

100 ways community

1

1. Pink Power.

United employees lace up their running shoes and don their pink ribbons for the annual Susan G. Komen Race for the Cure, which supports breast cancer research.





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2. Perfect Chemistry.

Volunteer bank employees from Lenoir City, TN went from the bank to the lab to judge a local school science fair.



3. Another Year Younger.

Every month, residents of the Branan Lodge Senior Center in Blairsville, GA are treated to a birthday party by United Community Bank staff.

4. Java Nice Day.

Our banks are known for outstanding financial service, but we also make some right tasty coffee which is why many of our customers stop by daily for a cup of 'Joe to Go.'



5. Providing Opportunities for Children...

is important to our banks. That's why many of our employees mentor kids, help with research projects and, of course, teach them about banking.



6. A Legacy of Love.

United Community Bank says 'thank you' to senior citizen volunteers from throughout northeast Georgia with food, treats and entertainment at the annual Legacy Link luncheon in Gainesville.

7. Nothing Says 'Thank You' Like Produce.

We appreciate our customers EVERY DAY, but each Customer Appreciation Day, United Community Bank has a unique gift for customers - tomato plants. In 2006 we gave away more than 250,000!



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8. El Banco Que SERVICIO Construyo.

When stopped by Mexican customs for not having a title certificate in the car while traveling south of the border, a Rome, GA customer called the bank for help. A United employee faxed a copy of the title to the border patrol, pronto!

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9. High Achievers.

United Community Bank is very active in Junior Achievement, a program designed to teach basic principles of business and commerce to young people.

10. Home is Where the Heart is.

When a family lost their home to fire, United Community Bank served as a collection center for money and household items.

11. Providing Student Support, Literally.

United Community Bank sponsors a literary magazine spotlighting the excellent works of local high school writers and artists.

13. Starting 'Em Young.

When should youngsters begin to learn about careers in banking? How about kindergarten? Several United locations participate in Kindergarten Career Days to teach about what it's like to work at a bank.

14. Horn of Plenty.

Bank employees in Cleveland, GA pooled their resources to buy fruit and groceries for a customer who was short of funds during the holidays.



12. You'd Better Not Pout...

because jolly ol' St. Nick has been known to stop by many United banks to find out who's naughty and who's nice (and take a few photos while he's at it).

15. Forget the Apples.

When it's time to recognize teachers, we do it up right! Several bank locations host teacher appreciation luncheons to thank these special mentors for their invaluable contributions to kids, families and communities.

16. Casting a Vote for Voting.

United provides pens, coffee and donuts to voting precincts on Election Day to show support for the democratic process.





17 18 19 20

17. Woof!

Four-legged customers like Titus enjoy their visits to United where they have come to expect special treats at the drive-thru.

18. You've Got a Friend.

When a customer's check-book was stolen, a bank employee rushed over to provide a starter kit and provide support during the police interview.

19. Trunk or Treat!

Employees at our Clayton, GA bank filled their car trunks with treats, providing kids a safe place to find the Great Pumpkin.

20. Sweet Rewards.

Visiting a senior couple to help them sign up for a higher-interest account resulted in more interest income for the couple... and a delicious apple pie for us!

21

21. Room With a View (of the bank).

Many of our banks have community rooms that are used by individuals, civic groups and schools - free of charge.

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22. Caring for Seniors.

United bankers made understanding recent Medicare changes easier for seniors by explaining the new Part "D" prescription plan.

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23. An Easter Parade of Caring.

Several United locations distributed Easter baskets to homebound neighbors and families in need last year.

24

24. Who You Gonna Call?

When a United banker had a flat tire while passing through Dawsonville, GA, he called the local United bank for assistance. A fellow employee came personally to the rescue and brought a wrecker service 'in tow.'





25. Welcome Home!

United Community Mortgage Services has helped thousands of families, like the Patels in Brunswick, GA, change a 'for sale' sign into a welcome mat at their new home.

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26. You Gotta See it to Believe it.

Banks may seem routine to adults, but they are uncharted territory for kids. That's why United banks host tours every year for elementary school students.

27

27. Doing Whatever it Takes.

To raise funds for the March of Dimes, employees at various United locations wash cars and sell Beanie Babies® and baked goods.

28

28. We're Suckers for Kids!

Youngsters enjoy their bank visits too, getting free lollipops (with mom's permission, of course).





29. Backstage Pass.

The Bankers Hour, a production in which United employees showcase their performing talents for thousands of friends and customers, continues to be a popular event.

29

30. There When You Need Us.

When a McDonough, GA customer who lives in an assisted living residence needed a document notarized, a United banker was on the spot, helping the customer at her home.



31. We're Glad it's Your Birthday.

With cupcakes, balloons and gifts, United bankers celebrate the birthdays of some special friends in elementary and middle schools.



32. The Thrill of Victory.

Several United Community Bank locations help ensure the sweet taste of victory for all citizens through sponsorship and involvement in area Special Olympics events.

33. Forget Something?

When a customer who lives miles from our Brunswick, GA mall location left her card in the ATM, we called to make sure she would rest easily knowing the card had been found and was safe with us.

35. Logging on to Service.

United employees routinely work with customers to answer questions about our online banking system and to help enter bill payment information.

36. Bankers' Hours?

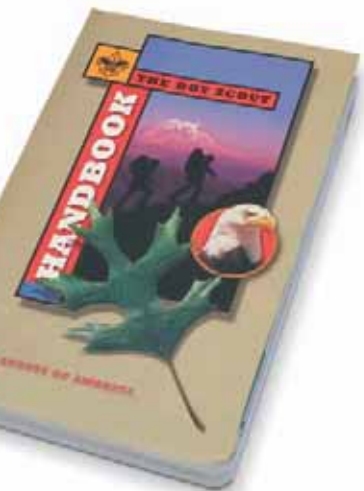
Not everyone's banking needs fit within standard office hours. That's why several of our banking offices have been known to open early or close late to serve customers with time-sensitive needs.

37. Here We Go A-Caroling!

During the holidays, employees at many of our locations bring the sounds of Christmas, along with fruit baskets and good cheer, right to the door of homebound customers.

34. Scout's Honor.

Whether it's Boy Scouts, Girl Scouts, Cub Scouts or Daisies, United Community Bank gets involved to help build tomorrow's leaders.



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38 39 40 41

38. Color Our World.

Elementary school students in many of our communities compete in United-sponsored coloring contests. Special treats and gift baskets are awarded to these budding artists.

39. Snakes on a Car!

When Brevard, NC bank drive-thru tellers saw a snake inside a customer's car, they scrambled to warn her about it...only to find out it was a fake used to deter break-ins.

40. Never Leave Home Without it.

When a senior customer at United's McDonough, GA bank recently left her purse at the bank, a United employee personally returned it to her home.

41. Looking Forward.

Helping newly widowed men and women with their finances is the goal of quarterly lunches held by several United Community Bank locations.





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42. A Harvest of Goodwill.

When the air turns brisk and the days get shorter, many United locations mark the season by giving away apples to bank customers.

43. "Thank You!"

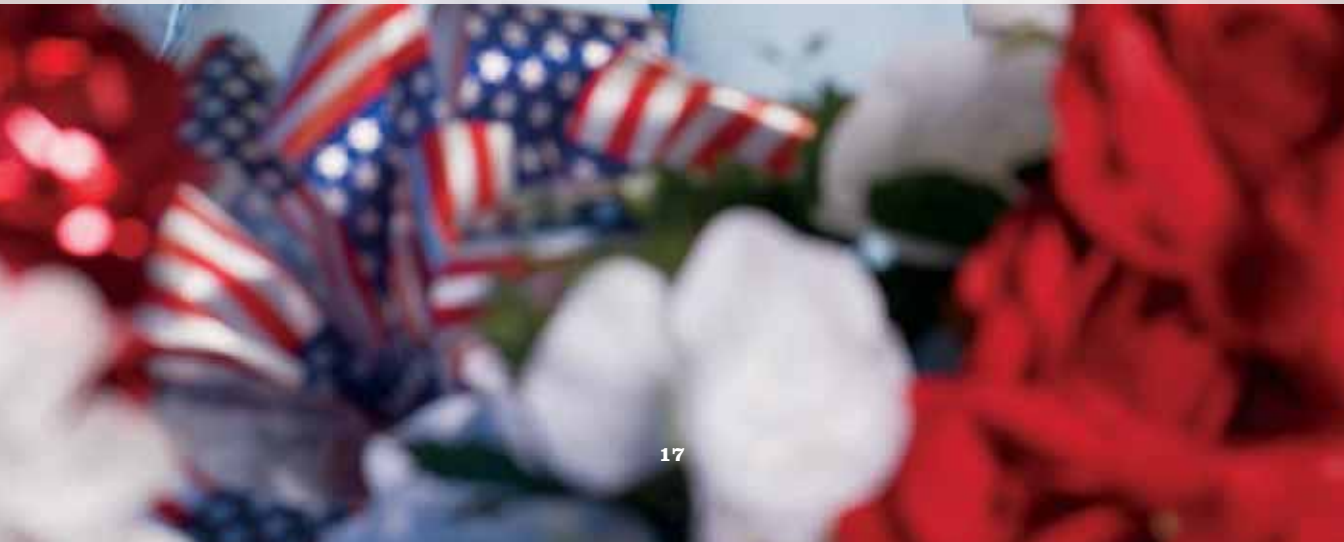
That was the message to local hospital auxiliary volunteers during an appreciation luncheon hosted by United Community Bank.

44. But We Won't Wear Skates.

When bank customers with disabilities are unable to come into the bank, we go to their car and serve them there.

45. We Love a Parade.

From parades to festivals, fairs to homecoming games, United Community Bank turns out in full force on floats, in costumes, and at food booths.





46. Jazzy and Snazzy.

The Lumpkin County High School Marching Band is looking sharp these days thanks to our Dahlonega, GA bank that helped the band buy new uniforms.

46

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47. Customer Service...

not just idle words. A survey of our bank customers showed a year-end 2006 customer satisfaction rate of 93% - one of the highest in the industry.

48

48. Securing Identities.

To help our customers keep their financial information secure, many of our banks conduct regular identity theft classes.

49

49. Hot Dogs and Tassels.

High school graduation is once in a lifetime and many United banks help celebrate the occasion with fun-filled cook-outs for graduating seniors.

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50. Our Daily Bread.

During their lunch hours, employees at many United Community Bank locations deliver 'Meals on Wheels' to homebound neighbors.





52 53 54

51. A Taste of Home.

Our Cleveland, GA team sent a big basket of Moon Pies®, RC Cola® and other local treats to soldiers of Aviation Battalion 1-183 in Afghanistan.

52. Thank You.

Police officers and firefighters work tirelessly in sometimes dangerous conditions to protect families and businesses. Many United locations provide them with snack baskets as a small token of appreciation.

53. Need a Lift?

A Clayton, GA customer routinely walks to and from the bank. But to make the trip to the bank a little easier one day, our courier adjusted her route to drive the customer home.

54. A Sweet Deal.

To help spread Christmas cheer, tellers at several United locations distributed candy canes to drive-thru customers.

51



55. Cutting Line.

Our drive-thru windows rarely back up, but when they do at our McCaysville, GA bank, employees rush out - even in the rain - to take deposits, cash checks and conduct other business.

56. The Taxman Cometh...

so United Community Bank employees spring into action to help low-income individuals and families prepare returns as part of the Earned Income Tax Credit Program.

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56 58



57. Not 'Board' With Banking.

United banks in several communities, including Blairsville, GA, have formed Junior Boards of Directors where high school seniors have the opportunity to learn about banking, leadership and civic involvement.

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58. Trust Your Car to the Man Who Wears a 'U'.

After a visit to the bank, a customer discovered that his car wouldn't start. A helpful bank employee drove him to the local auto parts store for a new battery.

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59. Earth Angels.

Most United locations either sponsor or support 'Angel Trees' or other gift collection activities during the holiday season.

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60. The ABCs of Banking.

United's Our School Bank helps elementary students learn banking first-hand through actual bank transactions.

61

61. Hail to the Queen!

Keeping royalty out of the rain is only proper. So our Clarkesville, GA bank provided umbrellas for the high school homecoming court.

62

62. Back to School.

It's a busy time for students and it's not easy for teachers either! That's why many United locations provide lunches to educators on the first day of school.





63. Walking for a Cure.

As a National Team Partner in the American Cancer Society Relay for Life, United Community Bank's 60 teams raised \$232,000 in 2006 to help find a cure.

63



64

64. Don't Sweat it.

College scholarship interviews can be nerve-wracking. To help ease the anxiety, bankers in Robbinsville, NC role-play with students to help prepare them for this important event.

65

65. "Heads Up!"

United's Carrollton, GA bank participates in the 'Heads Up' program, designed to help low-income families learn about budgeting, money management and general banking practices.

66

66. The Solutions Place.

A customer with high credit card debt looked to United for advice. We found she had equity in her home and opened a home equity line of credit for her with lower interest and tax deductibility.

67

67. Put the Load Right on Us.

Commercial customers require lots of coins to conduct their business. We help lighten the load by carrying the heavy coins to the customers' vehicles.

68. Banks Built on Experience.

Our banks are built around experienced, local bankers who are respected members of their communities and provide a unique combination of knowledge and 'hometown' service.

69. Hurricanes Can't Dampen Christmas Spirit.

During the holidays, employees and customers at United's Villa Rica, GA bank came to the aid of customers who were displaced Hurricane Katrina victims, providing clothing, gifts, food and other necessities.

70. Easy as Pie.

To help make local businesses aware of our new banks in metro Atlanta, employees delivered pies to local businesses and organizations throughout the area.

71. Touchdown T-Shirts.

In Cleveland, GA, fifth grade academic stars scored cool t-shirts in a 'Straight A's and Touchdowns' program sponsored by the local high school football team and United Community Bank.

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72. Growing to Better Serve More Communities.

In 2006 we welcomed our 26th community bank located in Cherokee County, GA, allowing us to serve more communities throughout the region.

73

73. Holiday Spirit.

Thanksgiving and Christmas are times of giving, and United bankers bring this spirit to life by providing gifts, clothing and food to families in need.



74

74. A Golden Occasion.

Employees at several United locations scour the local papers to track customers' 50th wedding anniversaries. The articles are laminated and sent to the celebrating couples along with gift bags and congratulatory letters from the bank presidents.



United
Erick Housch



75

75. From 'Rithmetic to Reading.

Bankers from many United locations, including Summerville, GA, read to students at local schools through programs such as Smart Start.

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76. Fore!

United Community Bank scores a hole-in-one through sponsorship of, participation in, and contributions to several local charity golf tournaments.

77. O Christmas Tree.

United's 25th community bank in Cleveland, TN hosted the first community Christmas tree during the bank's first year and held a lighting ceremony with refreshments, music...and community spirit.

78. Banking on the Future.

United Community Bank is dedicated to growth in today's AND tomorrow's communities by sponsoring a large number of scholarships at colleges and universities in our service areas.

79. United Employees. United Community.

Employees at all United Community Bank locations are very active in their communities, serving hundreds of not-for-profit arts, civic, education and human service organizations.





80 81 82 83

80. Home Sweet Home.

Every family should have a home. Participating in Habitat for Humanity, United Community Bank works to achieve this goal one hearth at a time.

81. Building Communities.

United's Ellijay, GA bank not only provides home loans, but works with the Gilmer County Homebuilders Association to ensure quality home construction.

82. Leading the Way.

Through involvement with the Guide Dog Foundation for the Blind, United Community Bank helps those without sight to have more active and productive lives.

83. 29 Again.

Customers at some United banks are greeted with cake and gifts on their birthdays. It's the bankers' way of showing customers how much they care (and how much they enjoy cake!).

84 85 86

84. A Landmark Year, Part 1:

At the end of 2006 our bankers brought the United brand of personal service and involvement to yet another community, opening our 100th location in Commerce, GA.

85. A Landmark Year, Part 2:

2006 saw United Community Bank's assets surpass \$7 billion. This milestone is much more than a number; it reflects countless strong relationships among employees and customers and communities.

86. A Worldwide Community.

Filling shoe boxes with treats for kids around the globe, United employees' outreach extends worldwide through Operation Christmas Child.

87 88 89 90

87. Providing Direction.

United Community Bank's 26 banks throughout Georgia, North Carolina and Tennessee are proud to have community Boards of Directors to provide wise, experienced and caring leadership.

88. Christmas Bells are Ringing.

Every penny counts when it comes to providing gifts at Christmas. United employees with Salvation Army bells take to storefronts to raise the funds needed to make the season brighter.

89. A Golden Opportunity.

We treasure our long-time and senior customers. For these special friends, our Golden Clubs provide exciting programs, travel and educational opportunities.

90. Preparing Children to Learn.

By providing school supplies and backpacks to children in need, one United bank makes sure that young students have what they need to begin the school year.

95 96 97

95. Paying Dividends in Our Communities.

In every community we serve, friends and neighbors own stock in United Community Bank. The stock's appreciation and dividend growth have created value for shareholders and, by extension, the communities where they live and work.

96. Fortifying Communities.

Financially healthy citizens strengthen the communities where they live and work. United Community Advisory Services works with citizens to help them maintain the strongest financial footing possible.

97. 'Day of Caring.'

During this annual United Way event, United's Douglasville, GA bankers sanded and painted three classrooms at a new charter school.



91 92 93

91. Serving Those Who Serve.

United Community Bank in several locations gives thanks to all the men and women who serve their communities every day by hosting annual Public Servants' dinners.

92. Bringing Banking to You.

United brings our bank to homebound customers so we can help them sign documents, access notary services and conduct other banking business.

93. Strong Banks. Strong Communities.

Wise planning, loyal customers and growing markets have helped United Community Bank enjoy strong financial performance. This allows us to invest and give back to our communities.

94. D-R-Y. What's that Spell?

Rain won't dampen the enthusiasm of Habersham Central High School cheerleaders who can now stay spirited AND dry, thanks to United-sponsored game ponchos.



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98. I Love My Mommy!

And so does our Hayesville, NC bank, which gives carnations to all moms on Mother's Day.

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99. Working to Provide the Best Service Possible.

United Community Bank is proud of our highly-skilled employees, and even prouder that many employees pursue additional education and certification to help serve our customers better.





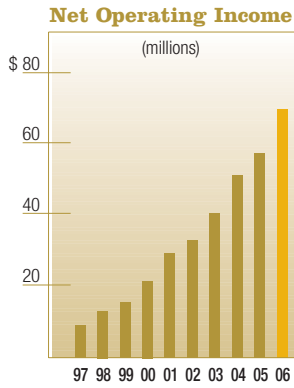
100. Bankers and Bikers.

United Community Bank is a proud sponsor of the UCBI Cycling Team, an amateur team with members throughout north Georgia.

Financial Highlights

UNITED COMMUNITY BANKS, INC.

(in thousands, except per share data; taxable equivalent)	2006	2005	Percentage Change	Five Year CAGR
Financial Performance				
Total revenue	\$ 272,375	\$ 230,847	18 %	18 %
Net income	68,815	56,742	21	20
Per common share:				
Basic earnings	1.70	1.47	16	15
Diluted earnings	1.66	1.43	16	15
Cash dividends declared	.32	.28	14	19
Book value (year-end)	14.37	11.80	22	19
Return on tangible equity	17.52 %	18.99 %		
Return on assets	1.09	1.04		
Efficiency ratio	56.35	57.77		
As of Year-End				
Loans	\$ 5,376,538	\$ 4,398,286	22	22
Earning assets	6,565,730	5,470,718	20	21
Total assets	7,101,249	5,865,756	21	21
Deposits	5,772,886	4,477,600	29	22
Shareholders' equity	616,767	472,686	30	26
Common shares outstanding (thousands)	42,891	40,020		
Shareholders of record	12,000	12,000		
Full-time equivalent employees	1,866	1,643		
Banking offices	101	90		



To Our Shareholders: In your hands is United Community Banks' 2006 annual report to our shareholders. You've seen that it is filled with beautiful photos, stories of service within our communities and highlights of our outstanding financial performance. But most importantly, this annual report was written by our United family. Literally. Every example, every number, every 'way' - was a contribution from our 1,938 United employees.

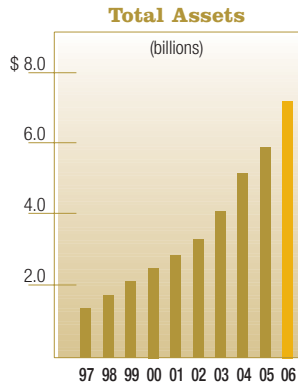
When we asked for suggestions of what should be included in this year's report, the response from our United family was overwhelming. More than 1,000 suggestions were submitted and, needless to say, it was a difficult task narrowing them down to only 100. These '100 Ways A Community' are representative of what is at the heart of United Community Banks - and the heart and soul of our people.

Net Operating Income

For the year, net income increased \$12.1 million to a record \$68.8 million, up 21 percent from \$56.7 million for 2005. This growth can be attributed to a balanced growth strategy and, most importantly, our people.

Ten Year CAGR - 21%





When I look at this list of contributions and our 102 locations, my heart swells with pride. Our community bankers are building personal relationships and demonstrating what I call a 'servant's heart' - the willingness to completely and fully serve others. At the same time, they are creating a sense of community pride, both inside and outside their offices. Whether it's raising \$232,000 as a National Team Partner of the American Cancer Society's Relay for Life or helping a senior customer deal with the trauma of losing her checkbook, our employees look for and act upon ways to strengthen their communities.

As you browse through the pages of this report, keep in mind that this list is not just about feeling good about what we do. It's also about creating and sustaining value for our customers and shareholders. Here are just a few examples of the success that this philosophy has earned us over the past year:

- Added two community banks, ending the year with 26;
- Opened our 100th location;

- Increased earnings per share by 16 percent;
- Grew loans by \$978 million;
- Increased deposits \$1.3 billion; and
- Surpassed \$7 billion in assets.

This growth and success did not happen by chance. It took the careful planning, execution, and teamwork of every United employee. Let me explain in a little more detail the achievements and strategies of our company in 2006.

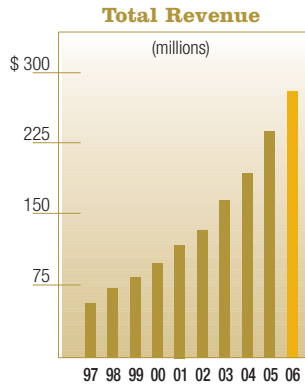
Growth: Finding The Right People In The Right Markets

One measure of a company's strength is its growth. United Community Banks has a balanced growth strategy that focuses on organic growth from our existing offices and is supported by the growth from new offices added through our de novo expansion. In the past 18 months we have significantly reinvested in the company by adding 14 banking offices through de novo expansion, accounting for about \$300 million of our deposit growth and \$315 million of

Total Assets

Total assets surpassed \$7.1 billion, up 21 percent from \$5.9 billion a year ago. In 2006 we executed all phases of our balanced growth strategy which allowed us to achieve this significant milestone for our company.

Ten Year CAGR - 21%



loan growth. All of this expansion is people-driven - finding the right community bankers and then building around them.

For example, in August 2006 we opened our 25th bank, in Cleveland, Tennessee. Led by President Mickey Torbett and Executive Vice President DeWayne Morrow - who came to us from another bank in Cleveland - this new bank now adjoins our existing bank along the I-75 corridor and strengthens our foothold in east Tennessee. In fact, in early 2007, we opened our second office in Cleveland - United's 102nd location.

Another part of our balanced growth strategy is selective acquisitions - with emphasis on 'selective.' It is imperative that we find the right people, which means seasoned bankers with deep roots and equally deep respect in the communities they serve. As a case in point, in December 2006, more than two years after our most recent acquisition, we acquired the \$370 million Southern National Bank in northern metro Atlanta, greatly increasing our market share in both Cherokee and Cobb

counties. Through this acquisition we gained an outstanding team of community bankers led by President Steve Holcomb, and formed our 26th community bank, United Community Bank - Cherokee. Cherokee County was the seventh fastest-growing county in the U.S. from 2000 to 2006, and we are now well-positioned to develop and expand in this very attractive market.

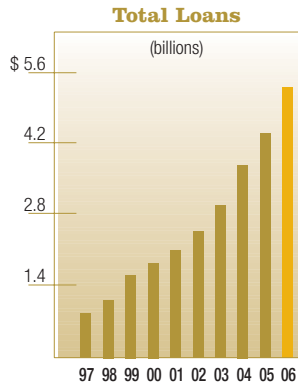
Cherokee, Cobb and the other counties surrounding Atlanta are among the fastest growing and the most economically vibrant in the country and attract a steady migration of young families, baby boomers and retirees. Total deposits in the metro Atlanta market are \$110 billion. Of these, United has only \$1.4 billion, so the opportunity for growth with our community style of banking is phenomenal.

This is why I am so excited about our recent announcement of a very important partnership with First Bank of the South, which has five locations in Gwinnett, DeKalb and north Fulton counties and, when completed, will be our 27th community bank.

Total Revenue

In 2006, total revenue was \$272 million compared to \$231 million in 2005 – up 18 percent. This increase was driven by strong loan and customer deposit growth as well as an expansion of our net interest margin from 3.85 to 4.05 percent.

Ten Year CAGR - 19%



This team of community bankers, led by CEO Glenn White and President Steven Williams, will continue to provide the outstanding service that has made their bank so successful. Together, we will be able to expand further into the surrounding new markets. This acquisition allows United to completely encircle metro Atlanta, which has been our goal for some time, filling a footprint that is among the most attractive in the United States.

We are right where we want to be and have excellent opportunities for growth within our markets. We will continue to expand our franchise as we find the right community bankers who share our vision and who are committed to serving their customers and communities.

Quality And Qualified Community Bankers:

The Foundation Of United Community Banks

While I have devoted considerable space discussing our new offices, I want to also recognize the foundation upon which this

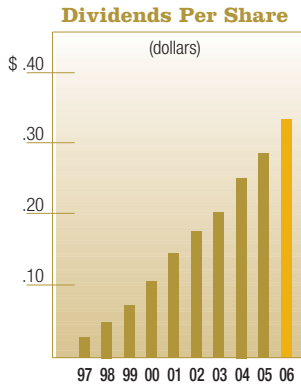
company is built. It is because of our employees and their success in all of our banks that we are able to reinvest in and strengthen the franchise for the benefit of all. Some of these bankers are veterans and some are relative newcomers, but they all share a passion for community banking that makes us succeed and allows us to grow. Time and again they exceed our expectations, and we never forget how important they are.

As United Community Banks continues its strategic growth, the disciplined focus on service to our customers is absolutely paramount. Throughout 2006, as in past years, established and accomplished bankers have been attracted to United because of our culture and opportunities to provide service and leadership with autonomy and empowerment, not found in large regional banks. These community bankers join us with a sense of excitement, a competitive spirit and a community focus that can make a difference in their customers' lives.

Total Loans

Quality, organic loan growth drove our 2006 financial performance. Loans were up \$978 million from a year ago, including \$267 million in loans received through our recent acquisition of Southern National Bank. Excluding acquired loans, organic loan growth was a strong 16 percent for the year.

Ten Year CAGR - 22%



Financial Growth: Strengthening Our Company And Communities

In addition to the milestone of surpassing 100 banking locations, United Community Banks exceeded \$7 billion in assets at year-end. For 2006, net income of \$68.8 million was up 21 percent and diluted earnings per share of \$1.66 was up 16 percent. Total revenue was \$272 million compared to \$231 million in 2005 - up 18 percent. This increase was driven by strong loan and customer deposit growth as well as an expansion of our net interest margin from 3.85 to 4.05 percent.

Net interest revenue for 2006 was \$238 million, up 21 percent from \$197 million a year ago. Loans grew by \$978 million to \$5.4 billion and deposits increased \$1.3 billion to \$5.8 billion. And, when you look at our organic growth excluding acquisitions, we more than funded our core loan growth of \$704 million by adding over one billion dollars in customer deposits.

Our performance for 2006 was truly outstanding across all

financial measures. This is especially true when considering the cost of investing in 14 new offices while still exceeding our target of 12 to 15 percent growth in earnings per share. This could not have been possible without our people, our values and our focus on growing United's franchise while building long-term shareholder value.

Customer Service: One Person At A Time

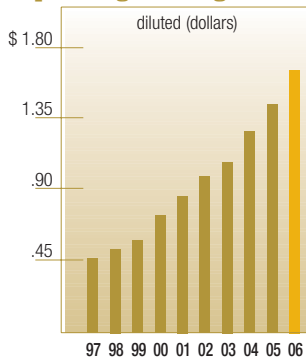
As you can see, United Community Banks is a growing company, but our goal is not just growth for growth's sake. We are, and always will be, a community bank. Our operating model is to conduct ourselves not as one \$7 billion bank, but as a family of 26 - soon to be 27 - \$250 million community banks. Decisions are made and service is provided in each and every bank by people who know their customers and markets ... and who are known and respected there. Plus, every employee is the kind of person who just naturally follows United's Golden Rule of

Dividends Per Share

In 2006, we paid cash dividends of \$.32 per share, an increase of \$.04 per share, or 14 percent, over the annual cash dividend for 2005. This represented a payout ratio of 19 percent of earnings, reflecting our strong performance and commitment to deliver value to our shareholders. In the first quarter of 2007, we increased our quarterly dividend to \$.09 per share which represents a \$.36 annual dividend.

Ten Year CAGR - 28%

Operating Earnings Per Share



Banking: treating customers the way you want to be treated.

This annual report is the result of each and every member of the United family. This is their story. Not only did they write it, they live it. Every single day. And it is their commitment that translated into the superior financial performance for 2006.

It is with great honor and sincerity that I recognize and thank all of our banking team members for their daily contributions, both large and small. In closing, I'd like to share a story from our bank in Helen, Georgia. The office there is small, with only four employees. But these employees, like our other bankers, have built a loyal customer base and strong personal relationships with all of their customers to the point that they feel like one big family.

A Helen bank customer - I'll call her Ann - lives in a local retirement home. She is alone and has no one to look after her. When she had to go into the hospital, Ann turned to the only family she has - United Community Bank. She asked our folks to

hold her extra house key in case of emergency. After one of her many operations, a member of the Helen staff not only picked up Ann's loan payment from the hospital, but also drove ten miles to Cleveland during her lunch hour to deliver her rent payment.

It is this unwavering dedication to customer service - one person helping another person - that makes our bank a truly unique and very special place. 'The Bank That SERVICE Built' is more than a slogan. It is a spirit felt by our directors, employees, customers and, hopefully, by you our shareholders.

Just ask Ann.

Sincerely,

Jimmy Tallent
President and Chief Executive Officer

Operating Earnings Per Share

For the year, diluted earnings per share was \$1.66, an increase of 23 cents – or 16 percent – from \$1.43 for 2005. Delivering sustainable, double-digit growth in earnings per share remains our primary financial goal.

Ten Year CAGR - 16%

Left to Right:

Rex S. Schuette

Executive Vice President and
Chief Financial Officer

Craig Metz

Executive Vice President Marketing

Ray K. Williams

Executive Vice President
Risk Management

Jimmy C. Tallent

President and Chief Executive Officer

Bill M. Gilbert

Senior Vice President Retail Banking

Thomas C. Gilliland

Executive Vice President,
Secretary and General Counsel

Guy W. Freeman

Executive Vice President and
Chief Operating Officer



Management Team

United Community Banks, Inc.



H. James Askew
President, Dawson County



H. Mel Baxter
President, Brunswick



James H. Burrell
President, Habersham County



Dale Cable
Regional Manager,
North Carolina



P. Shep Calhoun
Senior Vice President,
Chief Credit Officer,
North Region



Carol A. Chastain
Senior Vice President,
Chief Compliance Officer



John W. Chastain, Jr.
President, Blue Ridge



Carol J. Clark
Senior Vice President,
SBA Lending



Robert L. Cochran
Senior Vice President
of Banking



Brenda C. Conley
Vice President,
Bank Operations



David Coxon
President, Fairburn



William L. Daniel
President, Newton/
Rockdale Counties



Lawrence F. DesPres
Senior Vice President,
Technology



Gary W. Floyd
President, Adairsville



Jeffrey E. Fulp
President, Rabun County



John D. Goins
President, North Carolina



Gary Guthrie
Senior Vice President,
Metro Atlanta
Commercial Loan Office



Gene Haskins
Chief Operating Officer,
Brunswick



Robert J. Head
Senior Vice President,
Marietta Loan Production
Office



Tim Heard
President, Forsyth County



Greg Hining
Chairman and CEO,
North Carolina



Steve Holcomb
President, Cherokee County



Susie L. Hooper
Senior Vice President,
Human Resources



Steve Hurst
President, Tennessee



Billy Hyde
President, McCaysville



Carolyn Jarrard
Vice President,
Account Services



David W. Johnson
President, Rome



Chris Jones
Senior Vice President,
Chief Credit Officer,
South Region



Steven E. Kemp
Chairman, Rome



Rick L. King
Regional Manager,
North Carolina



Alan H. Kumler
Senior Vice President,
Controller



Michael T. Lee
President, Savannah



L. Wayne Lowrey
President, Stockbridge



Richard E. Martin, Jr.
President, Towns County



J. DeWayne Morrow
Executive Vice President,
Cleveland



Larry L. Odom
President, Lumpkin County



Hal Oswalt
President, Brintech, Inc.



Burton R. Stephens
President, Hall County



Jim Stewart
Senior Vice President,
Technology and Operations



David T. Sutton
Senior Vice President,
General Auditor



Jamie C. Tallent
President, Gilmer County



Mickey Torbett
President, Cleveland



J. Scott Tucker
President, Summerville



Christine M. Uhrich
Vice President,
Application Systems



Kurtis F. Underwood
Vice President,
Management Reporting
and Analysis



Richard L. Valentine
Chief Executive Officer,
Hall County



Dave Viar
Senior Vice President,
Treasurer



Robert K. Walsh, Jr.
President, Metro



Timothy I. Warren
President, West Georgia



Eugene B. White
President, White County



Richard D. White
Chairman, Hall County



Andrew M. Williams, III
President, Union County



Christian Zych
Senior Vice President,
Mergers and Acquisitions

Management Team

United Community Banks, Inc.

Selected Financial Information

UNITED COMMUNITY BANKS, INC.

For the Years Ended December 31 (in thousands, except per share data; taxable equivalent)

2006

2005

Income Summary

Net interest revenue	\$ 237,880	\$ 196,799
Provision for loan losses	14,600	12,100
Fee revenue	49,095	46,148
Total revenue	272,375	230,847
Operating expenses	162,070	140,808
Income before taxes	110,305	90,039
Income taxes	41,490	33,297
Net income	\$ 68,815	\$ 56,742

Performance Measures

Per common share:

Basic earnings	\$ 1.70	\$ 1.47
Diluted earnings	1.66	1.43
Cash dividends declared (rounded)	.32	.28
Book value	14.37	11.80
Tangible book value ⁽³⁾	10.57	8.94

Key performance ratios:

Return on tangible equity ^{(1) (2) (3)}	17.52 %	18.99 %
Return on equity ⁽²⁾	13.28	13.46
Return on assets	1.09	1.04
Net interest margin	4.05	3.85
Efficiency ratio ⁽¹⁾	56.35	57.77
Dividend payout ratio	18.82	19.05
Equity to assets (average)	8.06	7.63
Tangible equity to assets (average) ⁽³⁾	6.32	5.64

Asset Quality

Allowance for loan losses	\$ 66,566	\$ 53,595
Non-performing assets	13,654	12,995
Net charge-offs	5,524	5,701
Allowance for loan losses to loans	1.24 %	1.22 %
Non-performing assets to total assets	.19	.22
Net charge-offs to average loans	.12	.14

Average Balances

Loans	\$ 4,800,981	\$ 4,061,091
Investment securities	1,041,897	989,201
Earning assets	5,877,483	5,109,053
Total assets	6,287,148	5,472,200
Deposits	5,017,435	4,003,084
Shareholders' equity	506,946	417,309
Common shares outstanding:		
Basic	40,393	38,477
Diluted	41,575	39,721

As of Year-End

Loans	\$ 5,376,538	\$ 4,398,286
Investment securities	1,107,153	990,687
Earning assets	6,565,730	5,470,718
Total assets	7,101,249	5,865,756
Deposits	5,772,886	4,477,600
Shareholders' equity	616,767	472,686
Common shares outstanding	42,891	40,020

(1) Excludes pre-tax merger-related charges totaling \$.9 million, or \$.02 per diluted common share, recorded in 2004; and \$2.1 million, or \$.04 per diluted common share, recorded in 2003.

(2) Net income available to common shareholders (excludes preferred stock dividends) divided by average realized common equity (excludes accumulated

2004	2003	2002	Five Year CAGR ⁽⁴⁾
\$ 152,998	\$ 128,089	\$ 109,141	19 %
7,600	6,300	6,900	
<u>39,539</u>	<u>38,184</u>	<u>30,734</u>	14
184,937	159,973	132,975	18
<u>111,844</u>	<u>99,339</u>	<u>80,690</u>	16
73,093	60,634	52,285	21
<u>26,502</u>	<u>22,516</u>	<u>19,505</u>	
<u>\$ 46,591</u>	<u>\$ 38,118</u>	<u>\$ 32,780</u>	20
\$ 1.29	\$ 1.11	\$ 1.02	15
1.25	1.08	.99	15
.24	.20	.17	19
10.39	8.47	6.89	19
7.34	6.52	6.49	14
19.74 %	19.24 %	17.88 %	
14.39	14.79	16.54	
1.05	1.02	1.11	
3.71	3.68	3.95	
57.65	58.39	57.72	
18.60	18.02	16.34	
7.45	7.21	7.01	
5.78	6.02	6.60	
\$ 47,196	\$ 38,655	\$ 30,914	
8,725	7,589	8,019	
<u>3,617</u>	<u>4,097</u>	<u>3,111</u>	
1.26 %	1.28 %	1.30 %	
.17	.19	.25	
.11	.15	.14	
\$ 3,322,916	\$ 2,753,451	\$ 2,239,875	21
734,577	667,211	464,468	16
4,119,327	3,476,030	2,761,265	19
4,416,835	3,721,284	2,959,295	19
3,247,612	2,743,087	2,311,717	20
<u>329,225</u>	<u>268,446</u>	<u>207,312</u>	24
36,071	34,132	32,062	
37,273	35,252	33,241	
\$ 3,734,905	\$ 3,015,997	\$ 2,381,798	22
879,978	659,891	559,390	19
4,738,389	3,796,332	3,029,409	21
5,087,702	4,068,834	3,211,344	21
3,680,516	2,857,449	2,385,239	22
397,088	299,373	221,579	26
<u>38,168</u>	<u>35,289</u>	<u>31,895</u>	

other comprehensive income or loss).

(3) Excludes effect of acquisition-related intangibles and associated amortization.

(4) Compound annual growth rate.

Consolidated Statement of Income

UNITED COMMUNITY BANKS, INC.

For the Years Ended December 31 (in thousands, except per share data)

2006

2005

2004

Interest Revenue			
Loans, including fees	\$ 394,907	\$ 279,397	\$ 195,977
Investment securities:			
Taxable	47,149	40,195	27,431
Tax exempt	1,969	2,086	2,161
Federal funds sold and deposits in banks	802	911	618
Total interest revenue	<u>444,827</u>	<u>322,589</u>	<u>226,187</u>
Interest Expense			
Deposits:			
NOW	30,549	16,390	7,070
Money market	7,496	2,804	1,484
Savings	928	791	403
Time	<u>130,324</u>	<u>66,968</u>	<u>41,202</u>
Total deposit interest expense	169,297	86,953	50,159
Federal funds purchased, repurchase agreements & other short-term borrowings	7,319	5,304	2,119
Federal Home Loan Bank advances	23,514	26,633	14,237
Long-term debt	8,685	8,536	8,279
Total interest expense	<u>208,815</u>	<u>127,426</u>	<u>74,794</u>
Net interest revenue	236,012	195,163	151,393
Provision for loan losses	14,600	12,100	7,600
Net interest revenue after provision for loan losses	<u>221,412</u>	<u>183,063</u>	<u>143,793</u>
Fee Revenue			
Service charges and fees	27,159	25,137	21,540
Mortgage loan and other related fees	7,303	7,330	6,324
Consulting fees	7,291	6,609	5,749
Brokerage fees	3,083	2,570	2,027
Securities (losses) gains, net	(643)	(809)	428
Other	4,902	5,311	3,471
Total fee revenue	<u>49,095</u>	<u>46,148</u>	<u>39,539</u>
Total revenue	<u>270,507</u>	<u>229,211</u>	<u>183,332</u>
Operating Expenses			
Salaries and employee benefits	100,964	84,854	66,401
Communications and equipment	15,071	13,157	10,945
Occupancy	11,632	10,835	9,271
Advertising and public relations	7,623	6,733	4,403
Postage, printing and supplies	5,748	5,501	4,451
Professional fees	4,442	4,306	3,724
Amortization of intangibles	2,032	2,012	1,674
Merger-related charges	-	-	870
Other	14,558	13,410	10,105
Total operating expenses	<u>162,070</u>	<u>140,808</u>	<u>111,844</u>
Income before income taxes	108,437	88,403	71,488
Income taxes	39,622	31,661	24,897
Net income	<u>\$ 68,815</u>	<u>\$ 56,742</u>	<u>\$ 46,591</u>
Net income available to common shareholders	<u>\$ 68,796</u>	<u>\$ 56,719</u>	<u>\$ 46,582</u>
Earnings Per Common Share			
Basic	\$ 1.70	\$ 1.47	\$ 1.29
Diluted	1.66	1.43	1.25
Dividends per common share	.32	.28	.24
Weighted average common shares outstanding (in thousands):			
Basic	40,393	38,477	36,071
Diluted	41,575	39,721	37,273

Consolidated Balance Sheet

UNITED COMMUNITY BANKS, INC.

For the Years Ended December 31(in thousands, except per share data)

2006

2005

Assets

Cash and due from banks	\$ 158,348	\$ 121,963
Interest-bearing deposits in banks	12,936	20,607
Cash and cash equivalents	<u>171,284</u>	<u>142,570</u>
Investment securities available for sale	1,107,153	990,687
Mortgage loans held for sale	35,325	22,335
Loans, net of allowance of \$66,566 and \$53,595	5,309,972	4,344,691
Premises and equipment, net	139,716	112,887
Accrued interest receivable	58,291	37,197
Goodwill and other intangible assets	167,058	118,651
Other assets	112,450	96,738
Total assets	<u>\$ 7,101,249</u>	<u>\$ 5,865,756</u>

Liabilities and Shareholders' Equity

Liabilities:

Deposits:

Demand	\$ 659,892	\$ 602,525
NOW	1,307,654	1,113,827
Money market	255,862	151,120
Savings	175,631	175,453
Time	<u>3,373,847</u>	<u>2,434,675</u>
Total deposits	5,772,886	4,477,600

Federal funds purchased, repurchase agreements & other short-term borrowings	65,884	122,881
Federal Home Loan Bank advances	489,084	635,616
Long-term debt	113,151	111,869
Accrued expenses and other liabilities	<u>43,477</u>	<u>45,104</u>
Total liabilities	<u>6,484,482</u>	<u>5,393,070</u>

Shareholders' equity:

Preferred stock, \$1 par value; \$10 stated value; 10,000,000 shares authorized; 32,200 and 32,200 shares issued and outstanding	322	322
Common stock, \$1 par value; 100,000,000 shares authorized; 42,890,863 and 40,019,853 shares issued and outstanding	42,891	40,020
Common stock issuable; 29,821 and 9,948 shares	862	271
Capital surplus	270,383	193,355
Retained earnings	306,261	250,563
Accumulated other comprehensive loss	<u>(3,952)</u>	<u>(11,845)</u>
Total shareholders' equity	<u>616,767</u>	<u>472,686</u>
Total liabilities and shareholders' equity	<u>\$ 7,101,249</u>	<u>\$ 5,865,756</u>

DIRECTORY AND AFFILIATE BOARDS

Board of Directors

Robert L. Head, Jr.
Chairman
Owner, Head Westgate
Corporation

W.C. Nelson, Jr.
Vice Chairman
Owner, Nelson Tractor
Company

Jimmy C. Tallent
President and Chief
Executive Officer

A. William Bennett
Partner, Bennett, Davidson &
Associates, LLP

Robert H. Blalock
Owner, Blalock Insurance
Agency, Inc.

Guy W. Freeman
Executive Vice President
and Chief Operating Officer

Thomas C. Gilliland
Executive Vice President,
Secretary and General
Counsel

Charles E. Hill
Real Estate Investor

Hoyt O. Holloway
Owner, H and H Farms

Clarence W. Mason, Sr.
Owner, Mason Lawn and
Garden

Zell B. Miller
Director Emeritus
Retired U.S. Senator

Tim Wallis
President and
Chief Executive Officer
Wallis Printing

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Billy M. Decker
Dr. G. David Gowder, III
Robert L. Head, Jr.
Charles E. Hill
Jack C. Lance, Sr.
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Paul B. Owenby

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Robert Dudley Barton, IV
Donna Howren
Robert M. Painter
Norman Parker
Jim Pinkard

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Hoyt O. Holloway, Vice Chairman
Charles E. Chance
Don R. Clement
Norman E. Kaye
Larry Lance
Clarence W. Mason, Sr.
Harold W. O'Dell
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Pat H. Cooper
Guy W. Freeman
Russell Mentzer
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William Stembler

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Marshall L. Day
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Dwight Gilleland
Deborah Pelfrey
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John C. Lovell
Dr. Robert M. Miller
Jimmy C. Tallent

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Burton R. Stephens, President

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C. Steve Parks
Ricky L. Presley
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 Johnny Farmer
 Thomas C. Gilliland
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 Dr. Frank D. Stegall
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Michael Wakely, Chairman
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 Marvin A. Fentress
 Martin E. Melaver
 D. Rhett Mouchet
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 William A. Moye
 William N. Strawn, Jr.
 James William Strickland
 Marcia Garrison Taylor
 Andrew J. Welch, III

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 Dr. Joey Arencibia
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 William C. Seaton
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S. Keith Brady
Louise S. Nix
Jimmy C. Tallent
David Wilkins

8460 Highway 75 N.
Helen, Georgia 30545
(706) 878-2121

North Carolina

1225 Asheville Highway
Brevard, North Carolina 28712
(828) 884-2600
Greg Hining, Chairman and CEO
John D. Goins, President
Dale Cable, Regional Manager
Rick L. King, Regional Manager

Board

Ronald C. Burch
Billy M. Decker
Lloyd G. Fisher
J. Phillip Jerome
Larry Kernea
R. Maurice Sherrill
Jimmy C. Tallent

732 Main Street
Andrews, North Carolina 28901
(828) 321-2050

54 N. Mitchell Avenue
Bakersville, North Carolina 28705
(828) 688-5800

8433 Valley Road
Blowing Rock,
North Carolina 28605
(828) 295-8072

160 West Main Street
Brevard, North Carolina 28712
(828) 884-3649

145 Slope Street
Bryson City, North Carolina 28713
(828) 488-1168

291 E. U.S. Highway 19 E.
Burnsville, North Carolina 28714
(828) 682-9992

60 U.S. Highway 64 E.
Cashiers, North Carolina 28717
(828) 743-6600

3273 U.S. Highway 441 N.
Cherokee, North Carolina 28719
(828) 497-3734

77 Etowah Center Drive
Etowah, North Carolina 28729
(828) 890-3600

257 E. Main Street
Franklin, North Carolina 28744
(828) 369-6197

95 Highway 64 W.
Hayesville, North Carolina 28904
(828) 389-6363

230 Highway 64 E.
Hayesville, North Carolina 28904
(828) 389-3711

2518 Chimney Rock Road
Hendersonville,
North Carolina 28792
(828) 698-5684

116 Peachtree Street
Murphy, North Carolina 28906
(828) 837-9291

200 Linville Street
Newland, North Carolina 28657
(828) 733-9281

132 Rodney Orr Bypass
Robbinsville,
North Carolina 28771
(828) 479-3037

12300 Highway 226 S.
Spruce Pine,
North Carolina 28777
(828) 766-8880

1640 E. Main Street
Sylva, North Carolina 28779
(828) 631-9166

55 Asheville Highway
Sylva, North Carolina 28779
(828) 631-9600

165 N. Main Street
Waynesville,
North Carolina 28786
(828) 452-0307

Tennessee

725 Highway 321 N.
Lenoir City, Tennessee 37771
(865) 986-1300
Steve Hurst, President

Board

Barry Gordon, Chairman
Gary Kimsey, Vice Chairman
William Crisp
Bryan Jackson
Bruce Martin
R. Knick Myers
Peter Stimpson, MD
Ted Wampler, Jr.
James W. Wilburn, III

211 Gill Street
Alcoa, Tennessee 37701
(865) 980-0300

1087 Hunters Crossing
Alcoa, Tennessee 37701
(865) 982-4400

123 Washington Avenue W.
Athens, Tennessee 37303
(423) 745-2442

223 N. Third Street
Kingston, Tennessee 37763
(865) 717-1400

11134 Kingston Pike
Knoxville, Tennessee 37922
(865) 671-1600

1366 Highway 72 N.
Loudon, Tennessee 37774
(865) 458-1300

202 Chota Road
Tellico Village
Loudon, Tennessee 37774
(865) 458-1600

4519 Highway 411
Madisonville, Tennessee 37354
(423) 442-5484

Cleveland

2525 Keith Street N.W.
Cleveland, Tennessee 37312
(423) 559-2696
Mickey Torbett, President

Board

Greg Calfee
Chad Eslinger
W. Jerry Stout

3372 Keith Street N.W.
Cleveland, Tennessee 37312
(423) 559-2696

Brintech, Inc.

505 Canal Street
New Smyrna Beach,
Florida 32168
(386) 427-6772
Hal Oswald, President

Board

Rex S. Schuette, Chairman
Sean Clark
Geri Foreland
Thomas C. Gilliland
L. T. "Tom" Hall
John Matheny
Craig Metz
Ken Proctor

Corporate Information

UNITED COMMUNITY BANKS, INC.

Corporate Headquarters

United Community Banks, Inc.
63 Highway 515
Blairsville, Georgia 30512
(706) 781-2265
(866) 270-7200
ucbi.com

Financial Information

Analysts and investors seeking financial information about United Community Banks, should contact:
Rex S. Schuette
Executive Vice President and
Chief Financial Officer
(706) 781-2265
rex_schuette@ucbi.com

Copies of the Annual Report filed with the Securities and Exchange Commission on Form 10-K and supplemental quarterly information are available at no cost on United's website at ucbi.com or by contacting:
Lois Rich
Shareholder Relations Officer
(866) 270-5900
investor_relations@ucbi.com

This Annual Report contains forward-looking statements that involve risk and uncertainty and actual results could differ materially from the anticipated results or other expectations expressed in the forward-looking statements. A discussion of factors that could cause actual results to differ materially from those expressed in the forward-looking statements is included in the Annual Report on Form 10-K filed with the Securities and Exchange Commission.

Dividend Payment Dates

Subject to the approval of the Board of Directors, quarterly dividend payments are made on the first business day of January, April, July and October.

Stock Price

United Community Banks, Inc.'s common stock is traded on the Nasdaq Global Select Market under the symbol UCBI. Quarterly stock prices for 2006 and 2005 are provided in the following table.

Quarter	High	2006		Close	2005	
		Low	Close		High	Low
First	\$29.64	\$26.02	\$28.15	\$27.92	\$23.02	\$23.73
Second	31.26	27.02	30.44	26.44	21.70	26.02
Third	33.10	27.51	30.05	29.36	25.75	28.50
Fourth	33.37	29.03	32.32	30.50	25.32	26.66

Electronic Deposit of Dividends

Shareholders may request dividends to be deposited electronically to a designated financial institution and credited to their account on the dividend payment date, free of charge. To request this service, contact Shareholder Relations.

Dividend Reinvestment and Share Purchase Plan

Shareholders can reinvest all or a portion of their cash dividends in additional shares or purchase shares directly from United without commissions or fees through United's Dividend Reinvestment and Share Purchase Plan. To find out more about how to participate or to obtain a prospectus, visit United's website or contact Shareholder Relations.

Account Consolidation and Elimination of Duplicate Mailings

If you receive duplicate quarterly statements from United and wish to discontinue such mailings, or would like to consolidate your accounts, contact Shareholder Relations. This will enable United to avoid unnecessary cost for duplication and mailing.

Shareholders seeking information on stock-transfer requirements, lost certificates, dividends and other shareholder matters, contact Shareholder Relations.

Annual Meeting

Annual Meeting of Shareholders will be held:
Wednesday, April 25, 2007, 2:00 p.m.
Brasstown Valley Resort
Young Harris, Georgia

Transfer Agent and Registrar

Computershare Investor Services
250 Royall Street
Canton, Massachusetts 02021
(888) 277-8365

Independent Registered Public Accountants

Porter Keadle Moore, LLP
Atlanta, Georgia

Legal Counsel

Kilpatrick Stockton, LLP
Atlanta, Georgia

Equal Opportunity Employer

United is an equal opportunity employer. All matters regarding recruiting, hiring, training, compensation, benefits, promotions, transfers and other personnel policies will remain free from discriminatory practices.



Locations

- Banking Office
- ▲ Commercial Loan Office
- First Bank of the South Acquisition





The Bank That **SERVICE** Built.™