2012 Annual Report

United Community Banks, Inc.

United Community Banks, Inc.
Financial Highlights

(in millions, except per share data)	**2012**	**2011**
Core Earnings Summary		
Net interest revenue	$ 229.1	$ 235.7
Core fee revenue	53.5	44.2
Core operating expenses	166.1	180.3
Core earnings (pre-tax, pre-credit)	**116.5**	**99.6**
Provision for loan losses	(62.5)	(251.0)
Foreclosed property costs	(14.0)	(78.9)
Bulk Loan Sale costs	-	(5.6)
Reclassification of pension costs	-	2.3
Severance costs	(2.3)	(1.1)
Hedge ineffectiveness gains, net	.7	5.0
Securities gains, net	7.1	.8
Loss on prepayment of borrowings	(6.7)	(.8)
Provision for litigation settlement	(4.0)	-
Gain on sale of low income housing tax credits	.7	.7
Interest on federal tax refund	1.1	-
Income tax (expense) benefit	(2.7)	2.3
Net income (loss)	**33.9**	**(226.7)**
Preferred dividends and discount accretion	(12.2)	(11.9)
Net income (loss) available to common shareholders	$ 21.7	$ (238.6)
Per Common Share		
Diluted income (loss)	$ 0.38	$ (5.97)
Book value	6.67	6.62
Tangible book value	6.57	6.47
Performance Measures		
Net interest margin	3.50 %	3.44 %
Allowance for loan losses to loans	2.57	2.79
Tangible common equity to assets (year-end)	5.60	5.35
Tier I risk-based capital ratio (year-end)	14.16	13.69
As of Year-End		
Loans	$ 4,175	$ 4,110
Investment securities	2,079	2,120
Total assets	6,802	6,983
Deposits	5,952	6,098
Shareholders' equity	581	575
Common shares outstanding (thousands)	57,741	57,561
Shareholders	15,000	16,900
Employees	1,590	1,754
Banking offices	105	106

LETTER TO SHAREHOLDERS

Dear Fellow Shareholders,

Before reviewing 2012 and a promising outlook for 2013, I want to begin with this: The past 12 months have been among the most positive United Community Banks has experienced in years. We closed the year with our fifth consecutive profitable quarter, and our sixth out of the past seven, solidly on the path to our goal of sustained profitability.

You well know that the past five years have been uncharted territory for all banks, with no map or rulebook through the economic environment. However, United has a skilled, experienced and dedicated management team and board to lead the way. These men and women have been, and continue to be, our compass and true north.

In last year's annual report I described our objectives in 2012. In this letter I will review our record toward accomplishing those objectives.

2011 ended on a good note with a profitable quarter, our second of the year after 13 consecutive quarterly losses. The first quarter of 2012 followed suit with what would be the first of four profitable quarters, and the highest pre-tax, pre-credit earnings since the fourth quarter of 2009. Setting the stage for these results, and pivotal for this company, was the March 2011 execution of our capital transaction and problem asset disposition plan.

Our 2011 annual report outlined key areas of concentration for 2012: core deposit growth, loan growth, credit quality, margin, fee revenue, expense reductions, customer service and profitability. We have made significant progress.

CORE DEPOSIT GROWTH

After attracting an impressive $266 million in net new core transaction deposits in 2011, we set an ambitious goal to grow these deposits again in 2012, this time by 8 percent. As it turned out we exceeded this goal with growth of 11 percent, or $311 million, most of it in noninterest-bearing demand deposits.

United employees opened a record 37,072 new core deposit accounts and sold 15,306 new services in 2012 as part of our highly successful United Express campaign. Over the past four years, United Express has provided a financial incentive to bring in new business, but we have found that the primary driving force for our bankers is not extra money but a point of pride. They want to help this company return to sustained success, in this case by providing a steady source of new core deposits. To be perfectly clear, they have delivered with growth of $1.1 billion over the past four years while adding thousands of new customers.

LOAN GROWTH

Despite a continued struggling economy in 2012, we had positive annual loan growth for the first time since 2007. In the first quarter we recorded our first linked-quarter loan growth since 2008, and in the third quarter we achieved our first 12-month loan growth since the downward economic cycle began in 2007.

Driving the growth were new loan products that further diversified the portfolio. These include targeted new retail products that have enabled us to meet customer needs better and create a much more efficient delivery channel. Our service continues to be unmatched, and we have leveraged our high customer satisfaction scores to attract new customers to these products and services.

One of our new retail products is a home equity line of credit (HELOC) that is allowing us to achieve a more favorable balance in our overall loan mix. From its introduction in the summer of 2012 through year-end, the product generated $100 million in new loan balances. It has brought in new customers and deepened relationships with existing customers who have strong credit metrics. The success of these HELOC loans has had a slight negative impact on our margin in the short term due to the introductory interest rate of 1 percent APR for the first year. The product has a floating rate that will reset to prime plus beginning in mid-2013 and help minimize exposure to rising rates in the future.

In January, 2013, we rolled out our 'SmarterMortgage' product with competitive closing costs and low monthly payments. This is an attractive alternative for customers who want their mortgage and servicing to remain with their local United bank.

On the commercial side, our focus on owner-occupied commercial real estate and small business lending continued to produce favorable results. We introduced a fixed-rate commercial loan product that meets a customer need without exposing United to interest rate risk. Our back-to-back interest rate swap program enables us to compete effectively with product offerings of much larger financial institutions. We gained good traction with this product in 2012, adding to fee revenue.

In total, during the year we funded $505 million in new loans compared to $392 million in 2011. Our continuing focus is on growing commercial business that results in new full-service relationships. To support this effort, over the past 18 months we have added 15 experienced lenders who are established within our existing and expanded metro markets. Additionally in late 2012, we opened a commercial loan office in Greenville, South Carolina, expanding our reach into this new and robust market.

CREDIT QUALITY

A staunch commitment throughout the economic downturn has been aggressive management of our credit challenges. I am pleased to report that our credit quality measures have significantly improved, especially in the latter half of the year.

By year-end many of these measures were beginning to return to pre-downturn levels. Fourth quarter net charge-offs of $14.5 million were at the lowest level since the second quarter of 2008. The inflow of new non-performing loans was $20.2 million, the lowest since this economic cycle began. Our year-end balance of foreclosed property was $18.3 million, the lowest since the end of 2007. Past due loans were .65 percent of total loans, well below our pre-credit cycle target of 1 percent. Clearly we are making important progress on the credit front.

MARGIN

Our net interest margin for the full year of 2012 was 3.50 percent, slightly higher than 3.44 percent in 2011. Growth in core transaction deposits has helped to lower funding costs, but the unprecedented low interest rate environment shows no sign of changing near term, and will continue to create pricing headwinds and natural margin compression throughout 2013. We continue to see competitive pressures on loan pricing, as well as low reinvestment rates for our securities portfolio.

I will add that this rate environment has produced some good news: Our mortgage business has thrived and produced fee revenue growth that has offset most of the decrease in net interest revenue.

FEE REVENUE

We made great progress on the fee revenue side early in 2012, partially due to new service charges that allowed us to make low-balance deposit relationships profitable. Very little attrition resulted as most customers were able to avoid the fees by maintaining higher balances. We also renegotiated our debit card and ATM service provider contracts, resulting in increased fee revenue that more than offset lower fees brought about by regulatory changes. Overall, deposit service fee revenue increased $2.6 million during the year.

As mentioned above we saw solid growth in mortgage fees as a result of the record low interest rate environment and our bankers' outstanding efforts to grow market share. Refinancing activities also helped boost this source of fee revenue.

EXPENSE REDUCTIONS

The rising cost of doing business and the weak economy makes it a very challenging environment for new growth opportunities, requiring that we be more efficient. Our steady focus on efficiency and expense reductions resulted in a $14 million decrease in core operating expenses during 2012, including an $8 million decline in core personnel costs.

We also saw significant decreases in occupancy expenses and our FDIC insurance assessment. Occupancy expenses were down $1.34 million reflecting our efforts to control our utilities and insurance costs, lower property taxes as a result of challenging our assessments and lower depreciation charges. The lower FDIC insurance assessment reflects a lower assessment rate resulting from our improving credit and capital metrics as well as the FDIC's change to an asset-based assessment in early 2011 that was more favorable to United.

Among ongoing efficiency and cost reduction efforts, we closed two underperforming bank offices in the first quarter of 2013.

Lowering headcount is extremely painful. Such decisions are unquestionably the most difficult I have had to make in my career. While these tough measures have been necessary, we have been very careful to conduct them in a caring and dignified way to soften the landing with fair and appropriate severance packages. Bottom line, we have reduced core operating expense by $14 million over the past year.

CUSTOMER SERVICE

In light of the challenges faced and changes made, it is a testimony to our people that customer satisfaction has not suffered one bit. United Community Bank has been the bank of choice in our communities for more than 60 years and continues to be so today. We are blessed with dedicated bankers who are completely focused on the number one task: creating the finest banking experience anywhere.

Our bankers remain as successful as ever at this task, earning customer satisfaction ratings that consistently remain above 95 percent – the highest in the industry. When asked to support new promotions or incentives, there they are again, stepping up to meet and exceed expectations. And I want to emphasize that I also am recognizing the many employees who do not directly serve external customers, but provide critical support to internal customers – their fellow employees – in ways that allow them to do their jobs so well. This is an incredible group of people.

PROFITABILITY

All of our 2012 initiatives were aimed at one overarching goal: improving profitability and the long-term value of your investment in United Community Banks. This is an ongoing priority that drives everything we do. That is why a year ago I made a pledge to you and to our Board of Directors to improve our quarterly core pre-tax, pre-credit earnings on an annualized basis by $10 million through fee revenue growth and expense reductions. We set the fourth quarter of 2011 as our base, and the fourth quarter of 2012 as our target.

I am extremely pleased to report that we achieved this $10 million goal for the fourth quarter of 2012. Our annualized run rate in core operating expenses declined by $9 million compared to 2011, and our annualized core fee revenue run rate increased by over $12 million – a core earnings improvement of $21 million.

Even though net margin compression offset more than half of these earnings improvements, we were able to meet our goal. These results are impressive by any measure and represent a significant achievement for this banking team. I cannot imagine a team anywhere rising to the challenge and working harder to achieve goals than this one did in 2012.

LOOKING FORWARD

While we see more consistently profitable times ahead, some obstacles still remain. The sluggish economy and record low interest rate environment are expected to continue, presenting loan growth challenges and net interest margin pressures. We see margin compression continuing throughout 2013.

On the positive side, we expect a continuing trend of improving credit metrics that should translate into lower levels of charge-offs and related provision expense. We also see, and are acting upon, opportunities to expand our mortgage and advisory service businesses.

We believe we can overcome the challenges of a slow economy and grow our loan portfolio in the mid-single digit range. We can do this, in part, by continuing to add commercial lenders in key markets while also growing retail loans through our new product offerings. We will continue to reduce costs and increase efficiency, while being careful to do so in ways that preserve our unique culture of superior service.

We have again set a goal for the coming year: to increase our annualized run rate of core pre-tax, pre-credit earnings by $10 million, using the fourth quarter of 2012 as our benchmark. We will focus on fee revenue, loan and core deposit growth and operating efficiency.

A question for 2013 is United's plans for the $180 million in preferred stock issued to the U.S. Treasury in 2008. In March, 2013, the Treasury elected to remarket our stock to other investors as they have done in the past with many other banks. We believe this reflects our positive progress through the credit cycle and our sustained earnings over the past seven quarters. The Treasury was able to remarket its investment under very favorable terms, and the institutional investors demonstrated their confidence by acquiring our stock.

This transaction is a win-win for both United and the Treasury. The Treasury was paid back, in fact, more than their original investment when including dividends over the past four years. United is now free from the restrictions of the Troubled Asset Relief Program (TARP), but retains the valuable regulatory capital. In the future when prudent, we will consider alternative solutions to repurchase or refinance in a manner that best serves our common shareholders.

Before closing I want to make you aware of recent changes in our leadership.

On our management team, I am very pleased to announce that Lynn Harton has joined United as Chief Operating Officer, succeeding Guy Freeman who retired at the beginning of 2012. Lynn, a native of North Carolina, brings 29 years of executive banking experience. He already has made some very valuable and exciting contributions.

On our holding company Board of Directors, I report with much regret the retirement of John D. Stephens, who has been a valued member of the United Community Banks Board since 2007. His 44 years of business and industrial experience have provided a most unique perspective and background that we will greatly miss. I know I speak for the entire Board and United family when I say, "Thank you so very much, John, for your guidance, wisdom and friendship all these many years."

Additionally, Bob Head has decided to retire from the Board at the end of his current term. Bob was Chairman of the holding company Board from 1988 (when our holding company was formed) to 2012. He also has served for 40 years on the Board of United Community Bank. Bob was at the helm through a period of much change, outstanding growth and great challenge, and he led our Board with valuable discernment, a steady hand and keen vision. There is no way I can adequately express my appreciation to Bob for his years of faithful service and outstanding leadership and we will continue to seek his advice and counsel.

Over the past few years we have experienced a long and sometimes rocky ride with its share of detours. But in 2012 we made the critical turn that begins our ascent to sustained profitability and solid returns.

Our employees have been inspiring along this journey. Your company could not and would not have achieved the progress we have made without these dedicated and talented people. Many others, maybe even understandably, would have thrown up their hands and surrendered to the challenges we've experienced. Many would have quit or bided their time clinging to their jobs. Not the United family. Just when you think they can't give any more, they do. When you think their spirit is surely going to break, it's there stronger than ever, and they rally around United more vigorously than ever before.

I cannot thank these people enough. They are the heart of United Community Banks. Each management team member, each director and each shareholder owes them a debt of gratitude. I certainly do. And, this management team is laser focused on creating value for our shareholders. Because of them, I look forward with optimism.

Sincerely,

Jimmy Tallent

Consolidated Statement of Operations

(in thousands, except per share data)	2012	2011	2010
INTEREST REVENUE:			
Loans, including fees	$ 217,140	$ 239,056	$ 277,904
Investment securities:			
Taxable	43,657	55,251	58,821
Tax exempt	956	1,009	1,137
Deposits in banks and short-term investments	3,986	2,321	3,260
Total interest revenue	265,739	297,637	341,122
INTEREST EXPENSE:			
Deposits:			
NOW	2,049	3,998	6,966
Money market	2,518	5,456	7,552
Savings	150	234	331
Time	19,518	39,151	66,883
Total deposit interest expense	24,235	48,839	81,732
Short-term borrowings	2,987	4,250	4,235
Federal Home Loan Bank advances	907	2,042	3,355
Long-term debt	10,201	10,544	10,749
Total interest expense	38,330	65,675	100,071
Net interest revenue	227,409	231,962	241,051
Provision for loan losses	62,500	251,000	223,000
Net interest revenue after provision for loan losses	164,909	(19,038)	18,051
FEE REVENUE:			
Service charges and fees	31,670	29,110	30,127
Mortgage loan and other related fees	10,483	5,419	7,019
Brokerage fees	3,082	2,986	2,662
Securities gains, net	7,078	842	2,552
Losses on prepayment of borrowings	(6,681)	(791)	(2,233)
Other	11,139	12,342	8,421
Total fee revenue	56,771	49,908	48,548
Total revenue	221,680	30,870	66,599
OPERATING EXPENSES:			
Salaries and employee benefits	96,026	100,095	96,618
Occupancy	14,304	15,645	15,394
Communications and equipment	12,940	13,135	13,781
FDIC assessments and other regulatory charges	10,097	14,259	13,747
Professional fees	8,792	9,727	9,254
Postage, printing and supplies	3,899	4,256	4,072
Advertising and public relations	3,855	4,291	4,625
Amortization of intangibles	2,917	3,016	3,160
Foreclosed property	13,993	78,905	65,707
Goodwill impairment	-	-	210,590
Loss on sale of nonperforming assets	-	-	45,349
Other	19,951	18,270	16,594
Total operating expenses	186,774	261,599	498,891
Income (loss) from continuing operations before income taxes	34,906	(230,729)	(432,292)
Income tax expense (benefit)	1,050	(3,983)	71,217
Net income (loss) from continuing operations	33,856	(226,746)	(503,509)
Loss from discontinued operations, net of income taxes	-	-	(101)
Gain from sale of subsidiary, net of income taxes and selling costs	-	-	1,266
Net income (loss)	33,856	(226,746)	(502,344)
Preferred stock dividends	12,148	11,838	10,316
Net income (loss) available to common shareholders	$ 21,708	$ (238,584)	$ (512,660)
Income (loss) from continuing operations per common share - basic / diluted	$ .38	$ (5.97)	$ (27.15)
Income (loss) per common share - basic / diluted	.38	(5.97)	(27.09)
Weighted average common shares outstanding - basic / diluted	57,857	39,943	18,925

Consolidated Balance Sheet

(in thousands, except per share data)	2012	2011
ASSETS		
Cash and due from banks	$ 66,536	$ 53,807
Interest-bearing deposits in banks	124,613	139,609
Short-term investments	60,000	185,000
Cash and cash equivalents	251,149	378,416
Securities available for sale	1,834,593	1,790,047
Securities held to maturity (fair value $261,131 and $343,531)	244,184	330,203
Mortgage loans held for sale	28,821	23,881
Loans, net of unearned income	4,175,008	4,109,614
Less allowance for loan losses	(107,137)	(114,468)
Loans, net	4,067,871	3,995,146
Assets covered by loss sharing agreements with the FDIC	47,467	78,145
Premises and equipment, net	168,920	175,088
Bank-owned life insurance	81,867	80,599
Accrued interest receivable	18,659	20,693
Goodwill and other intangible assets	5,510	8,428
Foreclosed property	18,264	32,859
Other assets	34,954	69,915
Total assets	$ 6,802,259	$ 6,983,420
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities:		
Deposits:		
Demand	$ 1,252,605	$ 992,109
NOW	1,316,453	1,509,896
Money market	1,149,912	1,038,778
Savings	227,308	199,007
Time:		
Less than $100,000	1,055,271	1,332,394
Greater than $100,000	705,558	847,152
Brokered	245,033	178,647
Total deposits	5,952,140	6,097,983
Short-term borrowings	52,574	102,577
Federal Home Loan Bank advances	40,125	40,625
Long-term debt	124,805	120,225
Unsettled securities purchases	-	10,325
Accrued expenses and other liabilities	51,210	36,199
Total liabilities	6,220,854	6,407,934
Commitments and contingencies		
Shareholders' equity:		
Preferred stock, $1 par value, 10,000,000 shares authorized:		
Series A, $10 stated value, 21,700 shares issued and outstanding	217	217
Series B, $1,000 stated value, 180,000 shares issued and outstanding	178,557	177,092
Series D, $1,000 stated value, 16,613 shares issued and outstanding	16,613	16,613
Common stock, $1 par value, 100,000,000 shares authorized, 42,423,870 and 41,647,100 shares issued and outstanding	42,424	41,647
Common stock, non-voting $1 par value, 30,000,000 shares authorized, 15,316,794 and 15,914,209 shares issued and outstanding	15,317	15,914
Common stock issuable, 133,238 and 93,681 shares	3,119	3,233
Capital surplus	1,057,951	1,054,940
Accumulated deficit	(709,153)	(730,861)
Accumulated other comprehensive loss	(23,640)	(3,309)
Total shareholders' equity	581,405	575,486
Total liabilities and shareholders' equity	$ 6,802,259	$ 6,983,420

Selected Financial Data - Quarterly Core Summary

(in millions, except per share data; taxable equivalent)	2012 Q-4	2012 Q-3	2012 Q-2	2012 Q-1	2011 Q-4
CORE EARNINGS SUMMARY					
Net interest revenue	$ 56.0	$ 57.4	$ 56.8	$ 58.9	$ 59.1
Core fee revenue [1]	14.6	13.0	12.8	13.1	11.4
Core revenue [1]	70.6	70.4	69.6	72.0	70.5
Core operating expenses [2]	41.5	40.5	41.3	42.7	43.9
Core earnings (pre-tax, pre-credit) [1][2]	**29.1**	**29.9**	**28.3**	**29.3**	**26.6**
Provision for loan losses	(14.0)	(15.5)	(18.0)	(15.0)	(14.0)
Foreclosed property costs:					
Write downs and losses from sales	(3.2)	(2.7)	(.7)	(2.2)	(6.9)
Other expenses	(1.4)	(1.0)	(1.1)	(1.6)	(2.4)
Reclassification of pension prior service cost and actuarial losses	-	-	-	-	2.3
Severance costs	(.5)	(.4)	(1.2)	(.2)	-
Hedge ineffectiveness gains (losses), net	.1	.6	(.2)	.1	.3
Securities gains, net	-	-	6.5	.6	-
Loss on prepayment of borrowings	-	-	(6.2)	(.5)	-
Provision for litigation settlement	(4.0)	-	-	-	-
Gain on sale of low income housing tax credits	-	-	-	.7	.7
Interest on federal tax refund	-	-	-	1.1	-
Income tax (expense) benefit	(.8)	(.3)	(.9)	(.8)	3.3
Net income	5.3	10.6	6.5	11.5	9.9
Preferred dividends and discount accretion	3.1	3.1	3.0	3.0	3.0
Net income available to common shareholders	$ **2.2**	$ **7.5**	$ **3.5**	$ **8.5**	$ **6.9**
PERFORMANCE MEASURES					
Per common share:					
Diluted earnings	$ .04	$ .13	$ .06	$ .15	$ .12
Book value	6.67	6.75	6.61	6.68	6.62
Tangible book value [3]	6.57	6.64	6.48	6.54	6.47
Key performance ratios:					
Net interest margin [4]	3.44 %	3.60 %	3.43 %	3.53 %	3.51 %
Return on assets [4]	.31	.63	.37	.66	.56
Return on common equity [4][5]	2.15	7.43	3.51	8.78	7.40
Tangible equity to assets [3]	8.55	8.66	8.24	8.08	8.16
Tangible common equity to assets [3]	5.67	5.73	5.45	5.33	5.38
ASSET QUALITY*					
Non-performing loans	$ 109.9	$ 115.0	$ 115.4	$ 129.7	$ 127.5
Foreclosed properties	18.3	27.0	30.4	31.9	32.8
Total non-performing assets (NPAs)	128.2	142.0	145.8	161.6	160.3
Allowance for loan losses	107.1	107.6	112.7	113.6	114.5
Net charge-offs	14.5	20.6	18.9	15.9	45.6
Allowance for loan losses to loans	2.57 %	2.60 %	2.74 %	2.75 %	2.79 %
Net charge-offs to average loans [4]	1.39	1.99	1.85	1.55	4.39
NPAs to loans and foreclosed properties	3.06	3.41	3.51	3.88	3.87
NPAs to total assets	1.88	2.12	2.16	2.25	2.30
AT PERIOD END					
Loans*	$ 4,175	$ 4,138	$ 4,119	$ 4,128	$ 4,110
Investment securities	2,079	2,025	1,984	2,202	2,120
Total assets	6,802	6,699	6,737	7,174	6,983
Deposits	5,952	5,823	5,822	6,001	6,098
Shareholders' equity	581	585	576	580	575
Common shares outstanding	57.7	57.7	57.6	57.6	57.6

(1) Excludes net securities gains and losses, losses from the prepayment of borrowings, gains from the sale of low income housing tax credits, hedge ineffectiveness gains and interest on a federal tax refund. (2) Excludes foreclosed property costs, reclassification of prior service cost and actuarial losses on Modified Retirement Plan to other comprehensive income, severance costs and a provision for litigation settlement. (3) Excluded the effect of acquisition-related intangible assets. (4) Annualized. (5) Net income available to common shareholders, which is net of preferred dividends, divided by average realized common equity, which excludes accumulated other comprehensive income (loss).
* Excludes loans and foreclosed properties covered by loss sharing agreements with the FDIC.

Corporate Information

Financial Information

Analysts and investors seeking financial information should contact:

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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.

This Annual Report also contains financial measures that were prepared on a basis different from accounting principles generally accepted in the United States ("GAAP"). References to operating earnings, pre-tax, pre-credit earnings and core earnings are non-GAAP financial measures. Management has included such non-GAAP financial measures because such non-GAAP measures exclude certain non-recurring revenue and expense items and therefore provide a meaningful basis for analyzing financial trends. A reconciliation of these measures to financial measures determined using GAAP is included in the Annual Report on Form 10-K filed with the Securities and Exchange Commission.

Stock Price

	2012				2011			
Quarter	High	Low	Close	Average Daily Volume	High	Low	Close	Average Daily Volume
1st	$ 10.30	$ 6.37	$ 9.75	142,987	$ 11.85	$ 5.95	$ 11.65	227,321
2nd	9.77	7.76	8.57	145,132	14.65	9.80	10.56	139,741
3rd	8.82	6.12	8.39	329,475	11.33	7.67	8.49	214,303
4th	9.49	8.01	9.44	202,871	8.90	6.22	6.99	202,024

Account Consolidation

If you receive duplicate statements from United and wish to discontinue such mailings, or would like to consolidate your accounts, contact Shareholder Relations at (866) 270-5900 or investor_relations@ucbi.com. 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, should contact Shareholder Relations.

Transfer Agent and Registrant

IST Shareholder Services
433 S. Carlton Ave.
Wheaton, Illinois 60187
(630) 480-0393

Independent Registered Public Accountants

PricewaterhouseCoopers LLP
Atlanta, Georgia

Legal Counsel

Troutman Sanders LLP
Atlanta, Georgia

Equal Opportunity Employer

United Community Banks 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.

Board of Directors

W.C. Nelson, Jr.
Chairman
Owner, *Nelson Tractor Co.*

Jimmy C. Tallent
President and
Chief Executive Officer

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

Clifford V. Brokaw
Managing Director
Corsair Capital

L. Cathy Cox
President, *Young Harris College*

Steven J. Goldstein
Retired Chief Financial Officer,
Federal Home Loan Bank of Atlanta

Robert L. Head, Jr.
Owner, *Head Westgate*

Thomas A. Richlovsky
Retired Chief Financial Officer
and Treasurer
National City Corporation

John D. Stephens
Partner, *Stephens MDS, LP*

Tim R. Wallis
President and
Chief Executive Officer
Wallis Printing Company

Executive Officers

Jimmy C. Tallent
President and
Chief Executive Officer

H. Lynn Harton
Chief Operating Officer

Rex S. Schuette
Executive Vice President
Chief Financial Officer

David P. Shearrow
Executive Vice President
Chief Risk Officer

Bill M. Gilbert
Director of Banking

Tim Schools
Chief Strategy Officer

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