



# 2<sup>nd</sup> Quarter 2019 Investor Presentation

July 23, 2019



# Disclosures

## CAUTIONARY STATEMENT

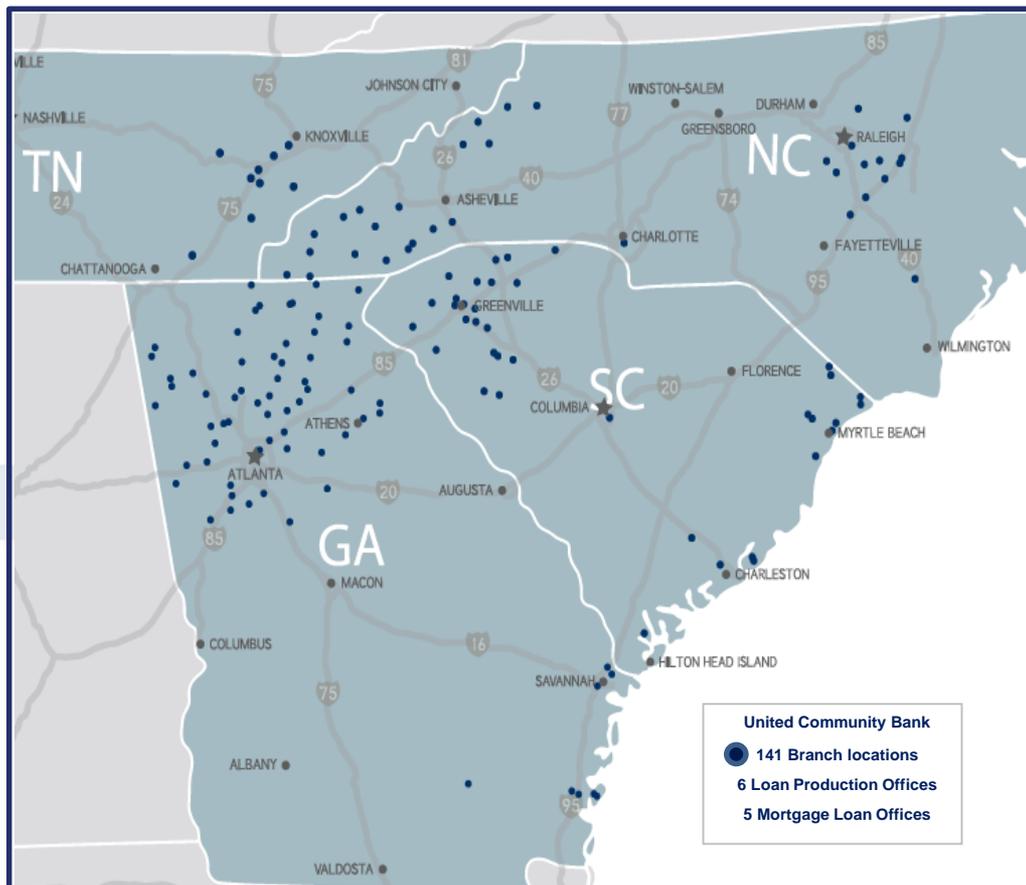
This Investor Presentation contains forward-looking statements, as defined by federal securities laws, including statements about United Community Banks, Inc. (“United”) and its financial outlook and business environment. These statements are based on current expectations and are provided to assist in the understanding of our operations and future financial performance. Our operations and such performance involves risks and uncertainties that may cause actual results to differ materially from those expressed or implied in any such statements. For a discussion of some of the risks and other factors that may cause such forward-looking statements to differ materially from actual results, please refer to United’s filings with the Securities and Exchange Commission, including its 2018 Annual Report on Form 10-K under the section entitled “Forward-Looking Statements.” Forward-looking statements speak only as of the date they are made, and we undertake no obligation to update or revise forward-looking statements.

## NON-GAAP MEASURES

This Investor Presentation includes financial information determined by methods other than in accordance with generally accepted accounting principles (“GAAP”). This financial information includes certain operating performance measures, which exclude merger-related and other charges that are not considered part of recurring operations. Such measures include: “Net income – operating,” “Net income available to common shareholders – operating,” “Earnings per share – operating,” “Diluted earnings per share – operating,” “Tangible book value per share,” “Return on common equity – operating,” “Return on tangible common equity – operating,” “Return on assets – operating,” “Efficiency ratio – operating,” “Expenses – operating,” “Tangible common equity to risk-weighted assets,” and “Average tangible equity to average assets.”

Management has included these non-GAAP measures because it believes these measures may provide useful supplemental information for evaluating United’s underlying performance trends. Further, management uses these measures in managing and evaluating United’s business and intends to refer to them in discussions about our operations and performance. Operating performance measures should be viewed in addition to, and not as an alternative to or substitute for, measures determined in accordance with GAAP, and are not necessarily comparable to non-GAAP measures that may be presented by other companies. To the extent applicable, reconciliations of these non-GAAP measures to the most directly comparable GAAP measures can be found in the ‘Non-GAAP Reconciliation Tables’ included in the exhibits to this Presentation.

# Who We Are - Snapshot of United Community Banks, Inc.



Headquartered in Blairsville, GA with executive offices in Greenville, SC

## 2Q19 Overview

Ticker	UCBI (NASDAQ)
Market Cap	\$2.2Bn
P/EPS (2020E)	11.8x
P/TBV	182%
Assets	\$12.8Bn
Loans	\$8.8Bn
Deposits	\$10.6Bn
CET1*	12.1%
NPAs / Assets	0.21%
ROA	1.40%
ROA – Operating <sup>(1)</sup>	1.50%
ROCE	11.45%
ROTCE – Operating <sup>(1)</sup>	15.88%

\*2Q19 Capital ratios are preliminary

## Premier Southeast Regional Bank

- One of the largest regional banks in the U.S. by assets with 141 branch locations, 6 loan production offices and 5 mortgage loan offices in four states: GA, NC, SC and TN
  - Top 10 market share in GA and SC
- National recognition for our outstanding workplace and customer service while maintaining top tier profitability
- Metro-focused branch network with locations in the fastest growing MSAs in the Southeast

Market data as of July 19, 2019

1) See non-GAAP reconciliation table slides at the end of the exhibits for a reconciliation of operating performance measures to GAAP performance measures

# Our Goals

## People

*Great Place to Work for  
Great People*

## Service

*Best-in-Class Customer  
Service Rating across all  
channels*

## Profitability

*Sustainable Top Quartile  
ROA*

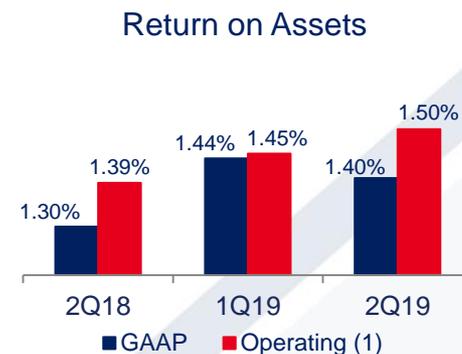
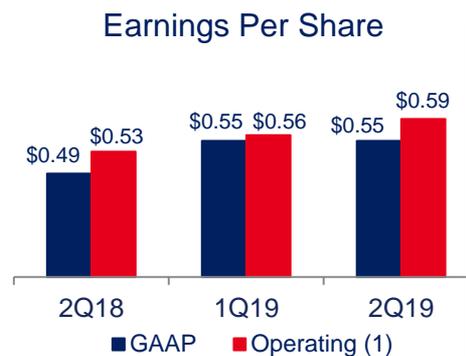
We have a long-term mindset, building a company where great people can be successful and confident; they can have a career, not a job.

We are here to help customers live better lives by providing better service to them. We listen, we provide great advice and we are responsive. We care, and it shows.

We earn our independence by consistently providing top quartile returns for our owners through the cycle.

# 2Q19 Highlights

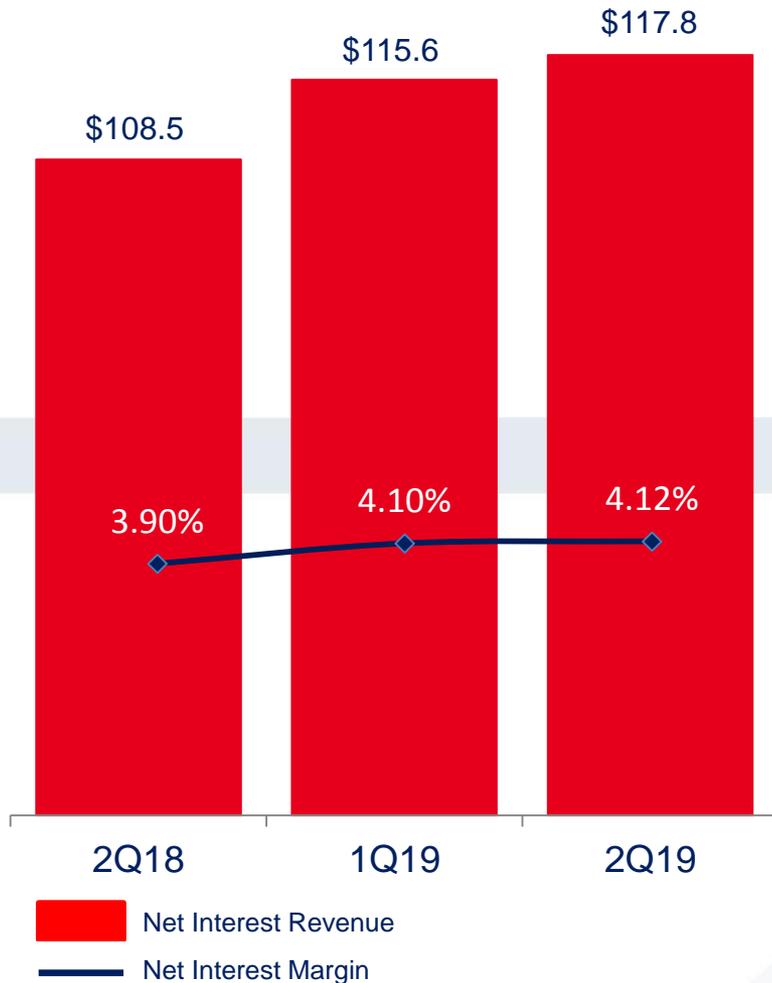
- Earnings per share of \$0.55
- Operating earnings per share of \$0.59, up 11% YoY
- ROA of 1.40
  - Operating ROA of 1.50%
- Quarterly dividend of \$0.17 up 13% YoY
- Growth in tangible book per share of 16% YoY
- Annualized EOP loan growth of 9% for the quarter, excluding First Madison (\$192 mm) and indirect auto runoff of \$26 mm
- Core transaction deposit growth of \$167 mm in 2Q, excluding First Madison



1) See non-GAAP reconciliation table slides at the end of the exhibits for a reconciliation of operating performance measures to GAAP performance  
 2) Excludes effect of acquisition-related intangibles and associated amortization

# Net Interest Revenue / Margin<sup>(1)</sup>

\$ in millions

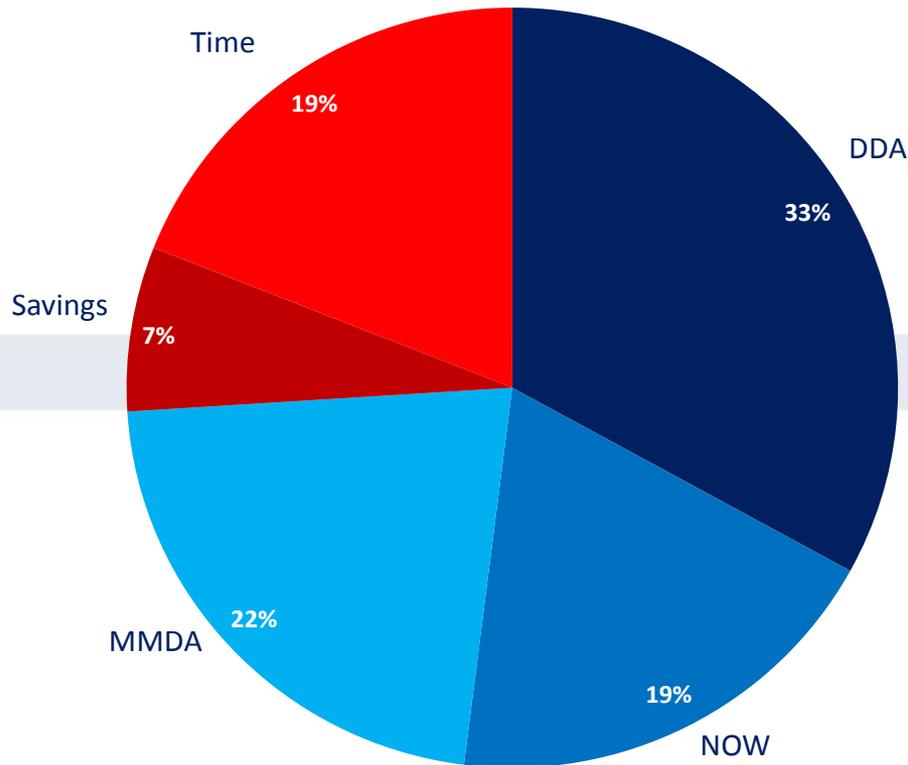


- Net interest revenue increased \$2.2 mm (2%) vs. 1Q19 and \$9.3 mm (9%) vs. 2Q18
- Net interest margin up 2 bps quarter over quarter and 22 bps YoY
  - Benefited from organic loan growth, First Madison and Navitas acquisition and a continued shift towards loans from securities
  - Accretable yield contributed \$3.5 mm or 12 bps to 2Q19 NIM vs. 11 bps in 1Q19

1) Net interest margin is calculated on a fully-taxable equivalent basis

# Valuable Deposit Mix

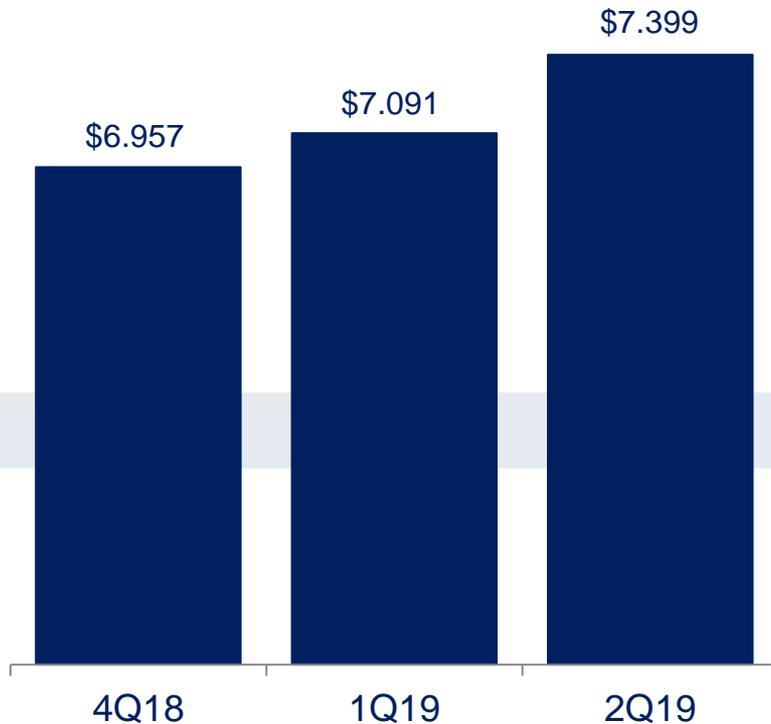
2Q19 Total Deposits \$10.6 billion



- 33% of deposits are Demand Deposits
- UCBI cost of deposits up 3 bps to 0.65% in 2Q19
- UCBI cost of deposits significantly lower than KRX peer levels (62 bps in 1Q19 vs. KRX peers at 80 bps)

# Strong Core Transaction Deposit Growth

\$ in billions

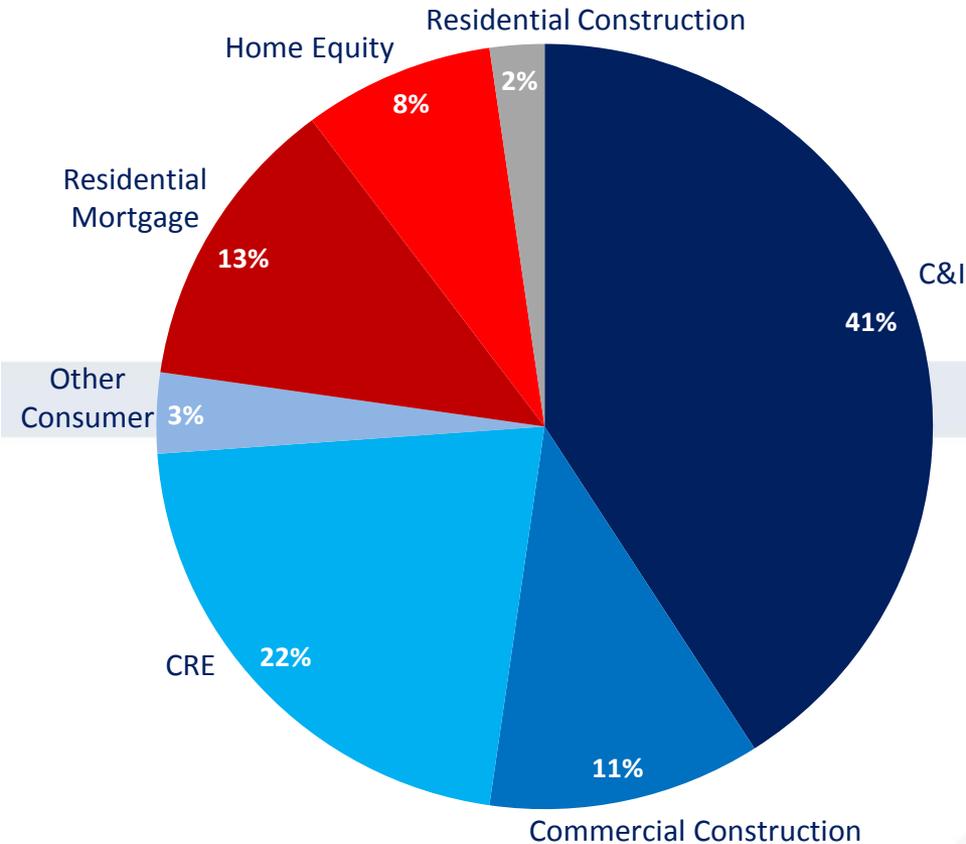


- Transaction accounts up \$307 mm in 2Q19, \$140 mm of which came from First Madison
- Demand deposits up \$119 mm from 1Q19, which drove the majority of 2Q19 core transaction growth\*
- Transaction accounts increased 9% annualized YTD\*
- ***Excluding First Madison, transaction accounts up \$302 mm YTD, which fully funded \$263 mm in loan growth***

\*Excluding First Madison

# Loans

2Q19 Total Loans \$8.8 billion

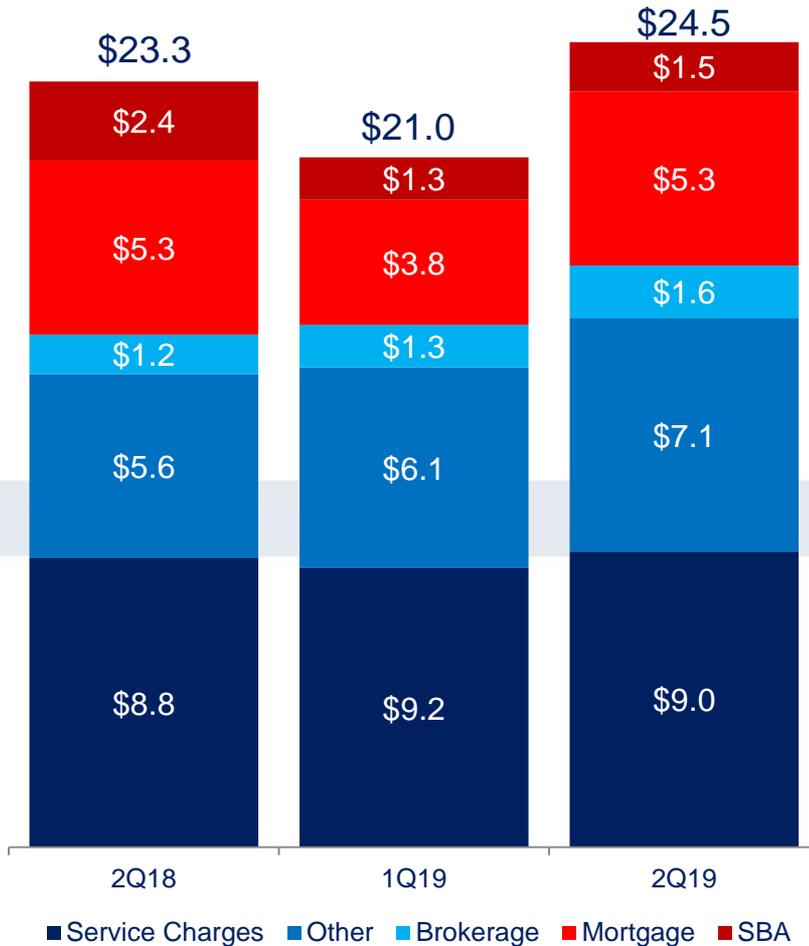


- Annualized linked quarter loan growth was \$345 mm, or 16%
- Excluding the impact of planned indirect auto runoff and the addition of First Madison, linked quarter loan growth was 9% annualized
- Diversified portfolio, weighted towards C&I
- Well within regulatory guidance on construction and CRE levels
  - The 100%/300% ratios stand at 87% and 216%, respectively

1) C&I includes commercial and industrial loans, owner-occupied CRE loans and equipment finance loans

# Noninterest Income

\$ in millions



## Linked Quarter

### ➤ Fees up \$3.5 mm

- Mortgage fees up \$1.6 mm driven mainly by higher production (\$390 mm in 2Q19 rate locks vs. \$312 mm in 1Q19)
- SBA fees up \$0.17 mm from 1Q19 to \$1.5 mm from 1Q19
- Driving the Other fees category higher, customer derivative fees up \$0.7 mm from 1Q19 due to higher production volumes and rate movements
- First Madison added \$0.3 mm of fee revenue to 2Q19, mostly in interchange and overdraft fees

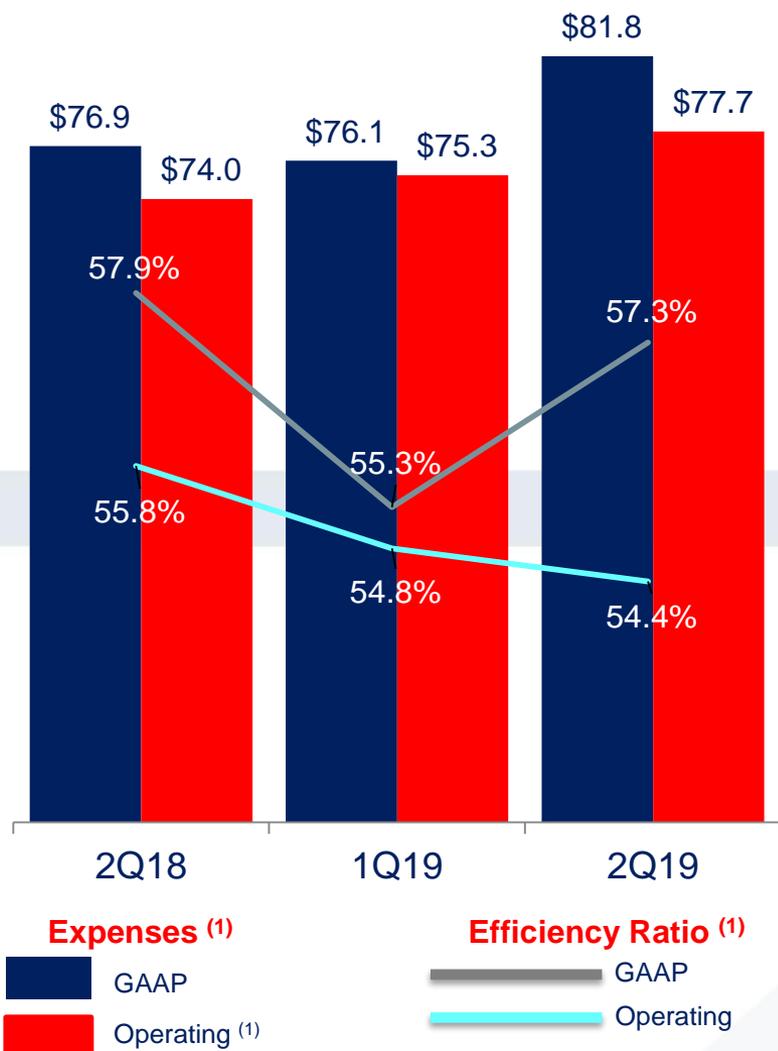
## Year-over-Year

### ➤ Fees up \$1.2 mm to \$24.5 mm

- Rate locks up 25% compared to last year (\$390 mm in 2Q19 vs. \$313 mm in 2Q18)
- 2Q19 SBA loan sales of \$17.1 mm, down 40% from \$28.5 mm in 2Q18 due to strategic change to hold more production

# Expense Discipline

\$ in millions



## Linked Quarter

- GAAP and operating expenses increased 8% and 3%, respectively
  - Salary and benefits expenses in the form of merit increases and higher mortgage commissions drove the majority of the increase versus last quarter; First Madison added \$0.4 mm of 2Q expenses
  - Operating efficiency ratio improved 36 bps to 54.4%

## Year-over-Year

- Market expansions and acquisitions drove GAAP and operating expenses higher by 6% and 5%, respectively
  - Continued cost control efforts help drive operating efficiency ratio improvement of 135 bps

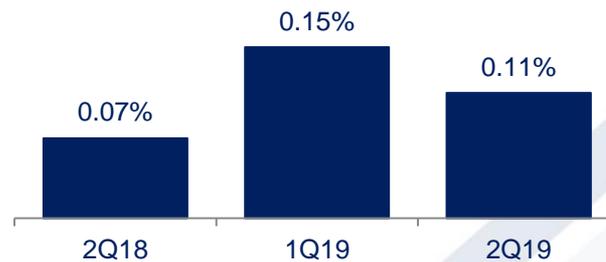
1) See non-GAAP reconciliation table slides at the end of the exhibits for a reconciliation of operating performance measures to GAAP performance measures

# Credit Quality

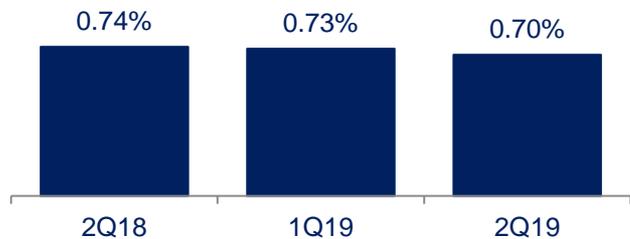
Provision for Credit Losses  
\$ in millions



Net Charge-Offs as %  
of Average Loans



Allowance for Loan Losses



Non-Performing Assets as %  
of Total Assets



# Capital Ratios

Holding Company	2Q18	1Q19	2Q19*
<b>Common Equity Tier 1 Capital</b>	11.6 %	12.4 %	12.1 %
<b>Tier 1 Risk-Based Capital</b>	11.9	12.7	12.4
<b>Total Risk-Based Capital</b>	13.8	14.6	14.2
<b>Leverage</b>	9.3	9.9	10.0
<b>Tangible Common Equity to Tangible Assets</b>	8.8	9.8	9.9

- All cash First Madison deal generally levered regulatory capital ratios
- TCE increased slightly as a positive OCI mark offset goodwill resulting from the First Madison transaction
- All regulatory capital ratios significantly above “well-capitalized”
- Quarterly dividend of \$0.17 per share (up 13% YoY)
- No share repurchases in 2Q19; \$42 mm remaining on current share repurchase authorization

\*2Q19 Capital Ratios are preliminary

# Key Strengths

- Culture and business model that attracts both bankers and potential acquisition partners
- Positioned well in many of the South's fastest-growing markets
- Superior customer service helps drive strong core deposit growth
- Well-developed credit model that drives consistent performance through cycles
- Liquid balance sheet and strong capital offer flexibility in changing rate environments

# Acquisition of First Madison Bank & Trust

## Transaction Overview

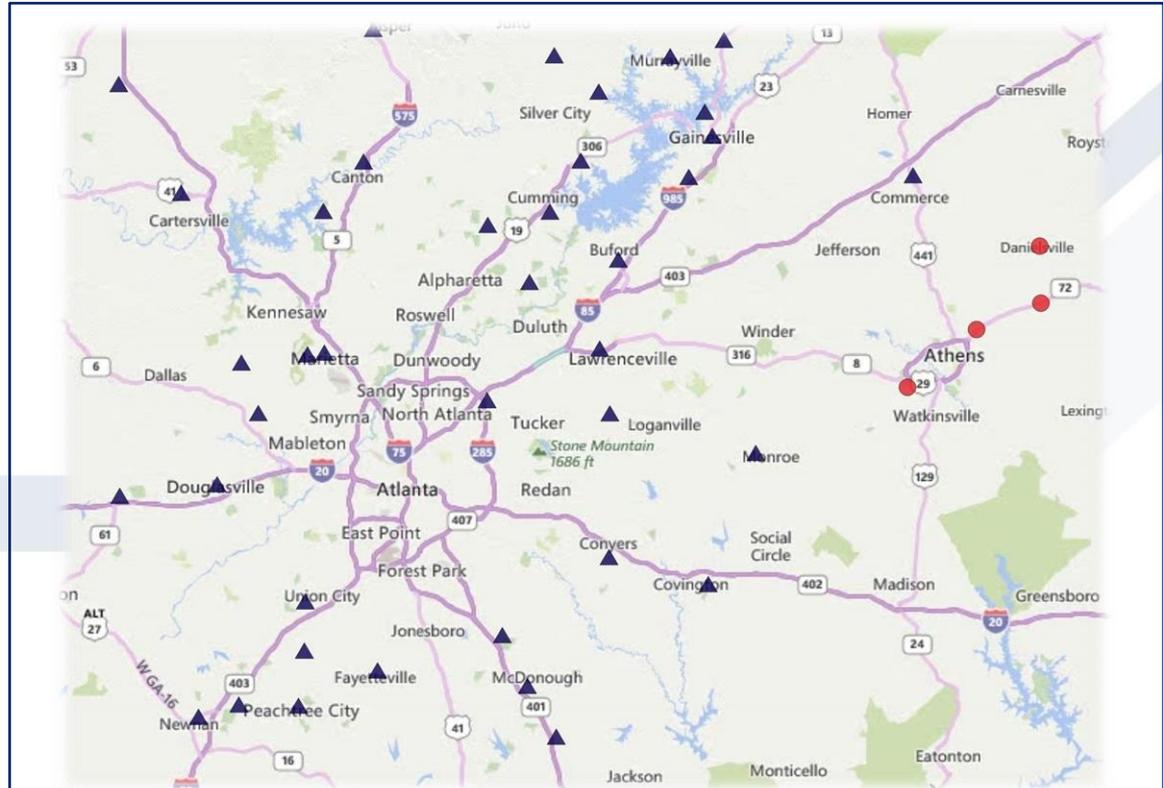
- Announced February 5, 2019
- Closed on May 1, 2019
- 100% cash
  - \$52 million transaction value
- 172% P/TBV
- Strategic fill-in with a well-established, high-performing community bank

## Company Snapshot \*

- Assets: \$258 million
- Loans: \$202 million
- Deposits: \$213 million
- NIM: 4.34%
- Offices: 4

## Compelling Financial Returns

- Slightly accretive to projected 2019 EPS for its partial year contribution, excluding one-time merger charges
- \$.05 accretive to projected 2020 EPS
- 2% dilutive to tangible book value per share
- Financial returns not dependent upon cost savings, which are < 20% of non-interest expenses



- Well established community bank located in the attractive Athens-Clarke County MSA
- Locally focused franchise that is a natural geographic extension of our existing footprint
- High performing partner leading to desirable financial returns

UCBI ▲ FMBT ●



# Presentation Exhibits



# Who We Are

## Full-Service Regional Bank with a Strong Culture Rooted in Sound Credit Underwriting & Growth

### Cultural Pillars

#### High-Quality Balance Sheet

- Underwriting conservatism and portfolio diversification
- Top quartile credit quality performance
- Prudent capital, liquidity and interest-rate risk management
- Focused on improving return to shareholders with increasing ROTCE and dividend growth

#### Profitability

- Managing a steady margin with minimal accretion income
- Fee revenue expansion through focused growth initiatives
- Continued operating expense discipline while investing in growth opportunities
- Executing on M&A cost savings
- High-quality, low-cost core deposit base

#### Growth

- Addition of Commercial Banking Solutions platforms (middle-market banking, SBA lending, senior care, income-property lending, asset-based lending, builder finance, renewable energy, equipment finance) and actively pursuing additional lending platforms
- Entered into and continue to target new markets with team lift-outs
- Continuous emphasis on and enhancement of Mortgage product offerings to drive loan and revenue growth
- Acquisitions that fit our footprint and culture and deliver desired financial returns

### Customer Service Is at Our Foundation



# AWARDS AND RECOGNITION

## ACCOLADES

NAMED ONE OF  
**AMERICA'S BEST  
PERFORMING BANKS**  
- FORBES MAGAZINE

ONE OF THE BEST BANKS  
**IN THE WORLD**  
- FORBES MAGAZINE

**TOP-RANKING**  
IN OVERALL SATISFACTION IN THE SOUTH  
- GREENWICH ASSOCIATES

**BEST IN CLASS**  
IN CUSTOMER SATISFACTION  
- CUSTOMER SERVICE PROFILES

**ONE OF AMERICA'S BEST  
BANKS TO WORK FOR**  
- AMERICAN BANKER

ONE OF ATLANTA AND  
SOUTH CAROLINA'S  
**TOP WORKPLACES**  
- WORKPLACE DYNAMICS



# Who We Are

## Focused on High-Growth MSAs in Southeast

Fastest Growing Southeast MSAs <sup>(1)</sup>	2019-2024 Projected Population Growth	2019 Population	2024 Projected Median Household Income
1. Myrtle Beach, SC	9.66%	485,770	\$55,203
2. Cape Coral, FL	8.46%	757,170	\$62,988
3. Orlando, FL	8.13%	2,589,416	\$65,275
4. Charleston, SC	8.11%	799,117	\$70,920
5. Raleigh, NC	8.02%	1,366,959	\$85,734
6. Naples, FL	7.86%	381,728	\$73,715
7. Lakeland, FL	7.55%	705,037	\$54,996
8. North Port, FL	7.53%	825,378	\$66,059
9. Charlotte, NC	7.29%	2,591,118	\$73,487
10. Jacksonville, FL	6.92%	1,549,094	\$67,247
17. Atlanta, GA	6.52%	6,017,552	\$77,092
19. Greenville, SC	6.18%	912,621	\$62,654
20. Savannah, GA	6.15%	395,004	\$68,589
23. Spartanburg, SC	5.93%	340,535	\$55,507

### UCBI MSA Presence (Branch and or LPO)

Source: S&P Global Market Intelligence

Note: 1) Includes MSAs with a population of greater than 300,000

2) Weighted by State deposits

### Strong Demographic Profile <sup>(2)</sup>

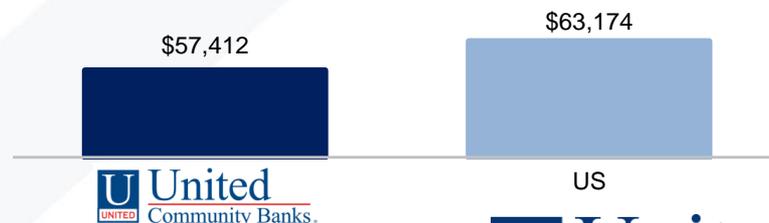
#### '19 – '24 Projected Population Growth



#### '19 – '24 Projected Household Income Growth

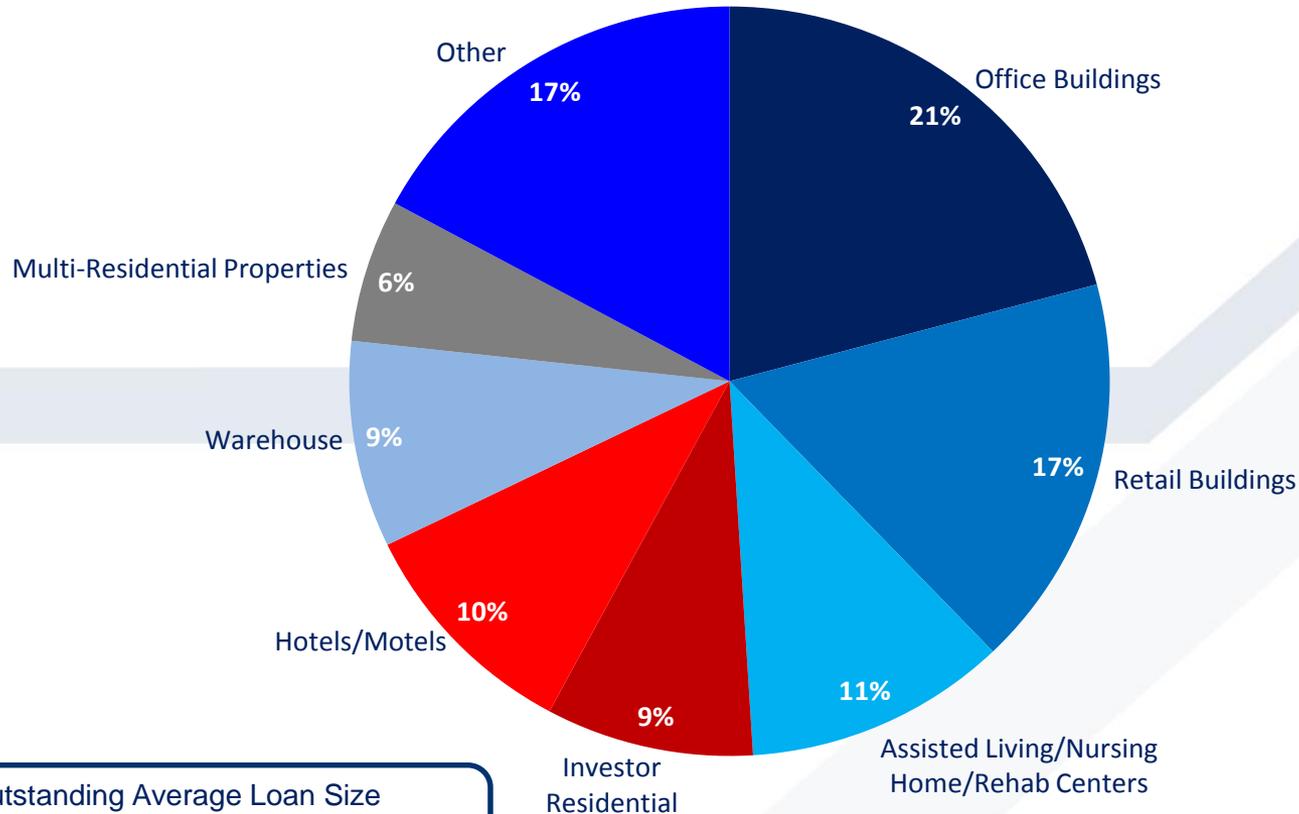


#### Median Household Income



# Commercial RE Diversification – 6/30/2019

Commercial Real Estate - Income Producing % Outstanding  
Total Outstanding \$1.9 billion



## Outstanding Average Loan Size (in thousands)



➤ Commercial Construction	\$456
➤ Commercial RE:	
➤ Composite CRE	437
➤ Owner-Occupied	355
➤ Income-Producing	546

# Strong Credit Culture

## 1. Process Change

- In 2014, centralized and streamlined consumer underwriting and related functions
- Significantly strengthened commercial process for approvals and monitoring

## 2. Add Significant Talent

- CEO with deep knowledge and experience in credit
- 2015 Rob Edwards brought in to lead team (BB&T, TD Bank)
- Senior credit risk team now has large bank credit risk experience

**BUILT TO  
OUTPERFORM  
IN THE NEXT  
CYCLE**

## 3. Concentration Management: Size

- In house project lending limit of \$20 mm, legal lending limit of \$352 mm
- Relationship limit of \$35 mm
- \$98 mm of SNC's outstanding, \$179 mm committed
- Top 25 relationships = \$653 mm, 7.4 % of total loans

## 5. Concentration Management: Product

- Construction/CRE ratio = 87%/216%
- C&D > 30% in cycle, now 14.7%
- Land in C&D \$230 mm and shrinking
- Navitas 7.63% of loans
- Granular product concentration limits

## 4. Concentration Management: Geography

- Four state franchise with mix of metro and rural markets

# Non-GAAP Reconciliation Tables

\$ in thousands, except per share data

	2Q18 (1)	3Q18 (1)	4Q18 (1)	1Q19 (1)	2Q19 (1)
<b>Net Income</b>					
Net income - GAAP	\$ 39,634	\$ 43,682	\$ 45,137	\$ 44,262	\$ 44,085
Merger-related and other charges	2,873	592	1,234	739	4,087
Tax benefit on merger-related and other charges	(121)	(141)	(604)	(172)	(940)
Net income - Operating	<u>\$ 42,386</u>	<u>\$ 44,133</u>	<u>\$ 45,767</u>	<u>\$ 44,829</u>	<u>\$ 47,232</u>
<b>Diluted Earnings per share</b>					
Diluted earnings per share - GAAP	\$ 0.49	\$ 0.54	\$ 0.56	\$ 0.55	\$ 0.55
Merger-related and other charges	0.04	0.01	0.01	0.01	0.04
Diluted earnings per share - Operating	<u>0.53</u>	<u>0.55</u>	<u>0.57</u>	<u>0.56</u>	<u>0.59</u>
<b>Return on Assets</b>					
Return on assets - GAAP	1.30 %	1.41 %	1.43 %	1.44 %	1.40 %
Merger-related and other charges	0.09	0.01	0.02	0.01	0.10
Return on assets - Operating	<u>1.39 %</u>	<u>1.42 %</u>	<u>1.45 %</u>	<u>1.45 %</u>	<u>1.50 %</u>
<b>Book Value per share</b>					
Book Value per share - GAAP	\$ 17.29	\$ 17.56	\$ 18.24	\$ 18.93	\$ 19.65
Effect of goodwill and other intangibles	(4.04)	(4.02)	(4.00)	(4.00)	(4.27)
Tangible book value per share	<u>\$ 13.25</u>	<u>\$ 13.54</u>	<u>\$ 14.24</u>	<u>\$ 14.93</u>	<u>\$ 15.38</u>

- 1) Merger-related and other charges for 2Q19, 1Q19, 4Q18, 3Q18, 2Q18 and 1Q18 include \$193 thousand, \$193 thousand, \$269 thousand, \$478 thousand, \$593 thousand and \$593 thousand, respectively, of intangible amortization resulting from payments made to executives under their change of control agreements. The resulting intangible assets are being amortized over 12 to 24 months.

# Non-GAAP Reconciliation Tables

\$ in thousands, except per share data

	2Q18		3Q18		4Q18		1Q19		2Q19	
	(1)		(1)		(1)		(1)		(1)	
<b>Return on Tangible Common Equity</b>										
Return on common equity - GAAP	11.20	%	11.96	%	12.08	%	11.85	%	11.45	%
Effect of merger-related and other charges	0.77		0.13		0.17		0.15		0.82	
Return on common equity - Operating	11.97		12.09		12.25		12.00		12.27	
Effect of goodwill and intangibles	3.82		3.72		3.63		3.46		3.61	
Return on tangible common equity - Operating	15.79	%	15.81	%	15.88	%	15.46	%	15.88	%
<b>Expenses</b>										
Expenses - GAAP	\$ 76,850		\$ 77,718		\$ 78,242		\$ 76,084		\$ 81,813	
Merger-related and other charges	(2,873)		(592)		(1,234)		(739)		(4,087)	
Expenses - Operating	\$ 73,977		\$ 77,126		\$ 77,008		\$ 75,345		\$ 77,726	
<b>Efficiency Ratio</b>										
Efficiency Ratio - GAAP	57.94	%	56.82	%	56.73	%	55.32	%	57.28	%
Merger-related and other charges	(2.17)		(0.43)		(0.90)		(0.54)		(2.86)	
Efficiency Ratio - Operating	55.77	%	56.39	%	55.83	%	54.78	%	54.42	%
<b>Tangible common equity to tangible assets</b>										
Common Equity to assets ratio - GAAP	11.13	%	11.30	%	11.59	%	12.06	%	12.26	%
Effect of goodwill and intangibles	(2.37)		(2.35)		(2.30)		(2.30)		(2.40)	
Tangible common equity to tangible assets ratio	8.76	%	8.95	%	9.29	%	9.76	%	9.86	%

- 1) Merger-related and other charges for 2Q19, 1Q19, 4Q18, 3Q18, 2Q18 and 1Q18 include \$193 thousand, \$193 thousand, \$269 thousand, \$478 thousand, \$593 thousand and \$593 thousand, respectively, of intangible amortization resulting from payments made to executives under their change of control agreements. The resulting intangible assets are being amortized over 12 to 24 months.



FOUNDED  
1906



2018

UNITED COMMUNITY BANK