UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended June 30, 1996

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the Transition Period from __________ to __________

Commission file number 0-21656

UNITED COMMUNITY BANKS, INC.
(Exact name of registrant as specified in its charter)

Georgia	58-180-7304
(State of incorporation)	(I.R.S. Employer Identification No.)
P.O. Box 398, 59 Highway 515 Blairsville, Georgia	30512
(Address of principal executive offices)	(Zip Code)

(404) 745-2151
(Telephone number)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES XX NO ----

Common stock, par value $1 per share: 6,260,280 shares outstanding as of July 31, 1996

UNITED COMMUNITY BANKS, INC. AND SUBSIDIARIES

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UNITED COMMUNITY BANKS, INC. & SUBSIDIARIES
Consolidated Balance Sheets
(Unaudited)

	June 30, 1996	December 31, 1995
ASSETS	(In Thousands)	
Cash and due from banks	$ 22,176	20,758
Federal funds sold	10,720	11,230
Cash and cash equivalents	32,896	31,988
Securities held to maturity (estimated fair value of $75,493 and $79,650)	76,097	78,821
Securities available for sale	52,786	65,046
Mortgage loans held for sale	7,604	12,048
Loans	502,465	444,092
Less: Allowance for loan losses	(7,153)	(6,545)
Loans, net	495,312	437,547
Premises and equipment	16,035	15,997
Accrued interest receivable	7,034	6,462
Other assets	12,468	11,760
	$ 700,232	659,669
LIABILITIES AND STOCKHOLDERS' EQUITY		
Deposits:		
Demand	$ 68,372	62,753
Interest-bearing demand	125,707	114,825
Savings	40,222	38,947
Time	387,851	374,131
Total deposits	622,152	590,656
Accrued expenses and other liabilities	4,577	3,676
Federal Home Loan Bank advances	14,860	9,001
Long-term debt	10,744	11,309
Convertible subordinated debentures	1,000	1,000
Total liabilities	653,333	615,642
Stockholders' equity:		
Preferred Stock	--	--
Common Stock, $1 par value; 10,000,000 shares authorized; 6,260,280 shares issued and outstanding	6,260	6,260
Capital surplus	14,520	14,520
Net unrealized gain (loss) on investment securities available for sale, net of tax	(447)	251
Retained earnings	26,566	22,996
Total stockholders' equity	46,899	44,027
	$700,232	659,669

See accompanying notes to consolidated financial statements.

UNITED COMMUNITY BANKS, INC. & SUBSIDIARIES
Consolidated Statements of Earnings
(Unaudited)

	For the Three Months Ended June 30,		For the Six Months Ended June 30	
	1996	1995	1996	1995
	(In Thousands Except Per Share Data)			
Interest income:				
Interest and fees on loans	$ 12,872	10,528	24,930	18,995
Interest on deposits with other banks	12	20	34	23
Interest on federal funds sold	194	379	417	497
Interest on investment securities:				
U.S. Treasury and U.S. Government agencies	1,476	1,271	3,089	1,970
State, county and municipal	469	391	933	917
Total interest income	15,023	12,589	29,403	22,402
Interest expense:				
Interest on deposits:				
Demand	1,014	913	2,018	1,728
Savings	262	270	520	499
Time	5,705	5,095	11,567	8,613
	6,981	6,278	14,105	10,840
Long-term debt, subordinated debentures, FHLB advances, and federal funds purchased	363	508	725	993
Total interest expense	7,344	6,786	14,830	11,833
Net interest income	7,679	5,803	14,573	10,569
Provision for loan losses	288	214	567	420
Net interest income after provision for loan losses	7,391	5,589	14,006	10,149
Noninterest income:				
Service charges and fees	664	518	1,273	900
Securities gains, net	(16)	14	15	3
Mortgage loan and related fees	390	338	857	629
Other noninterest income	137	73	350	399
Total noninterest income	1,175	943	2,495	1,931
Noninterest expense:				
Salaries and employee benefits	3,166	2,525	6,101	4,608
Occupancy	835	682	1,627	1,279
Deposit insurance premiums	6	268	17	489
Other noninterest expense	1,656	1,089	3,269	1,916
Total noninterest expense	5,663	4,564	11,014	8,292
Earnings before income taxes	2,903	1,968	5,487	3,788
Income taxes	1,008	590	1,917	1,153
Net earnings	$ 1,895	1,378	3,570	2,635
Net earnings per common share	$ 0.30	0.25	0.57	0.47
Weighted average shares outstanding	6,260,280	5,589,365	6,260,280	5,589,365

See accompanying notes to consolidated financial statements.

UNITED COMMUNITY BANKS, INC. & SUBSIDIARIES
Consolidated Statements of Cash Flows
(Unaudited)

	For the Six Months Ended June 30, 1996	1995
	(In Thousands)	
Cash flows from operating activities:		
Net earnings	$ 3,570	2,635
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation, amortization and accretion	1,201	832
Provision for loan losses	567	422
Gain on sale of investment securities	(15)	(2)
Change in assets and liabilities:		
Interest receivable	(572)	(744)
Interest payable	(490)	470
Other assets	(563)	(1,158)
Accrued expenses and other liabilities	1,022	43
Change in mortgage loans held for sale	4,444	(207)
Net cash provided by operating activities	9,164	2,291
Cash flows from investing activities:		
Cash acquired in consolidation of White County Bank	-	8,508
Proceeds from maturities and calls of securities held to maturity	8,911	4,447
Purchases of securities held to maturity	(7,476)	(4,675)
Proceeds from sales of securities available for sale	11,949	7,979
Proceeds from maturities and calls of securities available for sale	20,171	3,826
Purchases of securities available for sale	(19,787)	(30,526)
Net increase in loans	(58,349)	(33,205)
Proceeds from sales of other real estate	35	-
Purchase of bank premises and equipment	(616)	(1,255)
Net cash used in investing activities	(45,162)	(44,901)
Cash flows from financing activities:		
Net change in demand and savings deposits	17,892	13,214
Net change in time deposits	13,721	63,704
Net increase in federal funds purchased	-	(8,300)
Proceeds from long-term debt	-	258
Repayments of long-term debt	(565)	(630)
Proceeds from FHLB advances	6,000	7,346
Repayments of FHLB advances	(141)	(2,389)
Dividends paid	-	-
Net cash provided by financing activities	36,907	73,203
Net increase in cash and cash equivalents	909	30,593
Cash and cash equivalents at beginning of period	31,988	14,570
Cash and cash equivalents at end of period	$ 32,897	45,163
Supplemental disclosures of cash flow information:		
Cash paid during the period for:		
Interest	$ 15,320	11,363
Income taxes	$ 1,800	1,075
Schedule of noncash investing and financing activities:		
Change in dividends payable	$ -	-
Transfers of loans to other real estate owned	$ 444	5
Change in unrealized gain (loss) on securities available for sale	$ (698)	430

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

The accompanying consolidated financial statements have not been audited. The results of operations are not necessarily indicative of the results of operations for the full year or any other interim periods.

The accounting principals followed by United Community Banks, Inc. ("United") and its bank subsidiaries and the methods of applying these principals conform with generally accepted accounting principals and with general practices within the banking industry. Certain principals which significantly affect the determination of financial position, results of operation and cash flows are summarized below and in United's annual report on Form 10-K for the year ended December 31, 1995.

(1) Basis of Presentation

The consolidated financial statements include the accounts of United and its wholly-owned subsidiaries, Union County Bank (UCB), Citizens Bank (Citizens), Peoples Bank (Peoples), Towns County Bank (Towns) and White County Bank (White) . All significant intercompany accounts and transactions have been eliminated in consolidation. Certain items in prior period's financial statements have been reclassified to conform with the current financial statement presentation.

The consolidated financial information furnished herein reflects all adjustments which are, in the opinion of management, necessary to present a fair statement of the results of operations and financial position for the periods covered herein and are normal and recurring in nature. For further information, refer to the consolidated financial statements and footnotes included in United's annual report on Form 10-K for the year ended December 31, 1995.

(2) Earnings Per Share

Earnings per share amounts are based on the weighted average number of shares outstanding. Fully diluted earnings per share are not presented because the assumed conversion of the subordinated debentures do not result in material dilution.

(3) Acquisition of Branch Offices

On May 25, 1995, United executed a Purchase and Assumption Agreement to acquire certain assets and deposit liabilities of the Franklin and Waynesville, North Carolina branch offices of Nations Bank, N.A. These branch offices had total assets of $14.8 million, total loans of $11.1 million and total deposits of $26.1 million as of October 19, 1995, the date of closing.

On June 6, 1996, United executed a Purchase and Assumption Agreement to acquire certain assets and deposit liabilities of the Cornelia, Georgia branch office of the First National Bank of Commerce. This branch office had total assets of $29 million, total loans of $28 million and total deposits of $21 million as of June 30, 1996. This acquisition is expected to close during the third quarter.

(4) Recently Issued Accounting Standards

During 1995, the Financial Accounting Standards Board (FASB) issued SFAS No. 123, Accounting for Stock-Based Compensation. This new standard became effective January 1, 1996, and will require United to disclose the fair value of employee stock options granted in 1995 and subsequent years. Since United will not be required to record the options at fair market value, management does not expect this new standard to have a material impact on the consolidated financial statements.

(5) Net Earnings Per Common Share

Net earnings per common share are based on the weighted average number of common shares outstanding during each period. The assumed conversion of the convertible subordinated debentures and exercise of stock options do not result in material dilution. All share and per share data have been adjusted to reflect the October 1995, five-for-one split, effected in the form of a stock dividend, paid on November 6, 1995.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Results of Operations

OVERVIEW

Net earnings for the six months ended June 30, 1996 increased to $3.6 million or 35 percent over net earnings for the first six months of 1995. Net earnings per common share for the first six months also increased 21 percent from the same period in 1995 to $.57. Net interest income increased 38 percent for the six months ended June 30, 1996 over the same period of 1995 to 14.6 million. For the first half of 1996, the provision for loan losses increased 35 percent to $567.000 for the six month period. Noninterest income and expense rose 22 percent and 31 percent respectively over the first half of 1995.

NET INTEREST INCOME

Net interest income for the six months ended June 30, 1996 increased $4 million over the first half of 1995. This increase was the result of a $7 million, or 31 percent increase in interest income, offest by a $3 million, or 25 percent increase in interest expense. The increase in interest income was due to an increase in average earning assets of $141 million coupled with an increase in the average yield on earning assets from 8.73 percent to 8.89 percent.

Interest expense for the six months ended June 30, 1996, increased $3 million , or 25 percent from the prior year, due primarily to a 30% increase in average core deposits.

NET INTEREST MARGIN

The difference between the overall interest income on earning assets and the interest expense paid on all funding sources, including noninterest bearing deposits, is referred to as the net interest margin. For the first six months of 1996 the net interest margin was 4.63 percent compared to 4.36 percent for the same period in 1995. This 27 basis point increase resulted from a stable rate environment as well as a favorable change in the core deposit mix.

NONINTEREST INCOME AND EXPENSE

Noninterest income for the first six months of 1996 increased $451 thousand, or 22 percent over the same period in 1995. Service charges on deposits increased over $372 thousand, or 41 percent during the first six months, principally as a result of an increased number of depoist accounts being serviced. This increase is a result of continued growth and the White County and the Citizens branch banking acquisitions. Mortgage loan and related fees increased $228 thousand, or 36% as a result of declining rate environment for a majority of the first six months of 1996. Gains on investment securities sold during the first quarter of 1996 were not material.

Noninterest expenses increased $2.6 million, during the first six months of 1996 over the same period in 1995. Salaries and employee benefits increased $1.6 million, or 34 percent, for the first half. The increase in salaries and benefits was the result of an additional 57 employees compared to the same period in 1995. The number of employees increased primarily as a result of the White County acquisition as well as the branch banking facilities acquired by Citizens as discussed earlier. Net occupancy expense increased $348 thousand due primarily to an increase in the depreciation and other occupancy expenses associated with the increased number of banking facilities. FDIC deposit insurance premiums decreased $472 thousand as a result of the recalculated FDIC assessment. Other noninterest expense, including stationary and supplies and advertising , increased $1.2 million during the first half of 1996.

INCOME TAXES

Income tax expense increased during the first half of 1996 compared to the same period in 1995 by $767 thousand. The effective tax rates for the six months ended June 30, 1996 and 1995 were 35 percent and 30 percent, respectively. The increases are due primarily to the combined efforts of increased levels of pretax income, and a lower mix of tax-exempt securities held in the investment portfolio. Management expects the trend of an increasing effective tax rate to continue.

PROVISION AND ALLOWANCE FOR POSSIBLE LOAN LOSSES

The provision for loan losses for the six months ended June 30, 1996 increased 35 percent to $567 thousand from the $420 thousand reported for the same period in 1995. Management considers the size and character of the loan portfolio, changes in nonperforming and past due loans, historical loan loss experience, the existing risk of individual loans, concentrations of loans to specific borrowers and existing and prospective economic conditions when determining the adequacy of the allowance for loan losses. The allowance for loan losses at June 30, 1996 was $7.2 million compared to $6.5 million at December 31, 1995. The ratio of the allowance for loan losses to loans outstanding at June 30, 1996 was 1.42 percent compared to 1.48 percent at December 31, 1995. The reduction in the ratio reflects the improvement in the quality of United's loan portfolio and a reduction in the net charge-offs. It is management's belief that the allowance for loan losses is adequate to absorb probable loss in the portfolio.

NONPERFORMING ASSETS AND PAST DUE LOANS

Nonperforming assets, comprised of nonaccrual loans, other real estate owned and loans for which payments are more than 90 days past due, decreased $900 thousand to $ 1.3 million at June 30, 1996 from $2.2 million at December 31, 1995. In addition, Nonperforming assets as a percentage of total loans and other real estate owned improved to .26 percent at March 31, 1996 from .48 percent at December 31, 1995.

United regularly monitors selected accruing loans for which general economic conditions or changes within a particular industry could cause the borrowers financial difficulties. This continuous monitoring of the loan portfolio and the related identification of loans with a high degree of credit risk are essential parts of United's credit management. Management continues to emphasize maintaining a low level of nonperforming assets and returning current nonperfroming assets to an earning status.

At June 30, 1996, management was unaware of any known trends, events or uncertainties that will have or that are reasonably likely to have a material effect on United's liquidity, capital resources or operations.

Financial Condition

OVERVIEW

Total assets at June 30, 1996 were $700 million representing a $40 million or a 6 percent increase from December 31, 1995 and a $101 million or a 17 percent increase from June 30, 1995.

ASSETS AND FUNDING

At June 30, 1995, earning assets totaled $650 million, an increase of $38 million from December 31, 1995. The earning assets mix improved slightly in the first six months with loans representing 77% of the total earning assets as compared to 73% percent at December 31, 1995.

Interest bearing deposits at June 30, 1996 increased $26 million from December 31, 1995, while non-interest bearing deposits increased over $5.7 million since December 31, 1995. At June 30, 1996, deposits accounted for 89 percent of United's funding, from 90 percent at December 31, 1995.

LIQUIDITY AND CAPITAL RESOURCES

Net cash provided by operating activities totaled $9.2 million for the six months ended June 30, 1996. For the first half of 1996, net cash used from investing activities of $45.2 million consisted of proceeds from maturities of investments securities of $29.1 million, proceeds from sales of investment securities of $12 million, and offset by cash outflows of $27.3 million in investment securities purchases, a $58.3 million increase in loans outstanding and purchase of bank premises and equipment of $616 thousand. Net cash provided by financing activities consisted largely of $31.6 million increase in deposit and time accounts, $6 million from additional FHLB advances, and were offset slightly by payments of $706 thousand on United's long-term debt and FHLB repayments.

Total stockholders' equity at June 30, 1996, was 6.70 percent of total assets compared to 6.67 percent at December 31, 1995. The slight increase since year end 1995 reflects the asset growth of $40 million and the change of $698 thousand in the unrealized loss in United's available for sale investment portfolio offset by retained earnings from the first six months of 1996.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings - None

Item 2. Changes in Securities - On April 24, 1996 at the Annual Meeting of Shareholders, the United Shareholders voted to eliminate the preemptive rights of the holders of Common Stock.

Item 3. Defaults Upon Senior Securities - None

Item 4. Submission of Matters to a Vote of Security Holders

a) United Community Banks, Inc. 1996 Annual Meeting of Stockholders was held April 24, 1996

b) The following slate of directors was elected to serve the current year term:

James A. Brackett, Jr.	Hoyt O . Holloway
Billy M. Decker	P. Deral Horne
Thomas C. Gilliland	Clarence W. Mason, Jr.
Robert L. Head, Jr.	W.C. Nelson, Jr.
Charles E. Hill	Jimmy C. Tallent

c) The shareholders of United voted to eliminate the preemptive rights of the holders of Common Stock. 5,161,802 (82.45%) shares were voted for the proposal, no shares were voted against the proposal, 22,860 (.37%) shares abstained from the vote and 1,075,618 (17.1) shares did not vote.

No matters, other than the election of the above slate of directors and the above referenced proposal to elimination the preemptive rights, were voted on at the annual meeting.

Item 5. Other Information - None

Item 6. Exhibits and Reports on Form 8-K.

(a) Exhibits. Exhibit 27 -Financial Data Schedule
(b) Reports on Form 8-K. There were no reports on Form 8-K.

UNITED COMMUNITY BANKS, INC. AND SUBSIDIARIES

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned thereunto duly authorized.

UNITED COMMUNITY BANKS, INC.

By: /s/ Jimmy C. Tallent
Jimmy C. Tallent, President
(Principal Executive Officer)

Date: August 10, 1996

By: /s/ Christopher J. Bledsoe
Christopher J. Bledsoe
Chief Financial Officer
(Principal Financial Officer)

Date: August 10, 1996

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UNITED COMMUNITY BANKS
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DEC-31-1996
JAN-31-1996
JUN-30-1996
22,176
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