# United Community Banks, Inc. Reports Net Operating Loss for Third Quarter 2009

October 23, 2009

BLAIRSVILLE, GA, Oct 23, 2009 (MARKETWIRE via COMTEX News Network) -- United Community Banks, Inc. (NASDAQ: UCBI)

- Capital significantly strengthened by $222.5 million public common offering
- Provision for loan losses of $95.0 million exceeded charge-offs by $4.5 million
- Allowance-to-loans ratio of 2.80 percent, up from 2.64 percent last quarter
- Margin improvement of 11 basis points this quarter to 3.39 percent, up 69 basis points year-to-date
- Non-cash goodwill impairment charge of $25.0 million, or $.50 per diluted share

United Community Banks, Inc. (NASDAQ: UCBI) today reported a net operating loss of $43.7 million, or 93 cents per diluted share, for the third quarter of 2009. These results reflect elevated credit costs, including a $95 million provision for loan losses. Net operating loss does not include a $25 million non-cash charge for impairment of goodwill. Including this non-recurring charge, the net loss for the quarter was $68.7 million, or $1.43 per diluted share.

Net operating loss for the nine months ended September 30, 2009 was $98.8 million, or $2.17 per diluted share, and did not reflect $95 million of non-cash charges for goodwill impairment in the first and third quarters. Also not included were $2.9 million in severance costs in the first quarter and the $11.4 million gain on the Southern Community Bank acquisition in the second quarter, all of which are considered non-recurring items and therefore excluded from operating earnings. Including these non-recurring items, the net loss for the first nine months of 2009 was $188.5 million, or $4.01 per diluted share.

"We continue our strategy of aggressively disposing of problem credits," stated Jimmy Tallent, president and chief executive officer. "At the same time, we are sharply focused on offensive strategies to drive shareholder value long-term by increasing core earnings through margin expansion, expense reductions and core deposit growth. This has been accomplished each quarter throughout 2009."

Total loans were $5.4 billion at quarter-end, down $150 million from the second quarter and $467 million from the third quarter of 2008, reflecting continued reductions in exposure to the residential construction market and the overall weak business environment. As of September 30, 2009, residential construction loans were $1.2 billion, or 22 percent of total loans, a decrease of $411 million from a year ago and $130 million from the second quarter of 2009. "Partially offsetting the decline in total loans was our growth in Atlanta," stated Tallent. "I am very pleased with our progress in restructuring the Atlanta region, where we have closed $180 million in small business and commercial loans in the first nine months of 2009."

Taxable equivalent net interest revenue of $63.0 million reflected an increase of $2.1 million from last quarter, $4.2 million from a year ago, and an increase of $11.1 million from the fourth quarter of 2008. The taxable equivalent net interest margin was 3.39 percent compared with 3.28 percent for the second quarter of 2009, 3.17 percent for the third quarter of 2008, and 2.70 percent for the fourth quarter of 2008.

"The 11 basis point improvement in our net interest margin this quarter reflects our ongoing efforts to improve loan and deposit pricing," stated Tallent. "We continued to maintain our loan pricing strategy with higher credit spreads while lowering pricing on new and renewed time deposits. During the third quarter, over $400 million of time deposits matured that were part of a 15-month special program completed in the second quarter of 2008. We retained about half of these deposits with a rate reduction of over 225 basis points. We will continue to actively pursue lowering deposit rates to improve our margin while balancing liquidity needs with our goal of maximizing earnings."

"Excluding public funds and the deposits obtained through the acquisition, core transaction deposits increased $71 million this quarter and have grown $200 million year-to-date, or 13 percent on an annualized basis," Tallent said. "This growth reflects the success of our United Express program for customer referrals and cross-selling. Year-to-date we opened 9,776 net new deposit accounts. During the third quarter alone, we have added 17, 785 new services."

The third quarter provision for loan losses was $95.0 million compared with $60.0 million for the second quarter of 2009. Net charge-offs for the third quarter were $90.5 million compared with $58.3 million for the second quarter of 2009. At quarter-end, non-performing assets totaled $415.0 million compared with $392.6 million at June 30, 2009. The ratio of non-performing assets to total assets at the end of the third and second quarters was 4.91 percent and 4.63 percent, respectively. The allowance for loan losses to total loans was 2.80 percent and 2.64 percent, respectively.

"Credit quality continues to be our primary area of focus, particularly in the residential construction portfolio," Tallent said. "While we have seen a rise in all categories of non-performing assets, the inflow is still driven by continued weakness in the housing and construction markets. The good news is that the residential construction problem credits in the Atlanta region are starting to decline on a linked-quarter basis. We have seen some negative migration in the commercial real estate categories, but the amounts are still within reasonable levels in light of current economic conditions. Though we could see more negative migration in commercial loans, we are cautiously optimistic because the portfolio is diversified, cash flow sources are

varied, and a large percentage of the loans are owner-occupied."

Operating fee revenue of $15.7 million reflected a $2.6 million increase from last quarter and a year ago. Operating fee revenue excludes the $11.4 million gain on the Southern Community Bank acquisition recorded last quarter. Consulting fees of $2.3 million were up $555,000 from last year due to an increase in demand for assistance with regulatory compliance matters. Mortgage loan fees of $1.8 million were up $422,000 from a year ago due to a high level of refinancing activity. Net securities gains of $1.1 million were up $1.0 million compared to the third quarter of 2008.

Operating expenses for the third quarter of 2009 were $53.6 million, a decrease of $3.4 million from last year. The decrease was primarily due to lower foreclosed property costs of $2.2 million and lower salary and benefit costs of $2.7 million. The decrease in salary and benefit costs were primarily due to the reduction in work force of 174 staff year-to-date and lower bonus incentives, which were offset partially by the 54 staff added last quarter through the acquisition. Additionally, several expense categories benefited this quarter from cost reductions including communications, advertising and printing costs. Partially offsetting the benefit of these lower costs were the rate increase for FDIC insurance premiums of $1.3 million and higher professional and legal fees related to the credit cycle.

The effective tax rate for the third quarter of 2009 was 28 percent, compared to 35 percent for the third quarter of 2008. The lower effective tax rate in the third quarter of 2009 was due to the goodwill impairment charge for which no tax benefit is recognized. Excluding the goodwill impairment charge, the effective tax rate for the third quarter of 2009 was 38 percent. The projected effective tax rate for the balance of 2009 is 38 percent.

At September 30, 2009, the company's regulatory capital ratios were as follows: Tier I Risk-Based Capital of 12.7 percent; Leverage of 9.5 percent; and Total Risk-Based of 15.3 percent. Also, the quarter-end tangible equity-to-assets ratio was 9.6 percent, the tangible common equity-to-assets ratio was 7.4 percent and the tangible common equity to risk weighted assets was 10.3 percent. The third quarter capital ratios reflect the successful common stock offering that closed on September 30, 2009. United issued 44,505,000 shares of common stock at a price of $5.00 per share and the net proceeds increased capital by $210.9 million.

"The additional capital significantly strengthens our balance sheet, allowing us to continue to aggressively deal with problem credits," stated Tallent. "Even more important, it positions us to take advantage of once-in-a-lifetime opportunities to grow our business through organic growth, FDIC assisted transactions and customer dislocation within our markets. All of our strategies support our goal of building long-term shareholder value. While there is a lot of work yet to be done, we have the strongest sense of urgency to return United to the higher levels of profitability that it has achieved for decades."

Conference Call

United Community Banks will hold a conference call today, Friday, October 23, 2009, 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 (888) 211-7262 and use the password 'UCBI.' 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. The Investor Presentation for Third Quarter 2009 can be accessed on the website by selecting 'Presentations' within the Investor Relations section.

About United Community Banks, Inc.

Headquartered in Blairsville, United Community Banks is the third-largest bank holding company in Georgia. United Community Banks has assets of $8.4 billion and operates 27 community banks with 109 banking offices throughout north Georgia, the Atlanta region, coastal Georgia, western North Carolina and east Tennessee. The company specializes in providing personalized community banking services to individuals and small to mid-size businesses. United Community Banks also offers the convenience of 24-hour access through a network of ATMs, telephone and on-line banking. United Community Banks common stock is listed on the Nasdaq Global Select Market under the symbol UCBI. Additional information may be found at the company's web site at www.ucbi.com.

Safe Harbor

This news release contains forward-looking statements, as defined by Federal Securities Laws, including statements about financial outlook and business environment. These statements are provided to assist in the understanding of future financial performance and such performance involves risks and uncertainties that may cause actual results to differ materially from those in such statements. Any such statements are based on current expectations and involve a number of risks and uncertainties. For a discussion of some factors that may cause such forward-looking statements to differ materially from actual results, please refer to the section entitled "Forward-Looking Statements" on page 3 of United Community Banks, Inc.'s annual report filed on Form 10-K with the Securities and Exchange Commission.

UNITED COMMUNITY BANKS, INC.
Financial Highlights
Selected Financial Information

| | 2009 | | |
|---|---|---|---|
| (in thousands, except per share data; taxable equivalent) | Third Quarter | Second Quarter | First Quarter |
| INCOME SUMMARY | | | |
| Interest revenue | $ 101,181 | $ 102,737 | $ 103,562 |
| Interest expense | 38,177 | 41,855 | 46,150 |
| Net interest revenue | 63,004 | 60,882 | 57,412 |
| Provision for loan losses | 95,000 | 60,000 | 65,000 |
| Operating fee revenue (1) | 15,671 | 13,050 | 12,846 |
| Total revenue | (16,325) | 13,932 | 5,258 |
| Operating expenses (2) | 53,606 | 55,348 | 52,569 |

| | | | |
|---|---|---|---|
| Operating loss before taxes | (69,931) | (41,416) | (47,311) |
| Income tax benefit | (26,213) | (18,353) | (15,335) |
| Net operating loss (1)(2) | (43,718) | (23,063) | (31,976) |
| Gain from acquisitions, net of tax expense | - | 7,062 | - |
| Noncash goodwill impairment charge | (25,000) | - | (70,000) |
| Severance costs, net of tax benefit | - | - | (1,797) |
| Net loss | (68,718) | (16,001) | (103,773) |
| Preferred dividends and discount accretion | 2,562 | 2,559 | 2,554 |
| Net loss available to common shareholders | $ (71,280) | $ (18,560) | $ (106,327) |
| PERFORMANCE MEASURES | | | |
| Per common share: | | | |
| Diluted operating loss (1)(2) | $ (.93) | $ (.53) | $ (.71) |
| Diluted loss | (1.43) | (.38) | (2.20) |
| Cash dividends declared | - | - | - |
| Stock dividends declared (6) | 1 for 130 | 1 for 130 | 1 for 130 |
| Book value | 8.85 | 13.87 | 14.70 |
| Tangible book value (4) | 6.50 | 8.85 | 9.65 |
| Key performance ratios: | | | |
| Return on equity (3)(5) | (45.52)% | (11.42)% | (58.28)% |
| Return on assets (5) | (3.32) | (.78) | (5.03) |
| Net interest margin (5) | 3.39 | 3.28 | 3.08 |
| Operating efficiency ratio (1)(2)(4) | 69.15 | 74.15 | 75.15 |
| Equity to assets | 10.27 | 10.71 | 11.56 |
| Tangible equity to assets (4) | 7.55 | 7.96 | 8.24 |
| Tangible common equity to assets (4) | 5.36 | 5.77 | 6.09 |
| Tangible common equity to risk-weighted assets (4) | 10.33 | 7.49 | 8.03 |
| ASSET QUALITY * | | | |
| Non-performing loans (NPLs) | $ 304,381 | $ 287,848 | $ 259,155 |
| Foreclosed properties | 110,610 | 104,754 | 75,383 |
| Total non-performing assets (NPAs) | 414,991 | 392,602 | 334,538 |
| Allowance for loan losses | 150,187 | 145,678 | 143,990 |
| Net charge-offs | 90,491 | 58,312 | 43,281 |
| Allowance for loan losses to loans | 2.80 % | 2.64 % | 2.56 % |
| Net charge-offs to average loans (5) | 6.57 | 4.18 | 3.09 |
| NPAs to loans and foreclosed properties | 7.58 | 6.99 | 5.86 |
| NPAs to total assets | 4.91 | 4.63 | 4.09 |
| AVERAGE BALANCES | | | |
| Loans | $ 5,565,498 | $ 5,597,259 | $ 5,675,054 |
| Investment securities | 1,615,499 | 1,771,482 | 1,712,654 |
| Earning assets | 7,400,539 | 7,442,178 | 7,530,230 |
| Total assets | 8,208,199 | 8,212,140 | 8,372,281 |
| Deposits | 6,689,948 | 6,544,537 | 6,780,531 |
| Shareholders' equity | 843,130 | 879,210 | 967,505 |
| Common shares - basic | 49,771 | 48,794 | 48,324 |
| Common shares - diluted | 49,771 | 48,794 | 48,324 |
| AT PERIOD END | | | |
| Loans | $ 5,362,689 | $ 5,513,087 | $ 5,632,705 |

| | | | |
|---|---|---|---|
| Investment securities | 1,532,514 | 1,816,787 | 1,719,033 |
| Total assets | 8,443,617 | 8,477,355 | 8,171,663 |
| Deposits | 6,821,306 | 6,848,760 | 6,616,488 |
| Shareholders' equity | 1,006,638 | 855,272 | 888,853 |
| Common shares outstanding | 93,901 | 48,933 | 48,487 |

(1) Excludes the gain from acquisition of $11.4 million, net of income tax expense of $4.3 million in the second quarter of 2009. (2) Excludes the non-recurring goodwill impairment charges of $25 million and $70 million in the third and first quarters of 2009, respectively, and severance costs of $2.9 million, net of income tax benefit of $1.1 million in the first quarter of 2009. (3) Net income available to common shareholders, which excludes preferred stock dividends, divided by average realized common equity, which excludes accumulated other comprehensive income (loss). (4) Excludes effect of acquisition related intangibles and associated amortization. (5) Annualized. (6) Number of new shares issued for shares currently held. NM - Not meaningful.

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

UNITED COMMUNITY BANKS, INC.

Financial Highlights

Selected Financial Information

| (in thousands, except per share data; taxable equivalent) | 2008 Fourth Quarter | 2008 Third Quarter | Third Quarter 2009-2008 Change |
|---|---|---|---|
| INCOME SUMMARY | | | |
| Interest revenue | $ 108,434 | $ 112,510 | |
| Interest expense | 56,561 | 53,719 | |
| Net interest revenue | 51,873 | 58,791 | 7% |
| Provision for loan losses | 85,000 | 76,000 | |
| Operating fee revenue (1) | 10,718 | 13,121 | 19 |
| Total revenue | (22,409) | (4,088) | 299 |
| Operating expenses (2) | 52,439 | 56,970 | (6) |
| Operating loss before taxes | (74,848) | (61,058) | 15 |
| Income tax benefit | (28,101) | (21,184) | |
| Net operating loss (1)(2) | (46,747) | (39,874) | 10 |
| Gain from acquisitions, net of tax expense | - | - | |
| Noncash goodwill impairment charge | - | - | |
| Severance costs, net of tax benefit | - | - | |
| Net loss | (46,747) | (39,874) | 72 |
| Preferred dividends and discount accretion | 712 | 4 | |
| Net loss available to common shareholders | $ (47,459) | $ (39,878) | |
| PERFORMANCE MEASURES | | | |
| Per common share: | | | |
| Diluted operating loss (1)(2) | $ (.99) | $ (.84) | 11 |
| Diluted loss | (.99) | (.84) | 70 |
| Cash dividends declared | - | - | |
| Stock dividends declared (6) | 1 for 130 | 1 for 130 | |
| Book value | 16.95 | 17.12 | (48) |
| Tangible book value (4) | 10.39 | 10.48 | (38) |
| Key performance ratios: | | | |
| Return on equity (3)(5) | (23.83)% | (19.07)% | |
| Return on assets (5) | (2.19) | (1.94) | |
| Net interest margin (5) | 2.70 | 3.17 | |

| | | | |
|---|---|---|---|
| Operating efficiency ratio (1)(2)(4) | 81.34 | 79.35 | |
| Equity to assets | 10.04 | 10.26 | |
| Tangible equity to assets (4) | 6.56 | 6.64 | |
| Tangible common equity to assets (4) | 6.21 | 6.64 | |
| Tangible common equity to risk-weighted assets (4) | 8.34 | 8.26 | |
| ASSET QUALITY * | | | |
| Non-performing loans (NPLs) | $ 190,723 | $ 139,266 | |
| Foreclosed properties | 59,768 | 38,438 | |
| Total non-performing assets (NPAs) | 250,491 | 177,704 | |
| Allowance for loan losses | 122,271 | 111,299 | |
| Net charge-offs | 74,028 | 55,736 | |
| Allowance for loan losses to loans | 2.14% | 1.91% | |
| Net charge-offs to average loans (5) | 5.09 | 3.77 | |
| NPAs to loans and foreclosed properties | 4.35 | 3.03 | |
| NPAs to total assets | 2.92 | 2.19 | |
| AVERAGE BALANCES | | | |
| Loans | $ 5,784,139 | $ 5,889,168 | (5) |
| Investment securities | 1,508,808 | 1,454,740 | 11 |
| Earning assets | 7,662,536 | 7,384,287 | - |
| Total assets | 8,487,017 | 8,164,694 | 1 |
| Deposits | 6,982,229 | 6,597,339 | 1 |
| Shareholders' equity | 851,956 | 837,487 | 1 |
| Common shares - basic | 47,844 | 47,417 | |
| Common shares - diluted | 47,844 | 47,417 | |
| AT PERIOD END | | | |
| Loans | $ 5,704,861 | $ 5,829,937 | (8) |
| Investment securities | 1,617,187 | 1,400,827 | 9 |
| Total assets | 8,591,933 | 8,113,961 | 4 |
| Deposits | 7,003,624 | 6,689,335 | 2 |
| Shareholders' equity | 989,382 | 816,880 | 23 |
| Common shares outstanding | 48,009 | 47,596 | |

(1) Excludes the gain from acquisition of $11.4 million, net of income tax expense of $4.3 million in the second quarter of 2009. (2) Excludes the non-recurring goodwill impairment charges of $25 million and $70 million in the third and first quarters of 2009, respectively, and severance costs of $2.9 million, net of income tax benefit of $1.1 million in the first quarter of 2009. (3) Net income available to common shareholders, which excludes preferred stock dividends, divided by average realized common equity, which excludes accumulated other comprehensive income (loss). (4) Excludes effect of acquisition related intangibles and associated amortization. (5) Annualized. (6) Number of new shares issued for shares currently held. NM - Not meaningful.

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

UNITED COMMUNITY BANKS, INC.

Financial Highlights

Selected Financial Information

| (in thousands, except per share data; taxable equivalent) | For the Nine Months Ended 2009 | 2008 | YTD 2009-2008 Change |
|---|---|---|---|
| INCOME SUMMARY | | | |
| Interest revenue | $ 307,480 | $ 358,535 | |
| Interest expense | 126,182 | 171,704 | |
| Net interest revenue | 181,298 | 186,831 | (3)% |
| Provision for loan losses | 220,000 | 99,000 | |
| Operating fee revenue (1) | 41,567 | 42,423 | (2) |

| | | | |
|---|---|---|---|
| Total revenue | 2,865 | 130,254 | (98) |
| Operating expenses (2) | 161,523 | 154,260 | 5 |
| Operating loss before taxes | (158,658) | (24,006) | 561 |
| Income tax benefit | (59,901) | (7,303) | |
| Net operating loss (1)(2) | (98,757) | (16,703) | 491 |
| Gain from acquisitions, net of tax expense | 7,062 | - | |
| Noncash goodwill impairment charge | (95,000) | - | |
| Severance costs, net of tax benefit | (1,797) | - | |
| Net loss | (188,492) | (16,703) | 1,028 |
| Preferred dividends and discount accretion | 7,675 | 12 | |
| Net loss available to common shareholders | $ (196,167) | $ (16,715) | |
| PERFORMANCE MEASURES | | | |
| Per common share: | | | |
| Diluted operating loss (1)(2) | $ (2.17) | $ (.35) | 520 |
| Diluted loss | (4.01) | (.35) | 1,046 |
| Cash dividends declared | - | .18 | |
| Stock dividends declared (6) | 3 for 130 | 1 for 130 | |
| Book value | 8.85 | 17.12 | (48) |
| Tangible book value (4) | 6.50 | 10.48 | (38) |
| Key performance ratios: | | | |
| Return on equity (3)(5) | (39.11)% | (2.69)% | |
| Return on assets (5) | (3.05) | (.27) | |
| Net interest margin (5) | 3.25 | 3.35 | |
| Operating efficiency ratio (1)(2)(4) | 72.72 | 67.43 | |
| Equity to assets | 10.84 | 10.29 | |
| Tangible equity to assets (4) | 7.92 | 6.71 | |
| Tangible common equity to assets (4) | 5.74 | 6.70 | |
| Tangible common equity to risk-weighted assets (4) | 10.33 | 8.26 | |
| ASSET QUALITY * | | | |
| Non-performing loans (NPLs) | $ 304,381 | $ 139,266 | |
| Foreclosed properties | 110,610 | 38,438 | |
| Total non-performing assets (NPAs) | 414,991 | 177,704 | |
| Allowance for loan losses | 150,187 | 111,299 | |
| Net charge-offs | 192,084 | 77,124 | |
| Allowance for loan losses to loans | 2.80% | 1.91% | |
| Net charge-offs to average loans (5) | 4.60 | 1.74 | |
| NPAs to loans and foreclosed properties | 7.58 | 3.03 | |
| NPAs to total assets | 4.91 | 2.19 | |
| AVERAGE BALANCES | | | |
| Loans | $ 5,612,202 | $ 5,926,731 | (5) |
| Investment securities | 1,699,522 | 1,482,397 | 15 |
| Earning assets | 7,457,173 | 7,451,017 | - |
| Total assets | 8,263,605 | 8,262,853 | - |
| Deposits | 6,671,340 | 6,370,753 | 5 |
| Shareholders' equity | 896,159 | 849,912 | 5 |
| Common shares - basic | 48,968 | 47,210 | |
| Common shares - diluted | 48,968 | 47,210 | |
| AT PERIOD END | | | |
| Loans | $ 5,362,689 | $ 5,829,937 | (8) |
| Investment securities | 1,532,514 | 1,400,827 | 9 |
| Total assets | 8,443,617 | 8,113,961 | 4 |
| Deposits | 6,821,306 | 6,689,335 | 2 |

| | | | |
|---|---|---|---|
| Shareholders' equity | 1,006,638 | 816,880 | 23 |
| Common shares outstanding | 93,901 | 47,596 | |

(1) Excludes the gain from acquisition of $11.4 million, net of income tax expense of $4.3 million in the second quarter of 2009. (2) Excludes the non-recurring goodwill impairment charges of $25 million and $70 million in the third and first quarters of 2009, respectively, and severance costs of $2.9 million, net of income tax benefit of $1.1 million in the first quarter of 2009. (3) Net income available to common shareholders, which excludes preferred stock dividends, divided by average realized common equity, which excludes accumulated other comprehensive income (loss). (4) Excludes effect of acquisition related intangibles and associated amortization. (5) Annualized. (6) Number of new shares issued for shares currently held. NM - Not meaningful.

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

UNITED COMMUNITY BANKS, INC.

Operating Earnings to GAAP Earnings Reconciliation

Selected Financial Information

| (in thousands, except per share data; taxable equivalent) | 2009 Third Quarter | 2009 Second Quarter | 2009 First Quarter | 2008 Fourth Quarter | 2008 Third Quarter |
|---|---|---|---|---|---|
| Interest revenue reconciliation | | | | | |
| Interest revenue - taxable equivalent | $ 101,181 | $ 102,737 | $ 103,562 | $ 108,434 | $ 112,510 |
| Taxable equivalent adjustment | (580) | (463) | (488) | (553) | (571) |
| Interest revenue (GAAP) | $ 100,601 | $ 102,274 | $ 103,074 | $ 107,881 | $ 111,939 |
| Net interest revenue reconciliation | | | | | |
| Net interest revenue - taxable equivalent | $ 63,004 | $ 60,882 | $ 57,412 | $ 51,873 | $ 58,791 |
| Taxable equivalent adjustment | (580) | (463) | (488) | (553) | (571) |
| Net interest revenue (GAAP) | $ 62,424 | $ 60,419 | $ 56,924 | $ 51,320 | $ 58,220 |
| Fee revenue reconciliation | | | | | |
| Operating fee revenue | $ 15,671 | $ 13,050 | $ 12,846 | $ 10,718 | $ 13,121 |
| Gain from acquisition | - | 11,390 | - | - | - |
| Fee revenue (GAAP) | $ 15,671 | $ 24,440 | $ 12,846 | $ 10,718 | $ 13,121 |
| Total revenue reconciliation | | | | | |
| Total operating revenue | $ (16,325) | $ 13,932 | $ 5,258 | $ (22,409) | $ (4,088) |
| Taxable equivalent adjustment | (580) | (463) | (488) | (553) | (571) |
| Gain from acquisition | - | 11,390 | - | - | - |
| Total revenue (GAAP) | $ (16,905) | $ 24,859 | $ 4,770 | $ (22,962) | $ (4,659) |

| | | | | | |
|---|---|---|---|---|---|
| Expense reconciliation | | | | | |
| Operating expense | $ 53,606 | $ 55,348 | $ 52,569 | $ 52,439 | $ 56,970 |
| Noncash goodwill impairment charge | 25,000 | - | 70,000 | - | - |
| Severance costs | - | - | 2,898 | - | - |
| Operating expense (GAAP) | $ 78,606 | $ 55,348 | $ 125,467 | $ 52,439 | $ 56,970 |
| (Loss) income before taxes reconciliation | | | | | |
| Operating (loss) income before taxes | $ (69,931) | $ (41,416) | $ (47,311) | $ (74,848) | $ (61,058) |
| Taxable equivalent adjustment | (580) | (463) | (488) | (553) | (571) |
| Gain from acquisition | - | 11,390 | - | - | - |
| Noncash goodwill impairment charge | (25,000) | - | (70,000) | - | - |
| Severance costs | - | - | (2,898) | - | - |
| (Loss) income before taxes (GAAP) | $ (95,511) | $ (30,489) | $ (120,697) | $ (75,401) | $ (61,629) |
| Income tax (benefit) expense reconciliation | | | | | |
| Operating income tax (benefit) expense | $ (26,213) | $ (18,353) | $ (15,335) | $ (28,101) | $ (21,184) |
| Taxable equivalent adjustment | (580) | (463) | (488) | (553) | (571) |
| Gain from acquisition, tax expense | - | 4,328 | - | - | - |
| Severance costs, tax benefit | - | - | (1,101) | - | - |
| Income tax (benefit) expense (GAAP) | $ (26,793) | $ (14,488) | $ (16,924) | $ (28,654) | $ (21,755) |
| (Loss) earnings per common share reconciliation | | | | | |
| Operating (loss) earnings per common share | $ (0.93) | $ (0.53) | $ (0.71) | $ (0.99) | $ (0.84) |
| Gain from acquisition | - | 0.15 | - | - | - |
| Noncash goodwill impairment charge | (0.50) | - | (1.45) | - | - |
| Severance costs | - | - | (0.04) | - | - |
| (Loss) earnings per common share (GAAP) | $ (1.43) | $ (0.38) | $ (2.20) | $ (0.99) | $ (0.84) |
| Book value reconciliation | | | | | |
| Tangible book value | $ 6.50 | $ 8.85 | $ 9.65 | $ 10.39 | $ 10.48 |
| Effect of goodwill | | | | | |

| | | | | | |
|---|---|---|---|---|---|
| and other intangibles | 2.35 | 5.02 | 5.05 | 6.56 | 6.64 |
| Book value (GAAP) | $ 8.85 | $ 13.87 | $ 14.70 | $ 16.95 | $ 17.12 |
| Efficiency ratio reconciliation | | | | | |
| Operating efficiency ratio | 69.15% | 74.15% | 75.15% | 81.34% | 79.35% |
| Gain from acquisition | - | (9.82) | - | - | - |
| Noncash goodwill impairment charge | 32.24 | - | 100.06 | - | - |
| Severance costs | - | - | 4.14 | - | - |
| Efficiency ratio (GAAP) | 101.39% | 64.33% | 179.35% | 81.34% | 79.35% |
| Average equity to assets reconciliation | | | | | |
| Tangible common equity to assets | 5.36% | 5.77% | 6.09% | 6.21% | 6.64% |
| Effect of preferred equity | 2.19 | 2.19 | 2.15 | .35 | - |
| Tangible equity to assets | 7.55 | 7.96 | 8.24 | 6.56 | 6.64 |
| Effect of goodwill and other intangibles | 2.72 | 2.75 | 3.32 | 3.48 | 3.62 |
| Equity to assets (GAAP) | 10.27% | 10.71% | 11.56% | 10.04% | 10.26% |
| Actual tangible common equity to risk-weighted assets reconciliation | | | | | |
| Tangible common equity to risk-weighted assets | 10.33% | 7.49% | 8.03% | 8.34% | 8.26% |
| Effect of other comprehensive income | (.87) | (.72) | (1.00) | (.91) | (.28) |
| Effect of deferred tax limitation | (.56) | (.22) | - | - | - |
| Effect of trust preferred | .89 | .90 | .89 | .88 | .68 |
| Effect of preferred equity | 2.94 | 2.99 | 2.96 | 2.90 | - |
| Tier I capital ratio (Regulatory) | 12.73% | 10.44% | 10.88% | 11.21% | 8.66% |

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

| (in thousands, except per share data; taxable equivalent) | For the Nine Months Ended | |
|---|---|---|
| | 2009 | 2008 |

| | | |
|---|---|---|
| Interest revenue reconciliation | | |
| Interest revenue - taxable equivalent | $ 307,480 | $ 358,535 |
| Taxable equivalent adjustment | (1,531) | (1,708) |
| Interest revenue (GAAP) | $ 305,949 | $ 356,827 |
| Net interest revenue reconciliation | | |
| Net interest revenue - taxable equivalent | $ 181,298 | $ 186,831 |
| Taxable equivalent adjustment | (1,531) | (1,708) |
| Net interest revenue (GAAP) | $ 179,767 | $ 185,123 |
| Fee revenue reconciliation | | |
| Operating fee revenue | $ 41,567 | $ 42,423 |
| Gain from acquisition | 11,390 | - |
| Fee revenue (GAAP) | $ 52,957 | $ 42,423 |
| Total revenue reconciliation | | |
| Total operating revenue | $ 2,865 | $ 130,254 |
| Taxable equivalent adjustment | (1,531) | (1,708) |
| Gain from acquisition | 11,390 | - |
| Total revenue (GAAP) | $ 12,724 | $ 128,546 |
| Expense reconciliation | | |
| Operating expense | $ 161,523 | $ 154,260 |
| Noncash goodwill impairment charge | 95,000 | - |
| Severance costs | 2,898 | - |
| Operating expense (GAAP) | $ 259,421 | $ 154,260 |
| (Loss) income before taxes reconciliation | | |
| Operating (loss) income before taxes | $ (158,658) | $ (24,006) |
| Taxable equivalent adjustment | (1,531) | (1,708) |
| Gain from acquisition | 11,390 | - |
| Noncash goodwill impairment charge | (95,000) | - |
| Severance costs | (2,898) | - |
| (Loss) income before taxes (GAAP) | $ (246,697) | $ (25,714) |
| Income tax (benefit) expense reconciliation | | |
| Operating income tax (benefit) expense | $ (59,901) | $ (7,303) |
| Taxable equivalent adjustment | (1,531) | (1,708) |
| Gain from acquisition, tax expense | 4,328 | - |
| Severance costs, tax benefit | (1,101) | - |
| Income tax (benefit) expense (GAAP) | $ (58,205) | $ (9,011) |
| (Loss) earnings per common share reconciliation | | |
| Operating (loss) earnings per common share | $ (2.17) | $ (0.35) |
| Gain from acquisition | 0.15 | - |
| Noncash goodwill impairment charge | (1.95) | - |
| Severance costs | (0.04) | - |
| (Loss) earnings per common share (GAAP) | $ (4.01) | $ (0.35) |
| Book value reconciliation | | |
| Tangible book value | $ 6.50 | $ 10.48 |
| Effect of goodwill and other intangibles | 2.35 | 6.64 |
| Book value (GAAP) | $ 8.85 | $ 17.12 |
| Efficiency ratio reconciliation | | |

| | | |
|---|---|---|
| Operating efficiency ratio | 72.72% | 67.43% |
| Gain from acquisition | (3.55) | - |
| Noncash goodwill impairment charge | 40.68 | - |
| Severance costs | 1.24 | - |
| Efficiency ratio (GAAP) | 111.09% | 67.43% |
| Average equity to assets reconciliation | | |
| Tangible common equity to assets | 5.74% | 6.70% |
| Effect of preferred equity | 2.18 | .01 |
| Tangible equity to assets | 7.92 | 6.71 |
| Effect of goodwill and other intangibles | 2.92 | 3.58 |
| Equity to assets (GAAP) | 10.84% | 10.29% |
| Actual tangible common equity to risk-weighted assets reconciliation | | |
| Tangible common equity to risk-weighted assets | 10.33% | 8.26% |
| Effect of other comprehensive income | (.87) | (.28) |
| Effect of deferred tax limitation | (.56) | - |
| Effect of trust preferred | .89 | .68 |
| Effect of preferred equity | 2.94 | - |
| Tier I capital ratio (Regulatory) | 12.73% | 8.66% |

UNITED COMMUNITY BANKS, INC.
Financial Highlights
Loan Portfolio Composition at Period-End

| | 2009 | | |
|---|---|---|---|
| (in millions) | Third Quarter(1) | Second Quarter(1) | First Quarter |
| LOANS BY CATEGORY | | | |
| Commercial (sec. by RE) | $ 1,787 | $ 1,797 | $ 1,779 |
| Commercial construction | 380 | 379 | 377 |
| Commercial & industrial | 403 | 399 | 387 |
| Total commercial | 2,570 | 2,575 | 2,543 |
| Residential construction | 1,185 | 1,315 | 1,430 |
| Residential mortgage | 1,461 | 1,470 | 1,504 |
| Consumer / installment | 147 | 153 | 156 |
| Total loans | $ 5,363 | $ 5,513 | $ 5,633 |
| LOANS BY MARKET | | | |
| Atlanta MSA | $ 1,526 | $ 1,605 | $ 1,660 |
| Gainesville MSA | 402 | 413 | 422 |
| North Georgia | 1,942 | 1,978 | 2,014 |
| Western North Carolina | 786 | 794 | 808 |
| Coastal Georgia | 440 | 455 | 460 |
| East Tennessee | 267 | 268 | 269 |
| Total loans | $ 5,363 | $ 5,513 | $ 5,633 |
| RESIDENTIAL CONSTRUCTION | | | |
| Dirt loans | | | |
| Acquisition & development | $ 380 | $ 413 | $ 445 |
| Land loans | 159 | 159 | 155 |
| Lot loans | 336 | 369 | 390 |
| Total | 875 | 941 | 990 |
| House loans | | | |

| | | | |
|---|---|---|---|
| Spec | 218 | 268 | 317 |
| Sold | 92 | 106 | 123 |
| Total | 310 | 374 | 440 |
| Total residential construction | $ 1,185 | $ 1,315 | $ 1,430 |
| RESIDENTIAL CONSTRUCTION - ATLANTA MSA | | | |
| Dirt loans | | | |
| Acquisition & development | $ 100 | $ 124 | $ 148 |
| Land loans | 61 | 63 | 52 |
| Lot loans | 54 | 81 | 98 |
| Total | 215 | 268 | 298 |
| House loans | | | |
| Spec | 91 | 127 | 164 |
| Sold | 22 | 29 | 33 |
| Total | 113 | 156 | 197 |
| Total residential construction | $ 328 | $ 424 | $ 495 |

(1) Excludes total loans of $104.0 million and $109.9 million as of September 30, 2009 and June 30, 2009, respectively, that are covered by the loss-sharing agreement with the FDIC, related to the acquisition of Southern Community Bank.
(2) Annualized.

UNITED COMMUNITY BANKS, INC.
Financial Highlights
Loan Portfolio Composition at Period-End

| | 2008 | | Linked Quarter Change(2) | Year over Year Change |
|---|---|---|---|---|
| (in millions) | Fourth Quarter | Third Quarter | Actual | Actual |
| LOANS BY CATEGORY | | | | |
| Commercial (sec. by RE) | $ 1,627 | $ 1,604 | (2)% | 11% |
| Commercial construction | 500 | 509 | 1 | (25) |
| Commercial & industrial | 410 | 425 | 4 | (5) |
| Total commercial | 2,537 | 2,538 | (1) | 1 |
| Residential construction | 1,479 | 1,596 | (40) | (26) |
| Residential mortgage | 1,526 | 1,528 | (2) | (4) |
| Consumer / installment | 163 | 168 | (16) | (13) |
| Total loans | $ 5,705 | $ 5,830 | (11) | (8) |
| LOANS BY MARKET | | | | |
| Atlanta MSA | $ 1,706 | $ 1,800 | (20)% | (15)% |
| Gainesville MSA | 420 | 426 | (11) | (6) |
| North Georgia | 2,040 | 2,066 | (7) | (6) |
| Western North Carolina | 810 | 815 | (4) | (4) |
| Coastal Georgia | 464 | 458 | (13) | (4) |
| East Tennessee | 265 | 265 | (1) | 1 |
| Total loans | $ 5,705 | $ 5,830 | (11) | (8) |
| RESIDENTIAL CONSTRUCTION | | | | |
| Dirt loans | | | | |
| Acquisition & development | $ 484 | $ 516 | (32)% | (26)% |
| Land loans | 153 | 142 | - | 12 |
| Lot loans | 358 | 385 | (36) | (13) |

| | | | | |
|---|---|---|---|---|
| Total | 995 | 1,043 | (28) | (16) |
| House loans | | | | |
| Spec | 347 | 393 | (75)% | (45)% |
| Sold | 137 | 160 | (53) | (43) |
| Total | 484 | 553 | (68) | (44) |
| Total residential construction | $ 1,479 | $ 1,596 | (40) | (26) |
| RESIDENTIAL CONSTRUCTION - ATLANTA MSA | | | | |
| Dirt loans | | | | |
| Acquisition & development | $ 167 | $ 185 | (77)% | (46)% |
| Land loans | 56 | 47 | (13) | 30 |
| Lot loans | 86 | 103 | (133) | (48) |
| Total | 309 | 335 | (79) | (36) |
| House loans | | | | |
| Spec | 189 | 227 | (113)% | (60)% |
| Sold | 40 | 49 | (97) | (55) |
| Total | 229 | 276 | (110) | (59) |
| Total residential construction | $ 538 | $ 611 | (91) | (46) |

(1) Excludes total loans of $104.0 million and $109.9 million as of September 30, 2009 and June 30, 2009, respectively, that are covered by the loss-sharing agreement with the FDIC, related to the acquisition of Southern Community Bank.
(2) Annualized.

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

| | Third Quarter 2009 | | |
|---|---|---|---|
| (in thousands) | Non-performing Loans | Foreclosed Properties | Total NPAs |
| NPAs BY CATEGORY | | | |
| Commercial (sec. by RE) | $ 38,379 | $ 12,566 | $ 50,945 |
| Commercial construction | 38,505 | 5,543 | 44,048 |
| Commercial & industrial | 3,794 | - | 3,794 |
| Total commercial | 80,678 | 18,109 | 98,787 |
| Residential construction | 171,027 | 79,045 | 250,072 |
| Residential mortgage | 50,626 | 13,456 | 64,082 |
| Consumer / installment | 2,050 | - | 2,050 |
| Total NPAs | $ 304,381 | $ 110,610 | $ 414,991 |
| NPAs BY MARKET | | | |
| Atlanta MSA | $ 120,599 | $ 54,670 | $ 175,269 |
| Gainesville MSA | 12,916 | 8,429 | 21,345 |
| North Georgia | 96,373 | 36,718 | 133,091 |
| Western North Carolina | 25,775 | 5,918 | 31,693 |
| Coastal Georgia | 38,414 | 3,045 | 41,459 |
| East Tennessee | 10,304 | 1,830 | 12,134 |
| Total NPAs | $ 304,381 | $ 110,610 | $ 414,991 |

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

Southern Community Bank. (2) Annualized.

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

| (in thousands) | Second Quarter 2009 Non-performing Loans | Foreclosed Properties | Total NPAs |
|---|---|---|---|
| NPAs BY CATEGORY | | | |
| Commercial (sec. by RE) | $ 37,755 | $ 5,395 | $ 43,150 |
| Commercial construction | 15,717 | 5,847 | 21,564 |
| Commercial & industrial | 11,378 | - | 11,378 |
| Total commercial | 64,850 | 11,242 | 76,092 |
| Residential construction | 176,400 | 81,648 | 258,048 |
| Residential mortgage | 44,256 | 11,864 | 56,120 |
| Consumer / installment | 2,342 | - | 2,342 |
| Total NPAs | $ 287,848 | $ 104,754 | $ 392,602 |
| NPAs BY MARKET | | | |
| Atlanta MSA | $ 148,155 | $ 50,450 | $ 198,605 |
| Gainesville MSA | 9,745 | 3,511 | 13,256 |
| North Georgia | 72,174 | 37,454 | 109,628 |
| Western North Carolina | 21,814 | 7,245 | 29,059 |
| Coastal Georgia | 30,311 | 3,904 | 34,215 |
| East Tennessee | 5,649 | 2,190 | 7,839 |
| Total NPAs | $ 287,848 | $ 104,754 | $ 392,602 |

(1) Excludes non-performing loans and foreclosed properties covered by the loss-sharing agreement with the FDIC, related to the acquisition of Southern Community Bank. (2) Annualized.

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

| (in thousands) | First Quarter 2009 Non-performing Loans | Foreclosed Properties | Total NPAs |
|---|---|---|---|
| NPAs BY CATEGORY | | | |
| Commercial (sec. by RE) | $ 18,188 | $ 3,811 | $ 21,999 |
| Commercial construction | 6,449 | 2,948 | 9,397 |
| Commercial & industrial | 12,066 | - | 12,066 |
| Total commercial | 36,703 | 6,759 | 43,462 |
| Residential construction | 187,656 | 58,327 | 245,983 |
| Residential mortgage | 33,148 | 10,297 | 43,445 |
| Consumer / installment | 1,648 | - | 1,648 |
| Total NPAs | $ 259,155 | $ 75,383 | $ 334,538 |
| NPAs BY MARKET | | | |
| Atlanta MSA | $ 131,020 | $ 48,574 | $ 179,594 |
| Gainesville MSA | 17,448 | 694 | 18,142 |
| North Georgia | 66,875 | 20,811 | 87,686 |
| Western North Carolina | 21,240 | 3,067 | 24,307 |
| Coastal Georgia | 15,699 | 1,286 | 16,985 |
| East Tennessee | 6,873 | 951 | 7,824 |
| Total NPAs | $ 259,155 | $ 75,383 | $ 334,538 |

(1) Excludes non-performing loans and foreclosed properties covered by the

loss-sharing agreement with the FDIC, related to the acquisition of Southern Community Bank. (2) Annualized.

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

| | Third Quarter 2009 | | Second Quarter 2009 | | First Quarter 2009 | |
|---|---|---|---|---|---|---|
| (in thousands) | Net Charge-Offs | Net Charge-Offs to Average Loans(2) | Net Charge-Offs | Net Charge-Offs to Average Loans(2) | Net Charge-Offs | Net Charge-Offs to Average Loans(2) |
| NET CHARGE-OFFS BY CATEGORY | | | | | | |
| Commercial (sec. by RE) | $ 10,568 | 2.33% | $ 5,986 | 1.34% | $ 826 | .20% |
| Commercial construction | 4,369 | 4.55 | 756 | .80 | 54 | .05 |
| Commercial & industrial | 1,792 | 1.76 | 3,107 | 3.16 | 873 | .89 |
| Total commercial | 16,729 | 2.57 | 9,849 | 1.54 | 1,753 | .28 |
| Residential construction | 67,520 | 21.31 | 44,240 | 12.90 | 37,762 | 10.52 |
| Residential mortgage | 5,051 | 1.36 | 3,526 | .95 | 2,984 | .80 |
| Consumer / installment | 1,191 | 3.13 | 697 | 1.80 | 782 | 1.99 |
| Total | $ 90,491 | 6.57 | $ 58,312 | 4.18 | $ 43,281 | 3.09 |
| NET CHARGE-OFFS BY MARKET | | | | | | |
| Atlanta MSA | $ 50,129 | 12.61% | $ 37,473 | 8.89% | $ 26,228 | 6.16% |
| Gainesville MSA | 1,473 | 1.60 | 4,125 | 4.38 | 1,105 | 1.18 |
| North Georgia | 24,017 | 4.74 | 12,571 | 2.52 | 8,208 | 1.64 |
| Western North Carolina | 3,949 | 1.98 | 1,015 | .51 | 3,669 | 1.83 |
| Coastal Georgia | 10,051 | 8.78 | 969 | .85 | 3,229 | 2.84 |
| East Tennessee | 872 | 1.30 | 2,159 | 3.21 | 842 | 1.28 |
| Total | $ 90,491 | 6.57 | $ 58,312 | 4.18 | $ 43,281 | 3.09 |

| (in thousands) | Third Quarter 2009 | Second Quarter 2009 | First Quarter 2009 |
|---|---|---|---|
| FORECLOSED PROPERTIES | | | |
| Beginning balance | $104,754 | $ 75,383 | $ 59,768 |
| Foreclosures transferred in | 56,624 | 64,417 | 38,742 |
| Capital costs added | 579 | 1,324 | 1,452 |
| Write downs | (1,906) | (2,738) | (2,151) |
| Proceeds from sales | (49,441) | (33,632) | (22,428) |
| Total | $110,610 | $104,754 | $ 75,383 |

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

Southern Community Bank. (2) Annualized.

UNITED COMMUNITY BANKS, INC.

Consolidated Statement of Income (Unaudited)

| (in thousands, except per share data) | Three Months Ended September 30, 2009 | 2008 |
|---|---|---|
| Interest revenue: | | |
| Loans, including fees | $ 80,874 | $ 93,233 |
| Investment securities, including tax exempt of $328, $348, $956 and $1,140 | 18,820 | 18,606 |
| Federal funds sold, commercial paper, deposits in banks and other | 907 | 100 |
| Total interest revenue | 100,601 | 111,939 |
| Interest expense: | | |
| Deposits: | | |
| NOW | 2,528 | 6,778 |
| Money market | 2,711 | 2,296 |
| Savings | 130 | 153 |
| Time | 28,183 | 39,044 |
| Total deposit interest expense | 33,552 | 48,271 |
| Federal funds purchased, repurchase agreements and other short-term borrowings | 613 | 1,116 |
| Federal Home Loan Bank advances | 1,300 | 2,105 |
| Long-term debt | 2,712 | 2,227 |
| Total interest expense | 38,177 | 53,719 |
| Net interest revenue | 62,424 | 58,220 |
| Provision for loan losses | 95,000 | 76,000 |
| Net interest revenue after provision for loan losses | (32,576) | (17,780) |
| Fee revenue: | | |
| Service charges and fees | 8,138 | 8,171 |
| Mortgage loan and other related fees | 1,832 | 1,410 |
| Consulting fees | 2,282 | 1,727 |
| Brokerage fees | 456 | 905 |
| Securities gains, net | 1,149 | 120 |
| Gain from acquisition | - | - |
| Other | 1,814 | 788 |
| Total fee revenue | 15,671 | 13,121 |
| Total revenue | (16,905) | (4,659) |
| Operating expenses: | | |
| Salaries and employee benefits | 25,881 | 28,626 |
| Communications and equipment | 3,732 | 3,909 |
| Occupancy | 4,098 | 3,905 |
| Advertising and public relations | 887 | 1,399 |
| Postage, printing and supplies | 1,277 | 1,493 |
| Professional fees | 2,255 | 1,596 |
| Foreclosed property | 7,918 | 10,109 |
| FDIC assessments and other regulatory charges | 2,801 | 1,509 |
| Amortization of intangibles | 813 | 752 |
| Other | 3,944 | 3,672 |
| Goodwill impairment | 25,000 | - |
| Severance costs | - | - |

| | | |
|---|---|---|
| Total operating expenses | 78,606 | 56,970 |
| Loss before income taxes | (95,511) | (61,629) |
| Income tax benefit | (26,793) | (21,755) |
| Net loss | (68,718) | (39,874) |
| Preferred stock dividends, including discount accretion | 2,562 | 4 |
| Net loss available to common shareholders | $ (71,280) | $ (39,878) |
| Basic loss per common share | $ (1.43) | $ (.84) |
| Diluted loss per common share | (1.43) | (.84) |
| Weighted average common shares outstanding - Basic | 49,771 | 47,417 |
| Weighted average common shares outstanding - Diluted | 49,771 | 47,417 |

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

| | Nine Months Ended September 30, | |
|---|---|---|
| (in thousands, except per share data) | 2009 | 2008 |
| Interest revenue: | | |
| Loans, including fees | $ 244,445 | $ 299,550 |
| Investment securities, including tax exempt of $328, $348, $956 and $1,140 | 60,057 | 56,905 |
| Federal funds sold, commercial paper, deposits in banks and other | 1,447 | 372 |
| Total interest revenue | 305,949 | 356,827 |
| Interest expense: | | |
| Deposits: | | |
| NOW | 8,708 | 22,581 |
| Money market | 7,217 | 7,519 |
| Savings | 378 | 560 |
| Time | 96,300 | 116,756 |
| Total deposit interest expense | 112,603 | 147,416 |
| Federal funds purchased, repurchase agreements and other short-term borrowings | 1,761 | 7,254 |
| Federal Home Loan Bank advances | 3,577 | 10,668 |
| Long-term debt | 8,241 | 6,366 |
| Total interest expense | 126,182 | 171,704 |
| Net interest revenue | 179,767 | 185,123 |
| Provision for loan losses | 220,000 | 99,000 |
| Net interest revenue after provision for loan losses | (40,233) | 86,123 |
| Fee revenue: | | |
| Service charges and fees | 22,729 | 23,941 |
| Mortgage loan and other related fees | 7,308 | 5,575 |
| Consulting fees | 5,048 | 5,786 |
| Brokerage fees | 1,642 | 2,812 |
| Securities gains, net | 741 | 477 |
| Gain from acquisition | 11,390 | - |
| Other | 4,099 | 3,832 |
| Total fee revenue | 52,957 | 42,423 |
| Total revenue | 12,724 | 128,546 |

| | | |
|---|---|---|
| Operating expenses: | | |
| Salaries and employee benefits | 82,778 | 86,133 |
| Communications and equipment | 11,106 | 11,593 |
| Occupancy | 11,758 | 11,325 |
| Advertising and public relations | 3,187 | 4,759 |
| Postage, printing and supplies | 3,753 | 4,533 |
| Professional fees | 7,354 | 5,196 |
| Foreclosed property | 17,974 | 13,872 |
| FDIC assessments and other regulatory charges | 12,293 | 4,040 |
| Amortization of intangibles | 2,291 | 2,264 |
| Other | 9,029 | 10,545 |
| Goodwill impairment | 95,000 | - |
| Severance costs | 2,898 | - |
| Total operating expenses | 259,421 | 154,260 |
| Loss before income taxes | (246,697) | (25,714) |
| Income tax benefit | (58,205) | (9,011) |
| Net loss | (188,492) | (16,703) |
| Preferred stock dividends, including discount accretion | 7,675 | 12 |
| Net loss available to common shareholders | $ (196,167) | $ (16,715) |
| Basic loss per common share | $ (4.01) | $ (.35) |
| Diluted loss per common share | (4.01) | (.35) |
| Weighted average common shares outstanding - Basic | 48,968 | 47,210 |
| Weighted average common shares outstanding - Diluted | 48,968 | 47,210 |

UNITED COMMUNITY BANKS, INC.
Consolidated Balance Sheet

| (in thousands, except share and per share data) | September 30, 2009 (unaudited) | December 31, 2008 (audited) | September 30, 2008 (unaudited) |
|---|---|---|---|
| ASSETS | | | |
| Cash and due from banks | $ 195,559 | $ 116,395 | $ 126,033 |
| Interest-bearing deposits in banks | 78,589 | 8,417 | 40,707 |
| Federal funds sold, commercial paper and short-term investments | 397,361 | 368,609 | - |
| Cash and cash equivalents | 671,509 | 493,421 | 166,740 |
| Securities available for sale | 1,532,514 | 1,617,187 | 1,400,827 |
| Mortgage loans held for sale | 20,460 | 20,334 | 17,763 |
| Loans, net of unearned income | 5,362,689 | 5,704,861 | 5,829,937 |
| Less allowance for loan losses | 150,187 | 122,271 | 111,299 |
| Loans, net | 5,212,502 | 5,582,590 | 5,718,638 |
| Covered assets | 197,914 | - | - |
| Premises and equipment, net | 179,467 | 179,160 | 179,727 |
| Accrued interest receivable | 35,679 | 46,088 | 47,920 |
| Goodwill and other intangible assets | 226,008 | 321,798 | 322,544 |
| Other assets | 367,564 | 331,355 | 259,802 |
| Total assets | $ 8,443,617 | $ 8,591,933 | $ 8,113,961 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | |
| Liabilities: | | | |
| Deposits: | | | |
| Demand | $ 703,054 | $ 654,036 | $ 680,196 |

| | | | |
|---|---|---|---|
| NOW | 1,318,264 | 1,543,385 | 1,393,928 |
| Money market | 687,780 | 466,750 | 394,358 |
| Savings | 180,738 | 170,275 | 179,274 |
| Time: | | | |
| Less than $100,000 | 1,854,726 | 1,953,235 | 1,814,926 |
| Greater than $100,000 | 1,237,172 | 1,422,974 | 1,481,512 |
| Brokered | 839,572 | 792,969 | 745,141 |
| Total deposits | 6,821,306 | 7,003,624 | 6,689,335 |
| Federal funds purchased, repurchase agreements, and other short-term borrowings | 101,951 | 108,411 | 119,699 |
| Federal Home Loan Bank advances | 314,704 | 235,321 | 285,362 |
| Long-term debt | 150,046 | 150,986 | 137,996 |
| Accrued expenses and other liabilities | 48,972 | 104,209 | 64,689 |
| Total liabilities | 7,436,979 | 7,602,551 | 7,297,081 |
| Shareholders' equity: | | | |
| Preferred stock, $1 par value; 10,000,000 shares authorized; Series A; $10 stated value; 21,700, 25,800 and 25,800 shares issued and outstanding | 217 | 258 | 258 |
| Series B; $1,000 stated value; 180,000 shares issued and outstanding | 174,095 | 173,180 | - |
| Common stock, $1 par value; 100,000,000 shares authorized; 93,901,492, 48,809,301 and 48,809,301 shares issued | 93,901 | 48,809 | 48,809 |
| Common stock issuable; 196,818, 129,304 and 116,567 shares | 3,471 | 2,908 | 2,762 |
| Capital surplus | 620,494 | 460,708 | 457,779 |
| Retained earnings | 62,786 | 265,405 | 317,544 |
| Treasury stock; 799,892 and 1,213,182 shares, at cost | - | (16,465) | (27,024) |
| Accumulated other comprehensive income | 51,674 | 54,579 | 16,752 |
| Total shareholders' equity | 1,006,638 | 989,382 | 816,880 |
| Total liabilities and shareholders' equity | $ 8,443,617 | $ 8,591,933 | $ 8,113,961 |

UNITED COMMUNITY BANKS, INC.
Average Consolidated Balance Sheets and Net Interest Analysis
For the Three Months Ended September 30,

| | 2009 | | |
|---|---|---|---|
| (dollars in thousands, taxable equivalent) | Average Balance | Interest | Avg. Rate |
| Assets: | | | |
| Interest-earning assets: | | | |
| Loans, net of unearned income (1)(2) | $ 5,565,498 | $ 80,880 | 5.77% |
| Taxable securities (3) | 1,585,154 | 18,492 | 4.67 |
| Tax-exempt securities (1)(3) | 30,345 | 537 | 7.08 |
| Federal funds sold and other interest-earning assets | 219,542 | 1,272 | 2.32 |
| Total interest-earning assets | 7,400,539 | 101,181 | 5.43 |

| | | | |
|---|---|---|---|
| Non-interest-earning assets: | | | |
| Allowance for loan losses | (147,074) | | |
| Cash and due from banks | 107,062 | | |
| Premises and equipment | 179,764 | | |
| Other assets (3) | 667,908 | | |
| Total assets | $ 8,208,199 | | |
| Liabilities and Shareholders' Equity: | | | |
| Interest-bearing liabilities: | | | |
| Interest-bearing deposits: | | | |
| NOW | $ 1,238,596 | $ 2,528 | .81 |
| Money market | 628,392 | 2,711 | 1.71 |
| Savings | 180,216 | 130 | .29 |
| Time less than $100,000 | 1,918,439 | 13,300 | 2.75 |
| Time greater than $100,000 | 1,292,786 | 10,106 | 3.10 |
| Brokered | 707,678 | 4,777 | 2.68 |
| Total interest-bearing deposits | 5,966,107 | 33,552 | 2.23 |
| Federal funds purchased and other borrowings | 234,211 | 613 | 1.04 |
| Federal Home Loan Bank advances | 210,625 | 1,300 | 2.45 |
| Long-term debt | 150,353 | 2,712 | 7.16 |
| Total borrowed funds | 595,189 | 4,625 | 3.08 |
| Total interest-bearing liabilities | 6,561,296 | 38,177 | 2.31 |
| Non-interest-bearing liabilities: | | | |
| Non-interest-bearing deposits | 723,841 | | |
| Other liabilities | 79,932 | | |
| Total liabilities | 7,365,069 | | |
| Shareholders' equity | 843,130 | | |
| Total liabilities and shareholders' equity | $ 8,208,199 | | |
| Net interest revenue | | $ 63,004 | |
| Net interest-rate spread | | | 3.12% |
| Net interest margin (4) | | | 3.39% |

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

(2) Included in the average balance of loans outstanding are loans where the accrual of interest has been discontinued.

(3) Securities available for sale are shown at amortized cost. Pretax unrealized gains of $13.8 million in 2009 and pretax unrealized losses of $11.7 million in 2008 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 Three Months Ended September 30,

| | 2008 | | |
|---|---|---|---|
| (dollars in thousands, taxable equivalent) | Average Balance | Interest | Avg. Rate |

| | | | |
|---|---|---|---|
| Assets: | | | |
| Interest-earning assets: | | | |
| Loans, net of unearned income (1)(2) | $ 5,889,168 | $ 93,270 | 6.30% |
| Taxable securities (3) | 1,422,321 | 18,258 | 5.13 |
| Tax-exempt securities (1)(3) | 32,419 | 573 | 7.07 |
| Federal funds sold and other interest-earning assets | 40,379 | 409 | 4.05 |
| Total interest-earning assets | 7,384,287 | 112,510 | 6.07 |
| Non-interest-earning assets: | | | |
| Allowance for loan losses | (93,687) | | |
| Cash and due from banks | 111,741 | | |
| Premises and equipment | 180,825 | | |
| Other assets (3) | 581,528 | | |
| Total assets | $ 8,164,694 | | |
| Liabilities and Shareholders' Equity: | | | |
| Interest-bearing liabilities: | | | |
| Interest-bearing deposits: | | | |
| NOW | $ 1,463,744 | $ 6,778 | 1.84 |
| Money market | 421,626 | 2,296 | 2.17 |
| Savings | 182,525 | 153 | .33 |
| Time less than $100,000 | 1,779,550 | 17,812 | 3.98 |
| Time greater than $100,000 | 1,530,719 | 15,825 | 4.11 |
| Brokered | 530,705 | 5,407 | 4.05 |
| Total interest-bearing deposits | 5,908,869 | 48,271 | 3.25 |
| Federal funds purchased and other borrowings | 256,742 | 1,116 | 1.73 |
| Federal Home Loan Bank advances | 286,540 | 2,105 | 2.92 |
| Long-term debt | 118,756 | 2,227 | 7.46 |
| Total borrowed funds | 662,038 | 5,448 | 3.27 |
| Total interest-bearing liabilities | 6,570,907 | 53,719 | 3.25 |
| Non-interest-bearing liabilities: | | | |
| Non-interest-bearing deposits | 688,470 | | |
| Other liabilities | 67,830 | | |
| Total liabilities | 7,327,207 | | |
| Shareholders' equity | 837,487 | | |
| Total liabilities and shareholders' equity | $ 8,164,694 | | |
| Net interest revenue | | $ 58,791 | |
| Net interest-rate spread | | | 2.82% |
| Net interest margin (4) | | | 3.17% |

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

(2) Included in the average balance of loans outstanding are loans where the accrual of interest has been discontinued.

(3) Securities available for sale are shown at amortized cost. Pretax unrealized gains of $13.8 million in 2009 and pretax unrealized losses of $11.7 million in 2008 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 Nine Months Ended September 30,

| | 2009 | | |
|---|---|---|---|
| (dollars in thousands, taxable equivalent) | Average Balance | Interest | Avg. Rate |
| Assets: | | | |
| Interest-earning assets: | | | |
| Loans, net of unearned income (1)(2) | $ 5,612,202 | $ 244,196 | 5.82% |
| Taxable securities (3) | 1,669,768 | 59,101 | 4.72 |
| Tax-exempt securities (1)(3) | 29,754 | 1,565 | 7.01 |
| Federal funds sold and other interest-earning assets | 145,449 | 2,618 | 2.40 |
| Total interest-earning assets | 7,457,173 | 307,480 | 5.51 |
| Non-interest-earning assets: | | | |
| Allowance for loan losses | (141,255) | | |
| Cash and due from banks | 104,444 | | |
| Premises and equipment | 179,569 | | |
| Other assets (3) | 663,674 | | |
| Total assets | $ 8,263,605 | | |
| Liabilities and Shareholders' Equity: | | | |
| Interest-bearing liabilities: | | | |
| Interest-bearing deposits: | | | |
| NOW | $ 1,284,522 | $ 8,708 | .91 |
| Money market | 543,122 | 7,217 | 1.78 |
| Savings | 177,147 | 378 | .29 |
| Time less than $100,000 | 1,918,379 | 45,859 | 3.20 |
| Time greater than $100,000 | 1,336,876 | 34,444 | 3.44 |
| Brokered | 726,352 | 15,997 | 2.94 |
| Total interest-bearing deposits | 5,986,398 | 112,603 | 2.51 |
| Federal funds purchased and other borrowings | 202,008 | 1,761 | 1.17 |
| Federal Home Loan Bank advances | 241,863 | 3,577 | 1.98 |
| Long-term debt | 150,788 | 8,241 | 7.31 |
| Total borrowed funds | 594,659 | 13,579 | 3.05 |
| Total interest-bearing liabilities | 6,581,057 | 126,182 | 2.56 |
| Non-interest-bearing liabilities: | | | |
| Non-interest-bearing deposits | 684,942 | | |
| Other liabilities | 101,447 | | |
| Total liabilities | 7,367,446 | | |
| Shareholders' equity | 896,159 | | |
| Total liabilities and shareholders' equity | $ 8,263,605 | | |
| Net interest revenue | | $ 181,298 | |
| Net interest-rate spread | | | 2.95% |
| Net interest margin (4) | | | 3.25% |

(1) Interest revenue on tax-exempt securities and loans has been increased to reflect comparable interest on taxable securities and loans. The rate used was 39%, reflecting the statutory federal income tax rate and the federal tax adjusted state income tax rate.
(2) Included in the average balance of loans outstanding are loans where the accrual of interest has been discontinued.
(3) Securities available for sale are shown at amortized cost. Pretax unrealized gains of $13.0 million in 2009 and $5.7 million in 2008 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 Nine Months Ended September 30,

| | 2008 | | |
|---|---|---|---|
| (dollars in thousands, taxable equivalent) | Average Balance | Interest | Avg. Rate |
| Assets: | | | |
| Interest-earning assets: | | | |
| Loans, net of unearned income (1)(2) | $ 5,926,731 | $ 299,601 | 6.75% |
| Taxable securities (3) | 1,447,409 | 55,765 | 5.14 |
| Tax-exempt securities (1)(3) | 34,988 | 1,876 | 7.15 |
| Federal funds sold and other interest-earning assets | 41,889 | 1,292 | 4.11 |
| Total interest-earning assets | 7,451,017 | 358,534 | 6.43 |
| Non-interest-earning assets: | | | |
| Allowance for loan losses | (93,165) | | |
| Cash and due from banks | 136,920 | | |
| Premises and equipment | 181,210 | | |
| Other assets (3) | 586,871 | | |
| Total assets | $ 8,262,853 | | |
| Liabilities and Shareholders' Equity: | | | |
| Interest-bearing liabilities: | | | |
| Interest-bearing deposits: | | | |
| NOW | $ 1,476,998 | $ 22,581 | 2.04 |
| Money market | 427,676 | 7,519 | 2.35 |
| Savings | 184,713 | 560 | .40 |
| Time less than $100,000 | 1,659,308 | 53,320 | 4.29 |
| Time greater than $100,000 | 1,460,277 | 48,330 | 4.42 |
| Brokered | 480,166 | 15,106 | 4.20 |
| Total interest-bearing deposits | 5,689,138 | 147,416 | 3.46 |
| Federal funds purchased and other borrowings | 396,798 | 7,254 | 2.44 |
| Federal Home Loan Bank advances | 452,826 | 10,668 | 3.15 |
| Long-term debt | 111,607 | 6,366 | 7.62 |
| Total borrowed funds | 961,231 | 24,288 | 3.38 |
| Total interest-bearing liabilities | 6,650,369 | 171,704 | 3.45 |
| Non-interest-bearing liabilities: | | | |
| Non-interest-bearing deposits | 681,615 | | |
| Other liabilities | 80,957 | | |
| Total liabilities | 7,412,941 | | |

| | | |
|---|---|---|
| Shareholders' equity | 849,912 | |
| Total liabilities and shareholders' equity | $ 8,262,853 | |
| Net interest revenue | | $ 186,830 |
| Net interest-rate spread | | 2.98% |
| Net interest margin (4) | | 3.35% |

(1) Interest revenue on tax-exempt securities and loans has been increased to reflect comparable interest on taxable securities and loans. The rate used was 39%, reflecting the statutory federal income tax rate and the federal tax adjusted state income tax rate.
(2) Included in the average balance of loans outstanding are loans where the accrual of interest has been discontinued.
(3) Securities available for sale are shown at amortized cost. Pretax unrealized gains of $13.0 million in 2009 and $5.7 million in 2008 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.

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