k	Raw Land	\$164k
		Lot	\$92k



Residential Construction – Total Company

13

<i>(in millions)</i>	2Q11	1Q11	4Q10	3Q10	2Q10	2Q11 vs. 2Q10
Land Loans						
Developing Land	\$ 105	\$ 116	\$ 174	\$ 190	\$ 214	\$ (109)
Raw Land	62	69	99	104	110	(48)
Lot Loans	218	228	275	303	311	(93)
Total	385	413	548	597	635	(250)
Construction Loans						
Spec	74	88	97	109	125	(51)
Sold	43	49	50	58	60	(17)
Total	117	137	147	167	185	(68)
Total Res Construction	\$ 502	\$ 550	\$ 695	\$ 764	\$ 820	\$ (318)
By Region						
Atlanta	\$ 96	\$ 110	\$ 133	\$ 159	\$ 183	\$ (87)
Gainesville MSA	25	26	36	35	25	-
North Georgia	246	266	339	368	408	(162)
North Carolina	98	106	140	149	148	(50)
Coastal Georgia	24	27	30	35	37	(13)
Tennessee	13	15	17	18	19	(6)
Total Res Construction	\$ 502	\$ 550	\$ 695	\$ 764	\$ 820	\$ (318)

Residential Construction – North Georgia

14

<i>(in millions)</i>	<u>2Q11</u>	<u>1Q11</u>	<u>4Q10</u>	<u>3Q10</u>	<u>2Q10</u>	<u>2Q11 vs. 2Q10</u>
<i>Land Loans</i>						
Developing Land	\$ 58	\$ 62	\$ 88	\$ 98	\$ 113	\$ (55)
Raw Land	25	27	40	42	45	(20)
Lot Loans	129	131	159	168	182	(53)
Total	212	220	287	308	340	(128)
<i>Construction Loans</i>						
Spec	18	25	31	38	44	(26)
Sold	19	21	21	22	24	(5)
Total	37	46	52	60	68	(31)
Total Res Construction	\$ 249	\$ 266	\$ 339	\$ 368	\$ 408	\$ (159)



Residential Construction – Atlanta MSA

15

<i>(in millions)</i>	<u>1Q11</u>	<u>1Q11</u>	<u>4Q10</u>	<u>3Q10</u>	<u>2Q10</u>	<u>2Q11 vs. 2Q10</u>
<i>Land Loans</i>						
Developing Land	\$ 20	\$ 22	\$ 30	\$ 34	\$ 40	\$ (20)
Raw Land	16	19	23	27	32	(16)
Lot Loans	22	24	32	45	39	(17)
Total	58	65	85	106	111	(53)
<i>Construction Loans</i>						
Spec	30	34	38	42	48	(18)
Sold	9	11	10	11	10	(1)
Total	39	45	48	53	58	(19)
Total Res Construction	\$ 97	\$ 110	\$ 133	\$ 159	\$ 169	\$ (72)

Credit Quality

16

(in millions)

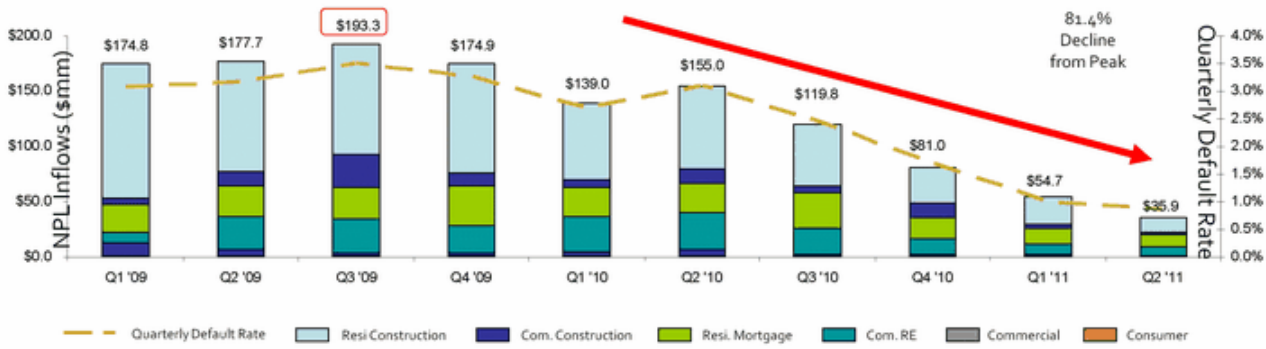
	2Q11	1Q11	4Q10	3Q10	2Q10
Operating Net Charge-offs⁽¹⁾	\$ 16.5	\$ 231.6	\$ 47.7	\$ 50.0	\$ 61.3
as % of Average Loans ⁽²⁾	1.58 %	20.70 %	4.03 %	4.12 %	4.98 %
Allowance for Loan Losses	\$ 127.6	\$ 133.1	\$ 174.7	\$ 174.6	\$ 174.1
as % of Total Loans	3.07 %	3.17 %	3.79 %	3.67 %	3.57 %
as % of NPLs	180	159	98	80	78
as % of NPLs - Adjusted ⁽²⁾	333	379	274	257	234
Past Due Loans (30-89 Days)	.65 %	1.26 %	1.26 %	1.24 %	1.69 %
Non-Performing Loans	\$ 71.0	\$ 83.8	\$ 179.1	\$ 217.8	\$ 224.3
OREO	47.6	54.4	142.2	129.9	123.9
Total NPAs	\$ 118.6	\$ 138.2	\$ 321.3	\$ 347.7	\$ 348.2
Accruing TDRs	\$ 41.5	\$ 44.4	\$ 100.7	\$ 54.5	\$ 61.4
As % of Original Principal Balance					
Non-Performing Loans	64.5 %	57.3 %	67.2 %	70.0 %	69.4 %
OREO	32.6	30.3	64.4	65.9	71.9
Total NPAs					
as % of Total Assets	1.60	1.73	4.32	4.96	4.55
as % of Loans & OREO	2.82	3.25	6.77	7.11	6.97

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

(2) Excluding loans with no allocated reserve

NPL Inflow Trends

Quarterly NPL Inflows and Default Rates Since 2009



Total NPLs (\$mm)



Net Charge-offs by Loan Category

18

(in thousands)

	2Q11				% of Average Loans (Annualized)		
	Net Charge-Offs			% of Avg Loans ⁽¹⁾	1Q11 ⁽¹⁾	4Q10 ⁽²⁾	3Q10
	Total	Bulk Loan Sale	Other				
Commercial (Sec. by RE)	\$ 3,259	\$ (1,713)	\$ 4,972	1.16	.65	1.45	3.16
Commercial Construction	869	(1,332)	2,201	4.31	1.77	5.12	2.40
Commercial & Industrial	523	(116)	639	.59	.46	2.54	1.07
Total Commercial	4,651	(3,161)	7,812	1.33	0.73	2.09	2.70
Residential Construction	6,629	(2,842)	9,471	7.19	6.72	13.28	11.99
Residential Mortgage	4,589	(1,255)	5,844	1.97	1.59	2.80	2.29
Consumer/ Installment	614	(11)	625	2.07	1.19	2.06	2.90
Total Net Charge-offs	\$ 16,483	\$ (7,269)	\$ 23,752	2.27	1.84	4.03	4.12

(1) Calculated excluding losses related to asset disposition plans.

(2) Excludes \$11.75 million partial recovery of 2007 fraud loss.

Net Charge-offs by Market

19

(in thousands)

	2Q11			% of Avg Loans ⁽¹⁾	% of Average Loans (Annualized)		
	Net Charge-Offs				1Q11 ⁽¹⁾	4Q10 ⁽²⁾	3Q10
	Total	Bulk Loan Sale	Other				
Atlanta MSA	\$ 2,920	\$ (1,955)	\$ 4,875	1.66 %	1.04 %	4.48 %	3.97 %
Gainesville MSA	2,318	(258)	2,576	3.73	1.32	4.37	1.40
North Georgia	6,575	(3,785)	10,360	2.71	2.06	4.26	5.92
Western North Carolina	3,522	(741)	4,263	2.67	3.98	2.87 ⁽²⁾	2.99
Coastal Georgia	815	(391)	1,206	1.52	0.42	4.27	3.05
East Tennessee	333	(139)	472	.76	1.00	2.53	.52
Total	\$ 16,483	\$ (7,269)	\$ 23,752	2.27	1.84	4.03	4.12

(1) Calculated excluding losses related to asset disposition plans.

(2) Excludes \$11.75 million partial recovery of 2007 fraud loss.

NPAs by Loan Category and Market

20

(in thousands)

	2Q11				2Q11		
	NPLs	OREO	Total NPAs		NPLs	OREO	Total NPAs
LOAN CATEGORY				MARKETS			
Commercial (sec. by RE)	\$ 17,764	\$ 6,796	\$ 24,560	Atlanta MSA	\$ 14,700	\$ 11,239	\$ 25,939
Commercial Construction	2,782	6,764	9,546	Gainesville MSA	4,505	3,174	7,679
Commercial & Industrial	1,998	-	1,998	North Georgia	28,117	21,278	49,395
Total Commercial	22,544	13,560	36,104	Western N. Carolina	15,153	8,953	24,106
Residential Construction	22,643	24,968	47,611	Coastal Georgia	5,357	2,564	7,921
Residential Mortgage	24,809	9,056	33,865	East Tennessee	3,233	376	3,609
Consumer/ Installment	1,069	-	1,069	Total	\$ 71,065	\$ 47,584	\$ 118,649
Total	\$ 71,065	\$ 47,584	\$ 118,649				



Core Earnings Summary

22

(In Thousands)

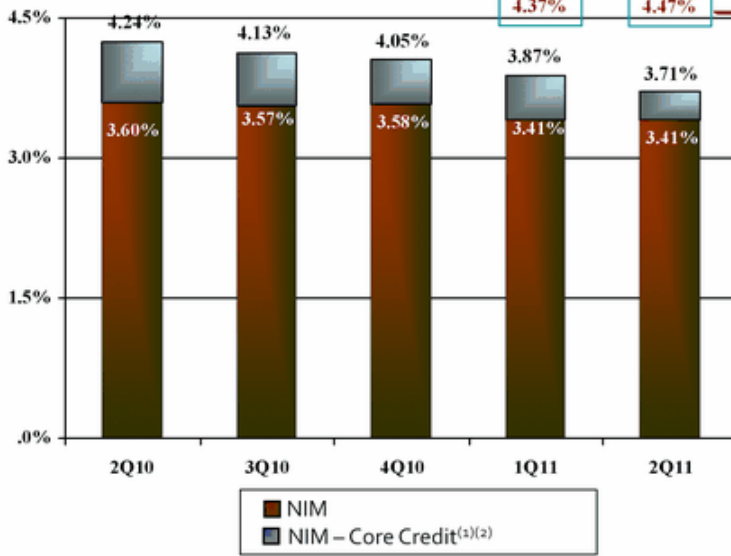
	2Q11	Variance - Fav (Unfav)	
		1Q11	2Q10
Net Interest Revenue	\$ 58,946	\$ 540 ⁽¹⁾	\$ (2,681)
Fee Revenue	13,913	2,130	2,334
Gross Revenue	72,859	2,670	(347)
Operating Expense (Excl OREO)	46,837	(65)	(3,069)
Pre-Tax, Pre-Credit (Core)	\$ 26,022	\$ 2,605	\$ (3,416)

Net Interest Margin	3.41 %	.00 ⁽¹⁾	(.19) %
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(1) Excludes impact of interest reversals on bulk loan sale.



Net Interest Margin

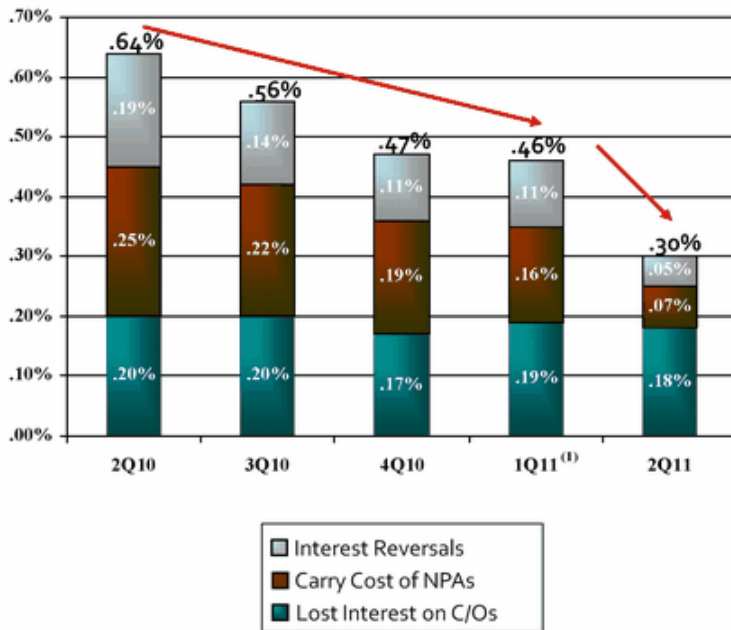


(1) Adds back interest reversals on classified performing loans included in bulk loan sale - Q1 2011
 (2) Excluding impact of nonaccrual loans, OREO and interest reversals

NIM Characteristics

- Core margin changes
 - Flat with 1Q11
 - 19 bps vs. 2Q10
- Maintained loan pricing
- Lowered core & CD pricing
- 2Q Excess liquidity - lowered Margin by **76 bps** and **49 bps** in Q1

Margin – Credit Costs



Credit Costs Impacting Margin

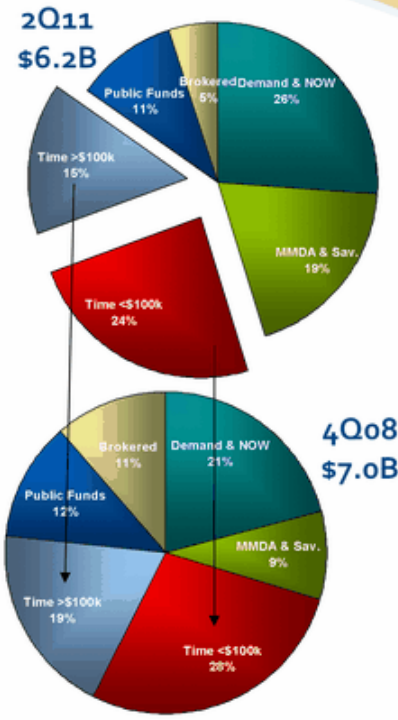
- Historically 8 to 12 bps
- Credit costs – significantly lower
- Cost 2Q11 vs. Historical – 18 bps (annual earnings impact of \$12.4 million)
- 1 bps = \$690K NIR

(1) Excludes bulk loan sale impact of 11 bps

Deposit Mix (total \$6.2 billion)

(\$ in millions)

	2Q11	1Q11	2Q10	4Q08
Demand / NOW	\$ 1,620	\$ 1,576	\$ 1,561	\$ 1,457
MMDA / Savings	1,174	1,149	930	630
Core Transaction	2,794	2,725	2,491	2,087
		+69	+302	
		12% Growth		
		+707		
		34% Growth		
Time < \$100,000	1,503	1,570	1,569	1,945 ↓
Public Deposits	605	628	564	755
Total Core	4,902	4,923	4,624	4,787
Time > \$100,000	936	946	1,028	1,336 ↓
Public Deposits	44	44	66	87
Total Customer	5,882	5,913	5,718	6,210
Brokered Deposits	301	685	612	793 ↓
Total Deposits	\$ 6,183	\$ 6,598	\$ 6,330	\$ 7,003



New Loans Funded – Category & Market *(quarter)*

26

(in millions)

CATEGORY	2Q11	1Q11	MARKET	2Q11	1Q11
Commercial RE:			N. Georgia	\$ 32.2	\$ 23.2
Owner Occupied	\$ 35.6	\$ 15.1	Atlanta	32.3	14.6
Income Producing	29.7	2.5	North Carolina	6.3	5.5
Total Commercial RE	65.3	17.6	Coastal Georgia	26.3	4.3
Commercial C & I	13.5	11.3	Gainesville	3.2	2.9
Commercial Constr.	2.4	.8	Tennessee	4.3	2.1
Residential	14.7	14.5	Total Markets	\$ 104.6	\$ 52.6
Residential Constr.	7.1	7.7			
Consumer	1.6	.7			
Total Categories	\$ 104.6	\$ 52.6			

Core Deposit Growth – Category & Market *(quarter)*

27

(in millions, excluding public)

CATEGORY	2Q11	1Q11	MARKET	2Q11	1Q11
Demand	\$ 41.1	\$ 65.8	Atlanta	\$ (4.2)	\$ 41.5
NOW	3.6	(62.9)	Gainesville	8.2	1.9
MM Accounts	20.4	76.4	N. Georgia	34.0	26.4
Savings	4.2	9.6	Coastal Georgia	6.2	13.2
			North Carolina	14.3	1.1
			Tennessee	10.8	4.8
Total Categories	\$ 69.3	\$ 88.9	Total Markets	\$ 69.3	\$ 88.9

Fee Revenue - Core

28

(In Thousands)

	<u>2Q11</u>	<u>Variance - Fav (Unfav)</u>	
		<u>1Q11</u>	<u>2Q10</u>
NSF & Overdraft Fees	\$ 3,658	\$ 148	\$ (993)
ATM Fees	3,279	749	684
Other Service Charges	671	(9)	(76)
Total Service Charges / Fees	7,608	888	(385)
Mortgage Loan & Related Fees	952	(542)	(649)
Brokerage Fees	691	14	105
Hedge Ineffectiveness Gains	2,810	1,507	2,571
Other	1,852	263	692
Total	<u>\$ 13,913</u>	<u>\$ 2,130</u>	<u>\$ 2,334</u>

Excludes net securities gains and charges on prepayment of FHLB advances.

Operating Expenses - Core

29

(In Thousands)

	2Q11	Variance - Fav (Unfav)	
		1Q11	2Q10
Salaries & Employee Benefits	\$ 25,286	\$ (362)	(1,696)
Salaries - Severance	1,150	(1,150)	(1,150)
Communications & Equipment	3,378	(34)	133
Occupancy	3,805	269	31
FDIC Assessment	3,644	1,769	(78)
Advertising & Public Relations	1,317	(339)	35
Postage, Printing & Supplies	1,085	33	(320)
Professional Fees	2,350	(20)	(172)
Other Expense	4,822	(231)	148
Total	\$ 46,837	\$ (65)	\$ (3,069)

Excludes foreclosed property costs and loss on sale of NPAs.

Net Operating Loss – From Continuing Operations

(In Thousands)

30

	2Q11	1Q11	2Q10
Pre-Tax, Pre-Credit (Core)	\$ 26,022	\$ 23,417	\$ 29,438
Provision for Loan Loss	(11,000)	-	(61,500)
<i>Asset Dispositions:</i>			
Provision for Loan Loss - Bulk Sale	-	(190,000)	-
Loss on Sale of NPAs	-	-	(45,349)
OREO Write-downs / Losses	-	(60,605)	-
Bulk Loan Sale Charges	-	(5,614)	-
<i>Foreclosed Property Costs:</i>			
Write-downs	(3,118)	-	(6,094)
Gains (Losses) on Sales	3,218	-	(5,098)
Maintenance, Taxes, Etc.	(1,991)	(4,294)	(3,348)
Securities Gains, Net	783	55	-
Loans on Prepayment of FHLB Advances	(791)	-	-
Income Tax (Expense) Benefit	(5,506)	94,555	32,419
Net Income (Loss)	\$ 7,617	\$(142,486)	\$ (59,532)
Net Income (Loss) Per Share	\$.08	\$ (7.87)	\$ (3.29)



Net Income (Loss)

31

(In Thousands)

	2Q11	1Q11	2Q10
Net Income (Loss)	\$ 7,617	\$(142,486)	\$ (59,532)
Preferred Stock Dividends	(3,016)	(2,778)	(2,577)
Net Income (Loss) Avail to Common Shareholders	\$ 4,601	\$(145,264)	\$ (62,109)

Net Income (Loss) Per Share	\$.08	\$ (7.87)	\$ (3.29)
-----------------------------	--------	-----------	-----------

Book Value	11.59	14.78	24.18
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Tangible Book Value	11.47	14.44	23.78
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Shares Outstanding (millions)	57.5	20.9	18.9
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Capital Ratios

32

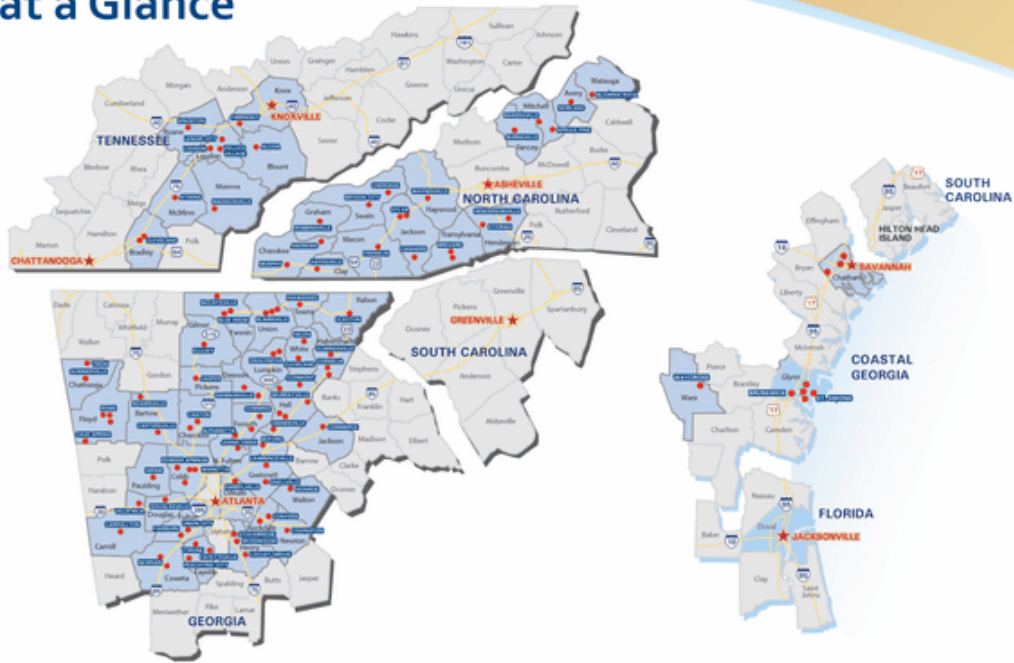
	Well- Capitalized	Guideline	JUN '11	MAR '11	DEC '10
Bank					
Tier 1 RBC	6%	> 9%	13.6%	13.0%	10.8%
Total RBC	10%	> 11%	15.4	14.7	12.6
Tier I Leverage	5%	> 8%	8.5	8.3	7.5
Holding Company					
Tier I RBC			13.9	7.7	9.7
Total RBC			16.4	15.3	12.1
Tier I Leverage			8.7	5	6.8
Tangible Equity to Assets		> 6%	11.1	8.7	8.8
Tangible Common to Assets		> 6%	8.9 ⁽¹⁾	8.4 ⁽²⁾	6.4

(1) Ratio calculated as of quarter-end. This ratio is normally calculated on average balances (4.8%), which causes it to appear low due to the timing of the conversion of the Preferred Stock.

(2) Pro forma ratio shown as of quarter-end. The average ratio for the quarter was 5.5%



United at a Glance



■ Assets **\$7.4 Billion**
 ■ Deposits **\$6.2 Billion**

■ Banks **27**
 ■ Offices **106**

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Experienced Proven Leadership

35

		<u>Joined</u> <u>UCBI</u>	<u>Years in</u> <u>Banking</u>
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

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"Community bank service, large bank resources"

- **Twenty-seven "community banks"**
 - *Local CEOs with deep roots in their communities*
 - *Resources of \$7.4 billion bank*

- **Service is point of differentiation**
 - *#1 in Customer Satisfaction according to Customer Service Profiles*
 - *J.D. Power Customer Service Champion*
 - ✓ Recognized 40 companies in the U.S.
 - ✓ Only bank to be recognized
 - *Golden rule of banking*
 - ✓ "The Bank That **SERVICE** Built"
 - *Ongoing customer surveys*
 - ✓ 95% satisfaction rate in 2011

- **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*

Robust Demographics *(fast growing markets)*

37

Markets ¹	Population <i>(in thousands)</i>	Population Growth (%)	
		Actual 2000 - 2010	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

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	\$ 2.2	11	23	31 %	1
Atlanta MSA	50.0	2.0	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	\$ 6.2	27	106		

¹ FDIC deposit market share and rank as of 6/30 for markets where United takes deposits. Source: SNL and FDIC.

² Based on current quarter.

Leading Demographics

Rank	Ticker	Company ⁽¹⁾	State	Total Assets (\$ B)	2010 - 2015 Population Growth ⁽²⁾
1	CFR	Cullen/Frost Bankers, Inc.	TX	\$17.9	9.07 %
2	WAL	Western Alliance Bancorporation	AZ	6.4	7.86
3	FCNCA	First Citizens Bancshares, Inc.	NC	21.2	7.33
4	PRSP	Prosperity Bancshares, Inc.	TX	9.7	7.33
5	GBCI	Glacier Bancorp, Inc.	MT	6.9	7.25
6	IBOC	International Bancshares Corporation	TX	12.2	7.01
7	UCBI	United Community Banks, Inc.	GA	7.4	6.99
8	TCBI	Texas Capital Bancshares, Inc.	TX	6.1	6.76
9	HBHC	Hancock Holding Company	MS	8.3	6.33
10	FCBN	First Citizens Bancorporation, Inc.	SC	8.5	6.16
11	FIBK	First Interstate BancSystem, Inc.	MT	7.4	5.96
12	BOKF	BOK Financial Corporation	OK	23.7	5.91
13	SNV	Synovus Financial Corp.	GA	28.7	5.07
14	FHN	First Horizon National Corporation	TN	24.4	4.42
15	CBCYB	Central Bancompany, Inc.	MO	9.6	4.28

Note: Financial information as of March 31, 2011
 (1) Includes publicly traded companies with assets between \$5.0 – 50.0 billion as of March 31, 2011
 (2) Population growth weighted by county (cumulative)
Data Source: SNL Financial

Loans / Deposits – Liquidity

40

(in millions)

	2Q11	1Q11	2Q10	Variance	
				vs 1Q11	vs 2Q10
Loans	\$ 4,163	\$ 4,194	\$ 4,873	\$ (31)	\$ (710)
Core (DDA, MMDA, Savings)	\$ 2,794	\$ 2,725	\$ 2,492	\$ 69	\$ 302
Public Funds	649	672	630	(23)	19
CD's	2,439	2,516	2,596	(77)	(157)
Total Deposits (excl Brokered)	\$ 5,882	\$ 5,913	\$ 5,718	\$ (31)	\$ 164
Loan to Deposit Ratio	71%	71%	85%		
Investment Securities:					
Available for Sale	\$ 1,193	\$ 1,341	\$ 1,166	\$ (148)	\$ 27
Held to Maturity	372	245	322	127	50
Total Investment Securities	1,565	1,586	1,488	(21)	77
Floating Rate CMD, Bonds	623	297	-	326	623
Total Securities Portfolio	2,188	1,883	1,488	305	700
Percent of Assets (Excludes Floaters)	21%	19%	19%		
Commercial & Short-Term Paper	\$ 175	\$ 470	\$ 148	\$ (295)	\$ 27
Floating Rate Securities	623	297	-	326	623
Excess Fed and Other Cash	144	515	43	(371)	101
Total Excess Liquidity	\$ 942	\$ 1,282	\$ 191	\$ (340)	\$ 751

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Wholesale Borrowings - Liquidity

41

(in millions)

	Unused Capacity	2Q11	1Q11	2Q10	Variance	
					vs 1Q11	vs 2Q10
Wholesale Borrowings						
Brokered Deposits	\$ 1,551	\$ 301	\$ 684	\$ 612	\$ (383)	\$ (311)
FHLB	1,387	41	55	104	(14)	(63)
Fed Funds	50	-	-	-	-	-
Other Wholesale	142	104	102	104	2	-
Total	\$ 3,130	\$ 446	\$ 841	\$ 820	\$ (395)	\$ (374)
Long-Term Debt						
Sub-Debt		\$ 96	\$ 96	\$ 96	\$ -	\$ -
Trust Preferred Securities		54	54	54	-	-
Total Long-Term Debt		\$ 150	\$ 150	\$ 150	\$ -	\$ -



Business Mix – Deposits (at quarter-end)

42

(in millions)

DEPOSITS BY CATEGORY	2Q11	1Q11	4Q10	3Q10	2Q10	1Q11 vs. 1Q10
Demand & Now	\$ 1,620	\$ 1,576	\$ 1,573	\$ 1,582	\$ 1,561	\$ 59
MMDA & Savings	1,174	1,149	1,063	977	930	244
Core Transaction Deposits	2,794	2,725	2,636	2,559	2,491	303
Time < \$100,000	1,503	1,570	1,491	1,492	1,569	(66)
Public Deposits	605	628	663	561	564	41
Total Core Deposits	4,902	4,923	4,790	4,612	4,624	278
Time > \$100,000	936	946	940	971	1,028	(92)
Public Deposits	44	44	62	62	66	(22)
Total Customer Deposits	5,882	5,913	5,792	5,645	5,718	164
Brokered Deposits	301	685	677	354	612	(311)
Total Deposits	\$ 6,183	\$ 6,598	\$ 6,469	\$ 5,999	\$ 6,330	\$ (147)

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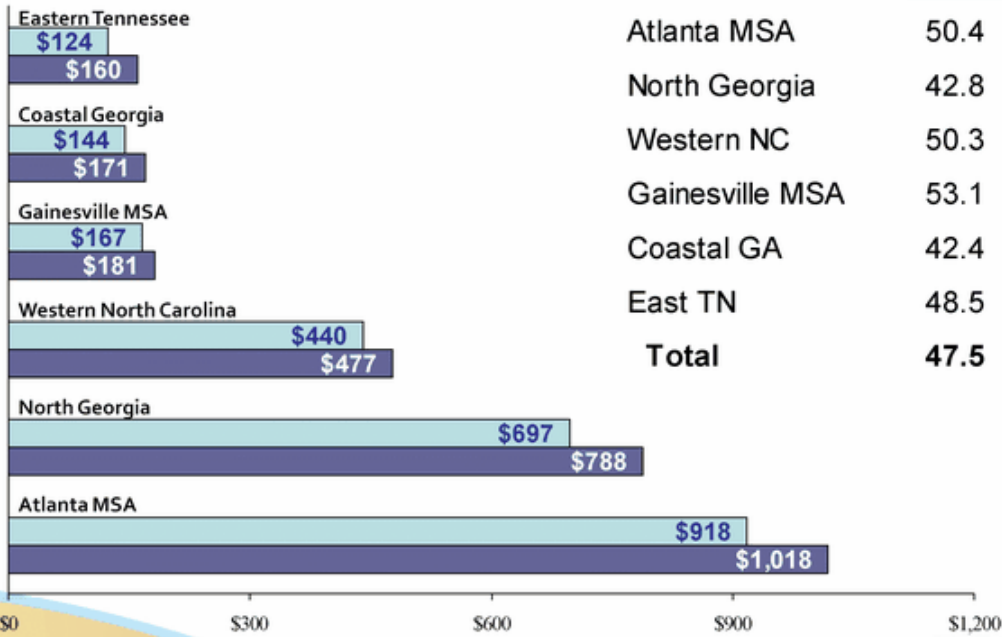
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Core Transaction Deposits

Geographic Diversity

2Q 10 2Q 11

\$ in millions



	Core Transactions / Total Deposits (%)	
	2Q11	2Q10
Atlanta MSA	50.4 %	48.0 %
North Georgia	42.8	38.8
Western NC	50.3	45.2
Gainesville MSA	53.1	48.8
Coastal GA	42.4	38.6
East TN	48.5	39.0
Total	47.5 %	43.6 %

Performing Classified Loans

44

<i>(in millions)</i>	<u>2Q11</u>	<u>1Q11</u>	<u>4Q10</u>	<u>3Q10</u>	<u>2Q10</u>
LOANS BY CATEGORY					
Commercial (Sec. by RE):	\$ 118	\$ 120	\$ 157	\$ 157	\$ 141
Commercial Construction	31	35	90	103	78
Commercial & Industrial	17	16	17	22	22
TOTAL COMMERCIAL	166	171	264	282	241
Consumer / Installment	3	2	3	4	4
Residential Construction	74	81	159	178	149
Residential Mortgage	70	69	86	86	80
LOANS	\$ 313	\$ 323	\$ 512	\$ 550	\$ 474

Business Mix Loans (at quarter-end)

45

<i>(in millions)</i>	<u>2Q11</u>	<u>1Q11</u>	<u>4Q10</u>	<u>3Q10</u>	<u>2Q10</u>	<u>2Q11 vs. 2Q10</u>
LOANS BY CATEGORY						
Commercial (Sec. by RE)	\$ 1,742	\$ 1,692	\$ 1,761	\$ 1,781	\$ 1,780	\$ (38)
Commercial Construction	195	213	297	310	342	(147)
Commercial & Industrial	428	431	441	456	441	(13)
Total Commercial	2,365	2,336	2,499	2,547	2,563	(198)
Residential Construction	502	550	695	764	820	(318)
Residential Mortgage	1,177	1,187	1,279	1,316	1,356	(179)
Consumer / Installment	119	121	131	133	134	(15)
TOTAL LOANS	\$ 4,163	\$ 4,194	\$ 4,604	\$ 4,760	\$ 4,873	\$ (710)

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

46

<i>(in millions)</i>	<u>2Q11</u>	<u>1Q11</u>	<u>4Q10</u>	<u>3Q10</u>	<u>2Q10</u>	<u>2Q11 vs. 2Q10</u>
LOANS BY MARKET						
Atlanta MSA	\$ 1,188	\$ 1,179	\$ 1,310	\$ 1,365	\$ 1,373	\$ (185)
Gainesville MSA	275	282	312	316	343	(68)
North Georgia	1,500	1,531	1,689	1,755	1,808	(308)
Western North Carolina	626	640	702	719	738	(112)
Coastal Georgia	325	312	335	345	356	(31)
East Tennessee	249	250	256	260	255	(6)
Total	<u>\$ 4,163</u>	<u>\$ 4,194</u>	<u>\$ 4,604</u>	<u>\$ 4,760</u>	<u>\$ 4,873</u>	<u>\$ (710)</u>



Business Mix Loans (at year-end)

47

<i>(in millions)</i>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
LOANS BY CATEGORY					
Commercial (Sec. by RE)	\$ 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

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

48






(in millions)

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
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	<u>\$ 4,604</u>	<u>\$ 5,151</u>	<u>\$ 5,705</u>	<u>\$ 5,929</u>	<u>\$ 5,377</u>

Lending – Credit Summary

49

(in millions)

 Legal lending limit	\$222
 House lending limit	20
 Project lending limit	12
 Top 25 relationships	410
 10.0% of total loans	

Regional credit review – Standard underwriting

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NPAs by Loan Category, Market, and Activity

59

Credit Quality ⁽¹⁾

(in thousands)	Second Quarter 2011			First Quarter 2011 ⁽²⁾			Fourth 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)	\$ 17,764	\$ 6,796	\$ 24,560	\$ 20,648	\$ 7,886	\$ 28,534	\$ 44,927	\$ 23,659	\$ 68,586
Commercial construction	2,782	6,764	9,546	3,701	11,568	15,269	21,374	17,808	39,182
Commercial & industrial	1,998	-	1,998	2,198	-	2,198	5,611	-	5,611
Total commercial	22,544	13,560	36,104	26,547	19,454	46,001	71,912	41,467	113,379
Residential construction	22,643	24,968	47,611	32,038	25,807	57,845	54,505	78,231	132,736
Residential mortgage	24,809	9,056	33,865	23,711	9,117	32,828	51,083	22,510	73,593
Consumer / installment	1,069	-	1,069	1,473	-	1,473	1,594	-	1,594
Total NPAs	\$ 71,065	\$ 47,584	\$ 118,649	\$ 83,769	\$ 54,378	\$ 138,147	\$ 179,094	\$ 142,208	\$ 321,302
Balance as a % of Unpaid Principal	64.5%	32.6%	46.3%	57.3%	30.3%	42.4%	67.2%	64.4%	65.9%
NPAs BY MARKET									
Atlanta MSA	\$ 14,700	\$ 11,239	\$ 25,939	\$ 21,501	\$ 16,913	\$ 38,414	\$ 48,289	\$ 41,154	\$ 89,443
Gainesville MSA	4,505	3,174	7,679	4,332	2,157	6,489	5,171	9,273	14,444
North Georgia	28,117	21,278	49,395	30,214	23,094	53,308	83,551	66,211	149,762
Western North Carolina	15,153	8,953	24,106	18,849	7,802	26,651	25,832	11,553	37,385
Coastal Georgia	5,357	2,564	7,921	5,847	3,781	9,628	11,145	11,901	23,046
East Tennessee	3,233	376	3,609	3,026	631	3,657	5,106	2,116	7,222
Total NPAs	\$ 71,065	\$ 47,584	\$ 118,649	\$ 83,769	\$ 54,378	\$ 138,147	\$ 179,094	\$ 142,208	\$ 321,302
NPA ACTIVITY									
Beginning Balance	\$ 83,769	\$ 54,378	\$ 138,147	\$ 179,094	\$ 142,208	\$ 321,302	\$ 217,766	\$ 129,964	\$ 347,730
Loans placed on non-accrual	35,911	-	35,911	54,730	-	54,730	81,023	-	81,023
Payments received	(7,702)	-	(7,702)	(3,550)	-	(3,550)	(7,250)	-	(7,250)
Loan charge-offs	(18,888)	-	(18,888)	(43,969)	-	(43,969)	(47,913)	-	(47,913)
Foreclosures	(22,025)	22,025	-	(17,052)	17,052	-	(61,432)	61,432	-
Capitalized costs	-	20	20	-	270	270	-	170	170
Note / property sales	-	(28,939)	(28,939)	(11,400)	(44,547)	(55,947)	(3,100)	(33,509)	(36,609)
Loans held for sale	-	-	-	(74,084)	-	(74,084)	-	-	-
Write downs	-	(3,118)	(3,118)	-	(48,585)	(48,585)	-	(8,031)	(8,031)
Net losses on sales	-	3,218	3,218	-	(12,020)	(12,020)	-	(7,818)	(7,818)
Ending Balance	\$ 71,065	\$ 47,584	\$ 118,649	\$ 83,769	\$ 54,378	\$ 138,147	\$ 179,094	\$ 142,208	\$ 321,302

⁽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 hold for sale at the beginning of the period.

Net Charge-offs by Category and Market

51

Credit Quality

<i>(in thousands)</i>	Second Quarter 2011 ⁽¹⁾		First Quarter 2011 ⁽¹⁾		Fourth Quarter 2010 ⁽²⁾	
	Net Charge-Offs	Net Charge-Offs to Average Loans ⁽³⁾	Net Charge-Offs	Net Charge-Offs to Average Loans ⁽³⁾	Net Charge-Offs	Net Charge-Offs to Average Loans ⁽³⁾
NET CHARGE-OFFS BY CATEGORY						
Commercial (sec. by RE)	\$ 3,259	.76 %	\$ 48,607	11.07 %	\$ 6,493	1.45 %
Commercial construction	869	1.70	49,715	76.95	3,924	5.12
Commercial & industrial	523	.49	4,040	3.64	2,891	2.54
Total commercial	4,651	.79	102,362	16.66	13,308	2.09
Residential construction	6,629	5.04	92,138	58.20	24,497	13.28
Residential mortgage	4,589	1.55	36,383	11.62	9,176	2.80
Consumer / installment	614	2.04	691	2.16	687	2.06
Total	\$ 16,483	1.58	\$ 231,574	20.71	\$ 47,668	4.03
NET CHARGE-OFFS BY MARKET						
Atlanta MSA	\$ 2,920	.99 %	\$ 56,489	17.86 %	\$ 15,222	4.48 %
Gainesville MSA	2,318	3.36	8,616	11.93	3,434	4.37
North Georgia	6,575	1.72	123,305	29.66	18,537	4.26
Western North Carolina	3,522	2.21	26,447	15.61	5,154	2.87
Coastal Georgia	815	1.02	12,003	14.80	3,670	4.27
East Tennessee	333	.54	4,714	7.47	1,651	2.53
Total	\$ 16,483	1.58	\$ 231,574	20.71	\$ 47,668	4.03

⁽¹⁾ 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 and second quarters of 2011.

⁽²⁾ 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.

⁽³⁾ Annualized.

Net Charge-offs by Category and Market

Asset Disposition Plan *as of March 31, 2011*

52

Credit Quality - Net Charge-Offs First Quarter 2011 ⁽¹⁾

<i>(in thousands)</i>	Asset Disposition Plan					First Quarter 2011 Net Charge- Offs
	Bulk Loan Sale ⁽²⁾		Other Bulk Loan Sales ⁽³⁾	Foreclosure Charge-Offs ⁽⁴⁾	Other Net Charge-Offs	
	Performing Loans	Nonperforming Loans				
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.

Credit Quality – Bulk Loan Sale Summary

as of March 31, 2011

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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	\$ 11,090	\$ 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.

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)		MARKETS (in millions)	
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 "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	<u>\$ (30.0)</u>	<u>\$ 39.8</u>
Impact on GAAP Equity	↪ <u>\$ +9.8</u> ↩	

Non-GAAP Reconciliation Tables

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(in thousands except EPS)

Core net interest revenue reconciliation⁽¹⁾

Core net interest revenue	\$ 58,946	\$ 58,406	\$ 61,627
Interest reversals on performing loans transferred to held for sale	-	(2,014)	-
Net interest revenue (GAAP)	\$ 58,946	\$ 56,392	\$ 61,627

Core fee revenue reconciliation⁽¹⁾

Core fee revenue	\$ 13,913	\$ 11,783	\$ 11,579
Securities gains, net	783	55	-
FHLB prepayment charge	(791)	-	-
Fee revenue (GAAP)	\$ 13,905	\$ 11,838	\$ 11,579

Core operating expense reconciliation⁽¹⁾

Core operating expense	\$ 46,837	\$ 46,772	\$ 43,768
Foreclosed property expense	1,891	64,899	14,540
Loss on sale of nonperforming assets	-	-	45,349
Property taxes on collateral for loans held for sale	-	2,600	-
Professional fees related to loans held for sale	-	1,000	-
Operating expense (GAAP)	\$ 48,728	\$ 115,271	\$ 103,657

Operating Earnings to GAAP Earnings Reconciliation

	2Q11	1Q11	2Q10
Core net interest revenue	\$ 58,946	\$ 58,406	\$ 61,627
Interest reversals on performing loans transferred to held for sale	-	(2,014)	-
Net interest revenue (GAAP)	\$ 58,946	\$ 56,392	\$ 61,627
Core fee revenue	\$ 13,913	\$ 11,783	\$ 11,579
Securities gains, net	783	55	-
FHLB prepayment charge	(791)	-	-
Fee revenue (GAAP)	\$ 13,905	\$ 11,838	\$ 11,579
Core operating expense	\$ 46,837	\$ 46,772	\$ 43,768
Foreclosed property expense	1,891	64,899	14,540
Loss on sale of nonperforming assets	-	-	45,349
Property taxes on collateral for loans held for sale	-	2,600	-
Professional fees related to loans held for sale	-	1,000	-
Operating expense (GAAP)	\$ 48,728	\$ 115,271	\$ 103,657

(1) From continuing operations

Non-GAAP Reconciliation Tables

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Operating Earnings to GAAP Earnings Reconciliation

	2Q11	1Q11	2Q10
Net interest margin - pre credit	3.71 %	3.87 %	4.24 %
Effect of interest reversals, lost interest, and carry costs of NPAs	(.30)	(.46)	(.64)
Core net interest margin	3.41	3.41	3.60
Effect of interest reversals on performing loans transferred to held for sale	-	(.11)	-
Net interest margin	3.41 %	3.30 %	3.60 %

Net interest margin - pre credit reconciliation

Net interest margin - pre credit	3.71 %	3.87 %	4.24 %
Effect of interest reversals, lost interest, and carry costs of NPAs	(.30)	(.46)	(.64)
Core net interest margin	3.41	3.41	3.60
Effect of interest reversals on performing loans transferred to held for sale	-	(.11)	-
Net interest margin	3.41 %	3.30 %	3.60 %

Tangible common equity and tangible equity to tangible assets reconciliation

Tangible common equity to tangible assets	4.79 %	5.51 %	6.91 %
Effect of preferred equity	6.34	3.22	2.35
Tangible equity to tangible assets	11.13	8.73	9.26
Effect of goodwill and other intangibles	.08	.09	2.58
Equity to assets (GAAP)	11.21 %	8.82 %	11.84 %

Tangible common equity to risk-weighted assets reconciliation

Tangible common equity to risk-weighted assets	14.26 %	6.40 %	9.97 %
Effect of preferred equity	4.17	5.97	3.41
Tangible equity to risk weighted assets	18.43	12.37	13.38
Effect of other comprehensive income	(.65)	(.58)	(.87)
Effect of trust preferred	1.14	1.12	1.03
Effect of deferred tax asset limitation	(5.04)	(5.10)	(2.47)
Tier I capital ratio (Regulatory)	13.88 %	7.81 %	11.07 %



Analyst Coverage

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- **FBR Capital**

(Market Perform - Mar 17, 2011)

- **FIG Partners**

(Market Perform - Mar 18, 2011)

- **Guggenheim Securities, LLC**

(Neutral - May 5, 2011)

- **Keefe, Bruyette & Woods**

(Market Perform - Jun 21, 2011)

- **Macquarie Capital (USA)**

(Neutral - Apr 28, 2011)

- **Raymond James & Assoc.**

(Market Perform - May 3, 2011)

- **Sandler O'Neill & Partners**

(Buy - Jun 20, 2011)

- **Stephens, Inc.**

(Equal Weight - Apr 29, 2011)

- **SunTrust Robinson Humphrey**

(Neutral - Apr 28, 2011)

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Investor Presentation

Second Quarter 2011

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