

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 8-K

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

Date of Report (Date of earliest event reported):  
July 25, 2013

**United Community Banks, Inc.**

(Exact name of registrant as specified in its charter)

Georgia  
(State or other jurisdiction of  
incorporation)

No. 001-35095  
(Commission File Number)

No. 58-180-7304  
(IRS Employer  
Identification No.)

125 Highway 515 East  
Blairsville, Georgia 30512  
(Address of principal executive offices)

Registrant's telephone number, including area code:  
(706) 781-2265

Not applicable  
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240-13e-4(c))

**Item 2.02****Results of Operations and Financial Condition.**

On July 25, 2013, United Community Banks, Inc. (the “Registrant”) issued a news release announcing its financial results for the quarter ended June 30, 2013 (the “News Release”). The News Release, including financial schedules, is attached as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated herein by reference. In connection with issuing the News Release, on July 25, 2013 at 11:00 a.m. EDT, the Registrant intends to hold a conference call/webcast to discuss the News Release. In addition to the News Release, during the conference call the Registrant intends to discuss certain financial information contained in the Second Quarter 2013 Investor Presentation (the “Investor Presentation”), which will be posted to the Registrant’s website at [www.ucbi.com](http://www.ucbi.com). The Investor Presentation is attached as Exhibit 99.2 to this Current Report on Form 8-K and is incorporated herein by reference.

The presentation of the Registrant’s financial results includes core earnings measures, which are measures of performance determined by methods other than in accordance with generally accepted accounting principles, or GAAP. Management included non-GAAP core earnings measures because it believes they are useful for evaluating the Registrant’s operations and performance over periods of time, and uses core earnings measures in managing and evaluating the Registrant’s business and intends to refer to them in discussions about the Registrant’s operations and performance. Core earnings measures exclude credit related costs such as the provision for loan losses and foreclosed property expense, securities gains and losses, income taxes and other items of a non-recurring nature. Core earnings measures are useful in evaluating the underlying earnings performance trends of the Registrant. Management believes these non-GAAP performance measures may provide users of the Registrant’s financial information with a meaningful measure for assessing the Registrant’s financial results and comparing those financial results to prior periods.

Core earnings measures should be viewed in addition to, and not as an alternative to or substitute for, the Registrant’s performance measures determined in accordance with GAAP, and are not necessarily comparable to non-GAAP performance measures that may be presented by other companies.

**Item 9.01**      **Financial Statements and Exhibits.**

(d)              Exhibits

<b>Exhibit No.</b>	<b>Description</b>
99.1	News Release, dated July 25, 2013
99.2	Investor Presentation, Second Quarter 2013

**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 hereunto duly authorized.

**UNITED COMMUNITY BANKS, INC.**

By: /s/ Rex S. Schuette  
Rex S. Schuette  
Executive Vice President and  
Chief Financial Officer

Date: July 25, 2013





***For Immediate Release***

***For more information:***

Rex S. Schuette

Chief Financial Officer

(706) 781-2266

[Rex\\_Schuette@ucbi.com](mailto:Rex_Schuette@ucbi.com)

**UNITED COMMUNITY BANKS, INC. REPORTS  
EARNINGS OF \$230 MILLION FOR SECOND QUARTER 2013**

- Net income of \$230 million, or \$3.90 per share
- Earnings reflect impact of reversal of valuation allowance on deferred tax asset and accelerated sales of classified assets
- Credit measures now at pre-credit crisis levels
- Capital levels remain strong

BLAIRSVILLE, GA – July 25, 2013 – United Community Banks, Inc. (NASDAQ: UCBI) today reported net income of \$230 million, or \$3.90 per share, for the second quarter of 2013, and \$242 million, or \$4.05 per share, for the first six months of 2013. The results reflect the impact of two very significant events during the second quarter – the reversal of the valuation allowance on United’s net deferred tax asset and higher provision for loan losses and foreclosed property expenses from the accelerated sales of classified assets.

“The second quarter events mark the final phase of our recovery from the financial crisis that has affected so many banks throughout the country and especially within our footprint,” said Jimmy Tallent, president and chief executive officer. “With the reversal of our valuation allowance and the accelerated sales of classified assets, the lingering effects of the credit crisis are behind us. We can now devote full attention toward growing our business and increasing the value of our shareholders’ investments.”

Tallent noted that the reduction in loans resulting from the accelerated classified loan sales masked an otherwise solid quarter of loan growth. Though the company sold loans with a carrying amount of \$151 million, total loans were only down \$5 million from the first quarter.

“Achieving quality loan growth remains a top priority despite continued challenges with the sluggish economy,” Tallent said. “We are accomplishing this objective by adding lenders strategically, including in our vibrant new markets of Greenville, South Carolina and Nashville, Tennessee.”

The second quarter provision for loan losses was \$48.5 million compared with \$11 million in the first quarter and with \$18 million in the second quarter of 2012. The increase reflects the higher level of charge-offs associated with the accelerated classified loan sales. Second quarter net charge-offs were \$72.4 million compared with \$12.4 million in the first quarter and \$18.9 million a year ago. The \$48.5 million provision reflects the difference between the \$72.4 million in net charge-offs offset by a \$24 million reduction in the allowance for loan losses.

“We believed the time was right to take the final step toward putting the financial crisis behind us by selling our stress-related classified assets, including a bulk sale of \$131 million,” Tallent said. “We have cleansed our balance sheet of legacy problem credits and are turning full attention to strategic initiatives to grow our business and shareholder value.”

Nonperforming assets at quarter-end were \$31.8 million, representing .44 percent of total assets. This total is down from \$113 million, or 1.65 percent, at March 31, 2013, and \$146 million, or 2.16 percent, at June 30, 2012. The classified asset ratio, which is the ratio of classified assets to Tier 1 regulatory capital plus the allowance for loan losses, declined to 27 percent from 49 percent at March 31 and from 62 percent a year ago.

Second quarter taxable equivalent net interest revenue totaled \$54.6 million, down \$97,000 from the first quarter and down \$2.27 million from the second quarter of 2012. “The decrease reflects the ongoing trend of lower yields on our loan and investment securities portfolios,” said Tallent.

“The lower loan portfolio yield reflects competitive pricing pressure on new and renewed loans and new retail product offerings with low introductory rates. Introductory rates on the new retail products will begin to expire and approximately \$50 million will reset to a market rate in the third quarter of 2013. The lower investment securities yield is due to reinvestment of cash flows at record low rates. We continue to look for reinvestment opportunities, with a focus on floating-rate securities, to alleviate market and duration risk. At quarter-end, floating-rate securities accounted for 39 percent of the total investment securities portfolio compared to 34 percent last quarter. The higher proportion improves our overall interest sensitivity position by reducing exposure to rising interest rates.”

The second quarter taxable equivalent net interest margin was 3.31 percent, down seven basis points from the first quarter and 12 basis points from a year ago. “Our net interest margin will remain under pressure as long as interest rates hold at these unprecedented low levels,” stated Tallent. “To offset the impact on net interest revenue, we remain sharply focused on growing the loan portfolio in the mid-single digit range by focusing on retail loans and continuing to add commercial lenders in key markets.”

Second quarter fee revenue was \$16.3 million, compared to \$12.8 million in the first quarter and \$12.9 million a year ago. Contributing to these increases were higher mortgage, advisory services and interchange fee revenue, as well as two non-core items in other fee revenue. Mortgage fee revenue increased \$348,000 from the first quarter and \$681,000 from a year ago, to \$3.0 million. Closed mortgage loans totaled \$95.2 million in the second quarter, compared with \$69.8 million in the first quarter and \$79.8 million in the second quarter of 2012.

The two non-core items that contributed to the increase in other fee revenue were a \$1.37 million recovery on a bank-owned life insurance policy and a \$468,000 gain from the sale of low-income housing tax credits. In addition, other fee revenue included customer derivative fees of \$488,000 compared with \$252,000 in the first quarter of 2013. These fees are from the company’s newly rolled-out loan swap program for commercial loan customers.

Operating expenses, excluding foreclosed property costs, were \$43.7 million in the second quarter of 2013 compared to \$41.4 million for the first quarter of 2013 and \$42.5 million a year ago. The increase from both periods was due mostly to higher severance costs; second quarter 2013 severance costs were \$1.56 million compared with \$360,000 and \$1.16 million for the first quarter of 2013 and the second quarter of 2012, respectively. Also contributing to the increase in operating expenses were higher mortgage and brokerage incentives related to the higher revenue levels and higher consulting fees associated with various revenue enhancement and efficiency projects.

Foreclosed property costs were \$5.15 million in the second quarter of 2013 compared to \$2.33 million in the first quarter and \$1.85 million a year ago. The higher total reflects losses incurred on the accelerated sales of foreclosed properties. Included in second quarter 2013 costs were \$4.31 million in net losses and write-downs and \$837,000 for maintenance. For the first quarter of 2013, foreclosed property costs included \$1.15 million in net losses and write-downs and \$1.19 million in maintenance. Second quarter 2012 foreclosed property costs included \$739,000 in net losses and write-downs and \$1.11 million in maintenance.

As of June 30, 2013, capital ratios were as follows: Tier 1 Risk-Based of 13.7 percent; Total Risk-Based of 15.2 percent; Tier 1 Common Risk-Based of 8.5 percent; and, Tangible Equity-to-Assets of 11.5 percent. The average Tier 1 Leverage ratio was 9.8 percent at June 30, 2013.

“With credit quality now well under control, our attention is focused on growing our business and improving earnings performance,” concluded Tallent. “In a competitive landscape, we must work more efficiently to achieve our goals, all while maintaining the best customer satisfaction scores in the industry. This team is more than up to the challenge and fully committed.”

### Conference Call

United will hold a conference call today, Thursday, July 25, 2013, at 11 a.m. ET to discuss the contents of this news release and to share business highlights for the quarter. To access the call, dial (877) 380-5665 and use the conference number 11766770. The conference call also will be webcast and can be accessed by selecting 'Calendar of Events' within the Investor Relations section of United's website at [www.ucbi.com](http://www.ucbi.com).

### About United Community Banks, Inc.

Headquartered in Blairsville, United Community Banks, Inc. is the third-largest bank holding company in Georgia. United has assets of \$7.2 billion and operates 103 banking offices throughout north Georgia, the Atlanta region, coastal Georgia, western North Carolina, east Tennessee and western South Carolina. United specializes in providing personalized community banking services to individuals and small to mid-size businesses and also offers the convenience of 24-hour access through a network of ATMs, telephone and on-line banking. United's common stock is listed on the Nasdaq Global Select Market under the symbol UCBI. Additional information may be found at United's website at [www.ucbi.com](http://www.ucbi.com).

### Safe Harbor

This news release contains forward-looking statements, as defined by federal securities laws, including statements about United's financial outlook and business environment. These statements are based on current expectations and are provided to assist in the understanding of future financial performance. Such performance involves risks and uncertainties that may cause actual results to differ materially from those expressed or implied in any such statements. For a discussion of some of the risks and other factors that may cause such forward-looking statements to differ materially from actual results, please refer to United's filings with the Securities and Exchange Commission including its 2012 Annual Report on Form 10-K under the sections entitled "Forward-Looking Statements" and "Risk Factors." Forward-looking statements speak only as of the date they are made, and we undertake no obligation to update or revise forward-looking statements.

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**UNITED COMMUNITY BANKS, INC.**
**Financial Highlights**
**Selected Financial Information**

<i>(in thousands, except per share data; taxable equivalent)</i>	2013		2012			Second Quarter	For the Six Months Ended		YTD
	Second Quarter	First Quarter	Fourth Quarter	Third Quarter	Second Quarter	2013-2012 Change	June 30, 2013	2012	2013-2012 Change
<b>INCOME SUMMARY</b>									
Interest revenue	\$ 61,693	\$ 62,134	\$ 64,450	\$ 65,978	\$ 66,780		\$ 123,827	\$ 137,001	
Interest expense	7,131	7,475	8,422	8,607	9,944		14,606	21,301	
Net interest revenue	54,562	54,659	56,028	57,371	56,836	(4)%	109,221	115,700	(6)%
Provision for loan losses	48,500	11,000	14,000	15,500	18,000		59,500	33,000	
Fee revenue	16,312	12,826	14,761	13,764	12,867	27	29,138	28,246	3
<b>Total revenue</b>	<b>22,374</b>	<b>56,485</b>	<b>56,789</b>	<b>55,635</b>	<b>51,703</b>		<b>78,859</b>	<b>110,946</b>	
Operating expenses	48,823	43,770	50,726	44,783	44,310	10	92,593	91,265	1
(Loss) income before income taxes	(26,449)	12,715	6,063	10,852	7,393		(13,734)	19,681	
Income tax (benefit) expense	(256,413)	950	802	284	894		(255,463)	1,654	
<b>Net income</b>	<b>229,964</b>	<b>11,765</b>	<b>5,261</b>	<b>10,568</b>	<b>6,499</b>		<b>241,729</b>	<b>18,027</b>	
Preferred dividends and discount accretion	3,055	3,052	3,045	3,041	3,032		6,107	6,062	
<b>Net income available to common shareholders</b>	<b>\$ 226,909</b>	<b>\$ 8,713</b>	<b>\$ 2,216</b>	<b>\$ 7,527</b>	<b>\$ 3,467</b>		<b>\$ 235,622</b>	<b>\$ 11,965</b>	
<b>PERFORMANCE MEASURES</b>									
Per common share:									
Diluted income	\$ 3.90	\$ .15	\$ .04	\$ .13	\$ .06		\$ 4.05	\$ .21	
Book value	10.90	6.85	6.67	6.75	6.61	65	10.90	6.61	65
Tangible book value <sup>(2)</sup>	10.82	6.76	6.57	6.64	6.48	67	10.82	6.48	67
Key performance ratios:									
Return on equity <sup>(1)(3)</sup>	197.22%	8.51%	2.15%	7.43%	3.51%		108.34%	6.12%	
Return on assets <sup>(3)</sup>	13.34	.70	.31	.63	.37		7.09	.52	
Net interest margin <sup>(3)</sup>	3.31	3.38	3.44	3.60	3.43		3.34	3.48	
Efficiency ratio	68.89	64.97	71.69	62.95	63.84		66.98	63.56	
Equity to assets	11.57 <sup>(4)</sup>	8.60	8.63	8.75	8.33		8.90	8.26	
Tangible equity to assets <sup>(2)</sup>	11.53 <sup>(4)</sup>	8.53	8.55	8.66	8.24		8.83	8.16	
Tangible common equity to assets <sup>(2)</sup>	8.79 <sup>(4)</sup>	5.66	5.67	5.73	5.45		5.99	5.39	
Tangible common equity to risk-weighted assets <sup>(2)</sup>	13.16	8.45	8.26	8.44	8.37		13.16	8.37	
<b>ASSET QUALITY *</b>									
Non-performing loans	\$ 27,864	\$ 96,006	\$ 109,894	\$ 115,001	\$ 115,340		\$ 27,864	\$ 115,340	
Foreclosed properties	3,936	16,734	18,264	26,958	30,421		3,936	30,421	
Total non-performing assets (NPAs)	31,800	112,740	128,158	141,959	145,761		31,800	145,761	
Allowance for loan losses	81,845	105,753	107,137	107,642	112,705		81,845	112,705	
Net charge-offs	72,408	12,384	14,505	20,563	18,896		84,792	34,763	
Allowance for loan losses to loans	1.95%	2.52%	2.57%	2.60%	2.74%		1.95%	2.74%	
Net charge-offs to average loans <sup>(3)</sup>	6.87	1.21	1.39	1.99	1.85		4.07	1.70	
NPAs to loans and foreclosed properties	.76	2.68	3.06	3.41	3.51		.76	3.51	
NPAs to total assets	.44	1.65	1.88	2.12	2.16		.44	2.16	
<b>AVERAGE BALANCES (\$ in millions)</b>									
Loans	\$ 4,253	\$ 4,197	\$ 4,191	\$ 4,147	\$ 4,156	2	\$ 4,225	\$ 4,162	2
Investment securities	2,161	2,141	2,088	1,971	2,145	1	2,151	2,149	-
Earning assets	6,608	6,547	6,482	6,346	6,665	(1)	6,578	6,682	(2)
Total assets	6,915	6,834	6,778	6,648	6,993	(1)	6,875	7,019	(2)
Deposits	5,983	5,946	5,873	5,789	5,853	2	5,964	5,940	-
Shareholders' equity	636	588	585	582	583	9	612	580	6
Common shares - basic <i>(thousands)</i>	58,141	58,081	57,971	57,880	57,840		58,111	57,803	
Common shares - diluted <i>(thousands)</i>	58,141	58,081	57,971	57,880	57,840		58,111	57,803	
<b>AT PERIOD END (\$ in millions)</b>									
Loans *	\$ 4,189	\$ 4,194	\$ 4,175	\$ 4,138	\$ 4,119	2	\$ 4,189	\$ 4,119	2
Investment securities	2,152	2,141	2,079	2,025	1,984	8	2,152	1,984	8
Total assets	7,163	6,849	6,802	6,699	6,737	6	7,163	6,737	6
Deposits	6,012	6,026	5,952	5,823	5,822	3	6,012	5,822	3
Shareholders' equity	829	592	581	585	576	44	829	576	44
Common shares outstanding <i>(thousands)</i>	57,831	57,767	57,741	57,710	57,641		57,831	57,641	

<sup>(1)</sup> Net income available to common shareholders, which is net of preferred stock dividends, divided by average realized common equity, which excludes accumulated other comprehensive income (loss). <sup>(2)</sup> Excludes effect of acquisition related intangibles and associated amortization. <sup>(3)</sup> Annualized. <sup>(4)</sup> Calculated as of period-end to reflect the full impact of the reversal of the valuation allowance on United's deferred tax asset. The period-end ratio is more indicative of the ratio going forward.

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



**UNITED COMMUNITY BANKS, INC.**  
**Non-GAAP Performance Measures Reconciliation**  
**Selected Financial Information**

<i>(in thousands, except per share data; taxable equivalent)</i>	2013		2012			For the Six Months Ended	
	Second Quarter	First Quarter	Fourth Quarter	Third Quarter	Second Quarter	2013	2012
<b>Interest revenue reconciliation</b>							
Interest revenue - taxable equivalent	\$ 61,693	\$ 62,134	\$ 64,450	\$ 65,978	\$ 66,780	\$ 123,827	\$ 137,001
Taxable equivalent adjustment	(368)	(365)	(381)	(419)	(444)	(733)	(890)
Interest revenue (GAAP)	<u>\$ 61,325</u>	<u>\$ 61,769</u>	<u>\$ 64,069</u>	<u>\$ 65,559</u>	<u>\$ 66,336</u>	<u>\$ 123,094</u>	<u>\$ 136,111</u>
<b>Net interest revenue reconciliation</b>							
Net interest revenue - taxable equivalent	\$ 54,562	\$ 54,659	\$ 56,028	\$ 57,371	\$ 56,836	\$ 109,221	\$ 115,700
Taxable equivalent adjustment	(368)	(365)	(381)	(419)	(444)	(733)	(890)
Net interest revenue (GAAP)	<u>\$ 54,194</u>	<u>\$ 54,294</u>	<u>\$ 55,647</u>	<u>\$ 56,952</u>	<u>\$ 56,392</u>	<u>\$ 108,488</u>	<u>\$ 114,810</u>
<b>Total revenue reconciliation</b>							
Total operating revenue	\$ 22,374	\$ 56,485	\$ 56,789	\$ 55,635	\$ 51,703	\$ 78,859	\$ 110,946
Taxable equivalent adjustment	(368)	(365)	(381)	(419)	(444)	(733)	(890)
Total revenue (GAAP)	<u>\$ 22,006</u>	<u>\$ 56,120</u>	<u>\$ 56,408</u>	<u>\$ 55,216</u>	<u>\$ 51,259</u>	<u>\$ 78,126</u>	<u>\$ 110,056</u>
<b>(Loss) income before taxes reconciliation</b>							
(Loss) income before taxes	\$ (26,449)	\$ 12,715	\$ 6,063	\$ 10,852	\$ 7,393	\$ (13,734)	\$ 19,681
Taxable equivalent adjustment	(368)	(365)	(381)	(419)	(444)	(733)	(890)
(Loss) income before taxes (GAAP)	<u>\$ (26,817)</u>	<u>\$ 12,350</u>	<u>\$ 5,682</u>	<u>\$ 10,433</u>	<u>\$ 6,949</u>	<u>\$ (14,467)</u>	<u>\$ 18,791</u>
<b>Income tax (benefit) expense reconciliation</b>							
Income tax (benefit) expense	\$ (256,413)	\$ 950	\$ 802	\$ 284	\$ 894	\$ (255,463)	\$ 1,654
Taxable equivalent adjustment	(368)	(365)	(381)	(419)	(444)	(733)	(890)
Income tax (benefit) expense (GAAP)	<u>\$ (256,781)</u>	<u>\$ 585</u>	<u>\$ 421</u>	<u>\$ (135)</u>	<u>\$ 450</u>	<u>\$ (256,196)</u>	<u>\$ 764</u>
<b>Book value per common share reconciliation</b>							
Tangible book value per common share	\$ 10.82	\$ 6.76	\$ 6.57	\$ 6.64	\$ 6.48	\$ 10.82	\$ 6.48
Effect of goodwill and other intangibles	.08	.09	.10	.11	.13	.08	.13
Book value per common share (GAAP)	<u>\$ 10.90</u>	<u>\$ 6.85</u>	<u>\$ 6.67</u>	<u>\$ 6.75</u>	<u>\$ 6.61</u>	<u>\$ 10.90</u>	<u>\$ 6.61</u>
<b>Average equity to assets reconciliation</b>							
Tangible common equity to assets	8.79%	5.66%	5.67%	5.73%	5.45%	5.99%	5.39%
Effect of preferred equity	2.74	2.87	2.88	2.93	2.79	2.84	2.77
Tangible equity to assets	<u>11.53</u>	<u>8.53</u>	<u>8.55</u>	<u>8.66</u>	<u>8.24</u>	<u>8.83</u>	<u>8.16</u>
Effect of goodwill and other intangibles	.04	.07	.08	.09	.09	.07	.10
Equity to assets (GAAP)	<u>11.57%</u>	<u>8.60%</u>	<u>8.63%</u>	<u>8.75%</u>	<u>8.33%</u>	<u>8.90%</u>	<u>8.26%</u>
<b>Tangible common equity to risk-weighted assets reconciliation</b>							
Tangible common equity to risk-weighted assets	13.16%	8.45%	8.26%	8.44%	8.37%	13.16%	8.37%
Effect of other comprehensive income	.29	.49	.51	.36	.28	.29	.28
Effect of deferred tax limitation	(4.99)	-	-	-	-	(4.99)	-
Effect of trust preferred	1.11	1.15	1.15	1.17	1.19	1.11	1.19
Effect of preferred equity	<u>4.11</u>	<u>4.22</u>	<u>4.24</u>	<u>4.29</u>	<u>4.35</u>	<u>4.11</u>	<u>4.35</u>
Tier I capital ratio (Regulatory)	<u>13.68%</u>	<u>14.31%</u>	<u>14.16%</u>	<u>14.26%</u>	<u>14.19%</u>	<u>13.68%</u>	<u>14.19%</u>



**UNITED COMMUNITY BANKS, INC.**
**Financial Highlights**
**Loan Portfolio Composition at Period-End <sup>(1)</sup>**

<i>(in millions)</i>	2013		2012			Linked Quarter Change	Year over Year Change
	Second Quarter	First Quarter	Fourth Quarter	Third Quarter	Second Quarter		
<b>LOANS BY CATEGORY</b>							
Owner occupied commercial RE	\$ 1,119	\$ 1,130	\$ 1,131	\$ 1,126	\$ 1,140	\$ (11)	\$ (21)
Income producing commercial RE	629	674	682	693	697	(45)	(68)
Commercial & industrial	437	454	458	460	450	(17)	(13)
Commercial construction	133	152	155	161	169	(19)	(36)
Total commercial	2,318	2,410	2,426	2,440	2,456	(92)	(138)
Residential mortgage	876	850	829	833	834	26	42
Home equity lines of credit	402	396	385	341	294	6	108
Residential construction	332	372	382	389	409	(40)	(77)
Consumer installment	261	166	153	135	126	95	135
<b>Total loans</b>	<b>\$ 4,189</b>	<b>\$ 4,194</b>	<b>\$ 4,175</b>	<b>\$ 4,138</b>	<b>\$ 4,119</b>	<b>(5)</b>	<b>70</b>
<b>LOANS BY MARKET</b>							
North Georgia	\$ 1,265	\$ 1,363	\$ 1,364	\$ 1,383	\$ 1,387	(98)	(122)
Atlanta MSA	1,227	1,262	1,250	1,238	1,242	(35)	(15)
North Carolina	576	575	579	579	576	1	-
Coastal Georgia	397	398	400	380	369	(1)	28
Gainesville MSA	256	259	261	256	259	(3)	(3)
East Tennessee	282	282	283	283	276	-	6
South Carolina	34	-	-	-	-	34	34
Other <sup>(2)</sup>	152	55	38	19	10	97	142
<b>Total loans</b>	<b>\$ 4,189</b>	<b>\$ 4,194</b>	<b>\$ 4,175</b>	<b>\$ 4,138</b>	<b>\$ 4,119</b>	<b>(5)</b>	<b>70</b>
<b>RESIDENTIAL CONSTRUCTION</b>							
Dirt loans							
Acquisition & development	\$ 42	\$ 57	\$ 62	\$ 71	\$ 78	(15)	(36)
Land loans	36	42	46	41	45	(6)	(9)
Lot loans	173	188	193	196	203	(15)	(30)
Total	251	287	301	308	326	(36)	(75)
House loans							
Spec	34	40	41	44	49	(6)	(15)
Sold	47	45	40	37	34	2	13
Total	81	85	81	81	83	(4)	(2)
<b>Total residential construction</b>	<b>\$ 332</b>	<b>\$ 372</b>	<b>\$ 382</b>	<b>\$ 389</b>	<b>\$ 409</b>	<b>(40)</b>	<b>(77)</b>

<sup>(1)</sup> Excludes total loans of \$25.7 million, \$28.3 million, \$33.4 million, \$37.0 million and \$41.5 million as of June 30, 2013, March 31, 2013, December 31, 2012, September 30, 2012 and June 30, 2012, respectively, that are covered by the loss-sharing agreement with the FDIC, related to the acquisition of Southern Community Bank. <sup>(2)</sup> Includes purchased indirect auto loans that are not assigned to a geographic region.

**UNITED COMMUNITY BANKS, INC.**
**Financial Highlights**
**Credit Quality <sup>(1)</sup>**

(in thousands)	Second Quarter 2013			First Quarter 2013			Fourth Quarter 2012		
	Non-performing Loans	Foreclosed Properties	Total NPAs	Non-performing Loans	Foreclosed Properties	Total NPAs	Non-performing Loans	Foreclosed Properties	Total NPAs
<b>NONPERFORMING ASSETS BY CATEGORY</b>									
Owner occupied CRE	\$ 5,283	\$ 547	\$ 5,830	\$ 8,142	\$ 4,750	\$ 12,892	\$ 12,599	\$ 4,989	\$ 17,588
Income producing CRE	1,954	-	1,954	9,162	834	9,996	9,549	490	10,039
Commercial & industrial	548	-	548	29,545	-	29,545	31,817	-	31,817
Commercial construction	504	376	880	22,359	3,027	25,386	23,843	2,204	26,047
Total commercial	8,289	923	9,212	69,208	8,611	77,819	77,808	7,683	85,491
Residential mortgage	12,847	1,303	14,150	10,901	3,463	14,364	11,151	4,753	15,904
Home equity lines of credit	1,491	140	1,631	916	-	916	1,438	-	1,438
Residential construction	4,838	1,570	6,408	14,592	4,660	19,252	18,702	5,828	24,530
Consumer installment	399	-	399	389	-	389	795	-	795
<b>Total NPAs</b>	<b>\$ 27,864</b>	<b>\$ 3,936</b>	<b>\$ 31,800</b>	<b>\$ 96,006</b>	<b>\$ 16,734</b>	<b>\$ 112,740</b>	<b>\$ 109,894</b>	<b>\$ 18,264</b>	<b>\$ 128,158</b>
<b>Balance as a % of Unpaid Principal</b>	62.6%	31.6%	55.8%	66.3%	45.0%	62.0%	69.5%	39.7%	62.8%

**NONPERFORMING ASSETS BY MARKET**

North Georgia	\$ 12,830	\$ 1,617	\$ 14,447	\$ 63,210	\$ 6,616	\$ 69,826	\$ 69,950	\$ 8,219	\$ 78,169
Atlanta MSA	3,803	1,197	5,000	17,380	3,524	20,904	18,556	3,442	21,998
North Carolina	6,512	295	6,807	8,519	2,533	11,052	11,014	2,579	13,593
Coastal Georgia	2,588	627	3,215	3,523	1,449	4,972	3,810	1,609	5,419
Gainesville MSA	1,008	-	1,008	911	370	1,281	903	556	1,459
East Tennessee	1,123	200	1,323	2,463	2,242	4,705	5,661	1,859	7,520
South Carolina	-	-	-	-	-	-	-	-	-
Other <sup>(3)</sup>	-	-	-	-	-	-	-	-	-
<b>Total NPAs</b>	<b>\$ 27,864</b>	<b>\$ 3,936</b>	<b>\$ 31,800</b>	<b>\$ 96,006</b>	<b>\$ 16,734</b>	<b>\$ 112,740</b>	<b>\$ 109,894</b>	<b>\$ 18,264</b>	<b>\$ 128,158</b>

**NONPERFORMING ASSETS ACTIVITY**

<b>Beginning Balance</b>	\$ 96,006	\$ 16,734	\$ 112,740	\$ 109,894	\$ 18,264	\$ 128,158	\$ 115,001	\$ 26,958	\$ 141,959
Loans placed on non-accrual	13,200	-	13,200	9,665	-	9,665	20,211	-	20,211
Payments received	(47,937)	-	(47,937)	(6,809)	-	(6,809)	(6,458)	-	(6,458)
Loan charge-offs	(23,972)	-	(23,972)	(10,456)	-	(10,456)	(11,722)	-	(11,722)
Foreclosures	(9,433)	9,433	-	(6,288)	6,288	-	(7,138)	7,138	-
Capitalized costs	-	55	55	-	54	54	-	201	201
Property sales	-	(17,972)	(17,972)	-	(6,726)	(6,726)	-	(12,845)	(12,845)
Write downs	-	(1,369)	(1,369)	-	(1,041)	(1,041)	-	(1,438)	(1,438)
Net losses on sales	-	(2,945)	(2,945)	-	(105)	(105)	-	(1,750)	(1,750)
<b>Ending Balance</b>	<b>\$ 27,864</b>	<b>\$ 3,936</b>	<b>\$ 31,800</b>	<b>\$ 96,006</b>	<b>\$ 16,734</b>	<b>\$ 112,740</b>	<b>\$ 109,894</b>	<b>\$ 18,264</b>	<b>\$ 128,158</b>

(in thousands)	Second Quarter 2013		First Quarter 2013		Fourth Quarter 2012	
	Net Charge-Offs	Net Charge-Offs to Average Loans <sup>(2)</sup>	Net Charge-Offs	Net Charge-Offs to Average Loans <sup>(2)</sup>	Net Charge-Offs	Net Charge-Offs to Average Loans <sup>(2)</sup>
<b>NET CHARGE-OFFS BY CATEGORY</b>						
Owner occupied CRE	\$ 16,545	5.85%	\$ 1,922	.69%	\$ 4,997	1.76%
Income producing CRE	8,921	5.45	3,321	1.99	1,153	.67
Commercial & industrial	15,576	13.91	1,501	1.34	135	.12
Commercial construction	6,295	17.53	(4)	(.01)	1,688	4.25
Total commercial	47,337	7.96	6,740	1.14	7,973	1.30
Residential mortgage	5,469	2.52	1,635	.79	3,254	1.55
Home equity lines of credit	1,040	1.04	512	.53	445	.49
Residential construction	18,506	20.91	2,973	3.22	2,435	2.52
Consumer installment	56	.10	524	1.35	398	1.10
<b>Total</b>	<b>\$ 72,408</b>	<b>6.87</b>	<b>\$ 12,384</b>	<b>1.21</b>	<b>\$ 14,505</b>	<b>1.39</b>

**NET CHARGE-OFFS BY MARKET**

North Georgia	\$ 59,102	17.20%	\$ 4,868	1.45%	\$ 4,458	1.29%
Atlanta MSA	9,986	3.21	3,295	1.07	3,977	1.27
North Carolina	1,952	1.36	2,249	1.59	2,032	1.39
Coastal Georgia	480	.49	821	.85	574	.60
Gainesville MSA	123	.19	430	.67	1,331	2.04
East Tennessee	711	1.01	679	.98	2,117	2.98
South Carolina	-	-	-	-	-	-
Other <sup>(3)</sup>	54	.24	42	.39	16	.19
<b>Total</b>	<b>\$ 72,408</b>	<b>6.87</b>	<b>\$ 12,384</b>	<b>1.21</b>	<b>\$ 14,505</b>	<b>1.39</b>

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

(2) Annualized.

(3) Includes purchased indirect auto loans that are not assigned to a geographic region.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
<i>(in thousands, except per share data)</i>				
<b>Interest revenue:</b>				
Loans, including fees	\$ 50,728	\$ 54,178	\$ 101,662	\$ 109,937
Investment securities, including tax exempt of \$210, \$262, \$422 and \$512	9,681	11,062	19,646	24,066
Deposits in banks and short-term investments	916	1,096	1,786	2,108
Total interest revenue	<u>61,325</u>	<u>66,336</u>	<u>123,094</u>	<u>136,111</u>
<b>Interest expense:</b>				
Deposits:				
NOW	419	503	873	1,140
Money market	534	661	1,096	1,302
Savings	36	38	72	75
Time	2,924	5,073	6,150	11,232
Total deposit interest expense	<u>3,913</u>	<u>6,275</u>	<u>8,191</u>	<u>13,749</u>
Short-term borrowings	522	904	1,038	1,949
Federal Home Loan Bank advances	30	390	49	856
Long-term debt	2,666	2,375	5,328	4,747
Total interest expense	<u>7,131</u>	<u>9,944</u>	<u>14,606</u>	<u>21,301</u>
Net interest revenue	<u>54,194</u>	<u>56,392</u>	<u>108,488</u>	<u>114,810</u>
Provision for loan losses	<u>48,500</u>	<u>18,000</u>	<u>59,500</u>	<u>33,000</u>
Net interest revenue after provision for loan losses	<u>5,694</u>	<u>38,392</u>	<u>48,988</u>	<u>81,810</u>
<b>Fee revenue:</b>				
Service charges and fees	7,972	7,816	15,375	15,599
Mortgage loan and other related fees	3,003	2,322	5,658	4,421
Brokerage fees	1,063	809	1,830	1,622
Securities gains, net	-	6,490	116	7,047
Loss from prepayment of debt	-	(6,199)	-	(6,681)
Other	4,274	1,629	6,159	6,238
Total fee revenue	<u>16,312</u>	<u>12,867</u>	<u>29,138</u>	<u>28,246</u>
<b>Total revenue</b>	<u>22,006</u>	<u>51,259</u>	<u>78,126</u>	<u>110,056</u>
<b>Operating expenses:</b>				
Salaries and employee benefits	24,734	24,297	48,326	49,522
Communications and equipment	3,468	3,211	6,514	6,366
Occupancy	3,449	3,539	6,816	7,310
Advertising and public relations	1,037	1,088	1,975	1,934
Postage, printing and supplies	894	916	1,757	1,895
Professional fees	2,499	1,952	4,865	3,927
Foreclosed property	5,151	1,851	7,484	5,676
FDIC assessments and other regulatory charges	2,505	2,545	5,010	5,055
Amortization of intangibles	491	730	1,196	1,462
Other	4,595	4,181	8,650	8,118
Total operating expenses	<u>48,823</u>	<u>44,310</u>	<u>92,593</u>	<u>91,265</u>
Net (loss) income before income taxes	<u>(26,817)</u>	<u>6,949</u>	<u>(14,467)</u>	<u>18,791</u>
Income tax (benefit) expense	<u>(256,781)</u>	<u>450</u>	<u>(256,196)</u>	<u>764</u>
<b>Net income</b>	<u>229,964</u>	<u>6,499</u>	<u>241,729</u>	<u>18,027</u>
Preferred stock dividends and discount accretion	<u>3,055</u>	<u>3,032</u>	<u>6,107</u>	<u>6,062</u>
<b>Net income available to common shareholders</b>	<u>\$ 226,909</u>	<u>\$ 3,467</u>	<u>\$ 235,622</u>	<u>\$ 11,965</u>
Earnings per common share - basic / diluted	\$ 3.90	\$ .06	\$ 4.05	\$ .21
Weighted average common shares outstanding - basic / diluted	58,141	57,840	58,111	57,803

**UNITED COMMUNITY BANKS, INC.**  
**Consolidated Balance Sheet**

<i>(in thousands, except share and per share data)</i>	<b>June 30, 2013</b>	<b>December 31, 2012</b>	<b>June 30, 2012</b>
	<i>(unaudited)</i>	<i>(audited)</i>	<i>(audited)</i>
<b>ASSETS</b>			
Cash and due from banks	\$ 62,564	\$ 66,536	\$ 50,596
Interest-bearing deposits in banks	141,016	124,613	133,857
Short-term investments	57,000	60,000	120,000
Cash and cash equivalents	260,580	251,149	304,453
Securities available for sale	1,937,264	1,834,593	1,701,583
Securities held to maturity (fair value \$226,695, \$261,131 and \$299,971)	214,947	244,184	282,750
Mortgage loans held for sale	19,150	28,821	18,645
Loans, net of unearned income	4,189,368	4,175,008	4,119,235
Less allowance for loan losses	(81,845)	(107,137)	(112,705)
Loans, net	4,107,523	4,067,871	4,006,530
Assets covered by loss sharing agreements with the FDIC	35,675	47,467	65,914
Premises and equipment, net	167,197	168,920	172,200
Bank owned life insurance	82,276	81,867	81,265
Accrued interest receivable	19,279	18,659	20,151
Goodwill and other intangible assets	4,315	5,510	6,965
Foreclosed property	3,936	18,264	30,421
Net deferred tax asset	272,287	-	-
Other assets	38,206	34,954	46,229
<b>Total assets</b>	<b>\$ 7,162,635</b>	<b>\$ 6,802,259</b>	<b>\$ 6,737,106</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
Liabilities:			
Deposits:			
Demand	\$ 1,349,804	\$ 1,252,605	\$ 1,150,444
NOW	1,225,664	1,316,453	1,196,507
Money market	1,167,889	1,149,912	1,117,139
Savings	247,821	227,308	219,077
Time:			
Less than \$100,000	982,009	1,055,271	1,164,451
Greater than \$100,000	664,112	705,558	764,343
Brokered	374,530	245,033	210,506
Total deposits	6,011,829	5,952,140	5,822,467
Short-term borrowings	54,163	52,574	53,656
Federal Home Loan Bank advances	70,125	40,125	125,125
Long-term debt	124,845	124,805	120,265
Accrued expenses and other liabilities	72,370	51,210	39,598
<b>Total liabilities</b>	<b>6,333,332</b>	<b>6,220,854</b>	<b>6,161,111</b>
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	217
Series B; \$1,000 stated value; 180,000 shares issued and outstanding	179,323	178,557	177,814
Series D; \$1,000 stated value; 16,613 shares issued and outstanding	16,613	16,613	16,613
Common stock, \$1 par value; 100,000,000 shares authorized;			
43,356,492, 42,423,870 and 41,726,509 shares issued and outstanding	43,356	42,424	41,727
Common stock, non-voting, \$1 par value; 30,000,000 shares authorized;			
14,474,810, 15,316,794 and 15,914,209 shares issued and outstanding	14,475	15,317	15,914
Common stock issuable; 271,215, 133,238 and 94,657 shares	4,705	3,119	2,893
Capital surplus	1,057,931	1,057,951	1,056,819
Accumulated deficit	(473,531)	(709,153)	(718,896)
Accumulated other comprehensive loss	(13,786)	(23,640)	(17,106)
<b>Total shareholders' equity</b>	<b>829,303</b>	<b>581,405</b>	<b>575,995</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 7,162,635</b>	<b>\$ 6,802,259</b>	<b>\$ 6,737,106</b>

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

<i>(dollars in thousands, taxable equivalent)</i>	2013			2012		
	Average Balance	Interest	Avg. Rate	Average Balance	Interest	Avg. Rate
<b>Assets:</b>						
Interest-earning assets:						
Loans, net of unearned income <sup>(1)(2)</sup>	\$ 4,253,361	\$ 50,806	4.79%	\$ 4,155,619	\$ 54,296	5.25%
Taxable securities <sup>(3)</sup>	2,139,221	9,471	1.77	2,121,053	10,800	2.04
Tax-exempt securities <sup>(1)(3)</sup>	21,597	344	6.37	24,242	429	7.08
Federal funds sold and other interest-earning assets	193,370	1,072	2.22	364,099	1,255	1.38
<b>Total interest-earning assets</b>	<b>6,607,549</b>	<b>61,693</b>	<b>3.74</b>	<b>6,665,013</b>	<b>66,780</b>	<b>4.03</b>
Non-interest-earning assets:						
Allowance for loan losses	(106,417)			(115,955)		
Cash and due from banks	63,457			51,907		
Premises and equipment	168,272			173,792		
Other assets <sup>(3)</sup>	181,987			218,347		
<b>Total assets</b>	<b>\$ 6,914,848</b>			<b>\$ 6,993,104</b>		
<b>Liabilities and Shareholders' Equity:</b>						
Interest-bearing liabilities:						
Interest-bearing deposits:						
NOW	\$ 1,245,301	419	.13	\$ 1,279,686	503	.16
Money market	1,306,522	534	.16	1,132,548	661	.23
Savings	245,211	36	.06	216,175	38	.07
Time less than \$100,000	1,000,511	1,568	.63	1,183,845	2,520	.86
Time greater than \$100,000	674,200	1,380	.82	778,477	2,063	1.07
Brokered time deposits	195,182	(24)	(.05)	150,449	490	1.31
Total interest-bearing deposits	4,666,927	3,913	.34	4,741,180	6,275	.53
Federal funds purchased and other borrowings	72,139	522	2.90	97,134	904	3.74
Federal Home Loan Bank advances	58,916	30	.20	278,971	390	.56
Long-term debt	124,838	2,666	8.57	120,256	2,375	7.94
Total borrowed funds	255,893	3,218	5.04	496,361	3,669	2.97
<b>Total interest-bearing liabilities</b>	<b>4,922,820</b>	<b>7,131</b>	<b>.58</b>	<b>5,237,541</b>	<b>9,944</b>	<b>.76</b>
Non-interest-bearing liabilities:						
Non-interest-bearing deposits	1,315,812			1,112,128		
Other liabilities	40,603			60,726		
Total liabilities	6,279,235			6,410,395		
Shareholders' equity	635,613			582,709		
<b>Total liabilities and shareholders' equity</b>	<b>\$ 6,914,848</b>			<b>\$ 6,993,104</b>		
<b>Net interest revenue</b>		<b>\$ 54,562</b>			<b>\$ 56,836</b>	
Net interest-rate spread			<b>3.16%</b>			<b>3.27%</b>
<b>Net interest margin <sup>(4)</sup></b>			<b>3.31%</b>			<b>3.43%</b>

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

(2) Included in the average balance of loans outstanding are loans where the accrual of interest has been discontinued and loans that are held for sale.

(3) Securities available for sale are shown at amortized cost. Pretax unrealized gains of \$17.7 million in 2013 and \$25.7 million in 2012 are included in other assets for purposes of this presentation.

(4) Net interest margin is taxable equivalent net-interest revenue divided by average interest-earning assets.

**UNITED COMMUNITY BANKS, INC.**
**Average Consolidated Balance Sheets and Net Interest Analysis**

For the Six Months Ended June 30,

<i>(dollars in thousands, taxable equivalent)</i>	2013			2012		
	Average Balance	Interest	Avg. Rate	Average Balance	Interest	Avg. Rate
<b>Assets:</b>						
Interest-earning assets:						
Loans, net of unearned income <sup>(1)(2)</sup>	\$ 4,225,215	\$ 101,805	4.86%	\$ 4,162,030	\$ 110,138	5.32%
Taxable securities <sup>(3)</sup>	2,129,208	19,224	1.81	2,124,422	23,554	2.22
Tax-exempt securities <sup>(1)(3)</sup>	21,665	691	6.38	24,840	839	6.76
Federal funds sold and other interest-earning assets	201,478	2,107	2.09	371,044	2,470	1.33
<b>Total interest-earning assets</b>	<b>6,577,566</b>	<b>123,827</b>	<b>3.79</b>	<b>6,682,336</b>	<b>137,001</b>	<b>4.12</b>
Non-interest-earning assets:						
Allowance for loan losses	(108,667)			(116,879)		
Cash and due from banks	63,873			53,286		
Premises and equipment	168,773			174,321		
Other assets <sup>(3)</sup>	173,168			226,013		
<b>Total assets</b>	<b>\$ 6,874,713</b>			<b>\$ 7,019,077</b>		
<b>Liabilities and Shareholders' Equity:</b>						
Interest-bearing liabilities:						
Interest-bearing deposits:						
NOW	\$ 1,274,144	873	.14	\$ 1,368,900	1,140	.17
Money market	1,282,101	1,096	.17	1,101,103	1,302	.24
Savings	239,691	72	.06	210,789	75	.07
Time less than \$100,000	1,020,000	3,317	.66	1,227,599	5,546	.91
Time greater than \$100,000	684,320	2,857	.84	799,821	4,478	1.13
Brokered time deposits	185,210	(24)	(.03)	155,892	1,208	1.56
<b>Total interest-bearing deposits</b>	<b>4,685,466</b>	<b>8,191</b>	<b>.35</b>	<b>4,864,104</b>	<b>13,749</b>	<b>.57</b>
Federal funds purchased and other borrowings	72,148	1,038	2.90	99,696	1,949	3.93
Federal Home Loan Bank advances	46,064	49	.21	208,672	856	.82
Long-term debt	124,827	5,328	8.61	120,246	4,747	7.94
<b>Total borrowed funds</b>	<b>243,039</b>	<b>6,415</b>	<b>5.32</b>	<b>428,614</b>	<b>7,552</b>	<b>3.54</b>
<b>Total interest-bearing liabilities</b>	<b>4,928,505</b>	<b>14,606</b>	<b>.60</b>	<b>5,292,718</b>	<b>21,301</b>	<b>.81</b>
Non-interest-bearing liabilities:						
Non-interest-bearing deposits	1,278,875			1,076,358		
Other liabilities	55,639			70,330		
<b>Total liabilities</b>	<b>6,263,019</b>			<b>6,439,406</b>		
Shareholders' equity	611,694			579,671		
<b>Total liabilities and shareholders' equity</b>	<b>\$ 6,874,713</b>			<b>\$ 7,019,077</b>		
<b>Net interest revenue</b>		<b>\$ 109,221</b>			<b>\$ 115,700</b>	
Net interest-rate spread			<b>3.19%</b>			<b>3.31%</b>
<b>Net interest margin <sup>(4)</sup></b>			<b>3.34%</b>			<b>3.48%</b>

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

(2) Included in the average balance of loans outstanding are loans where the accrual of interest has been discontinued and loans that are held for sale.

(3) Securities available for sale are shown at amortized cost. Pretax unrealized gains of \$17.4 million in 2013 and \$24.7 million in 2012 are included in other assets for purposes of this presentation.

(4) Net interest margin is taxable equivalent net-interest revenue divided by average interest-earning assets.

## Second Quarter 2013 Investor Presentation

**Jimmy C. Tallent**  
President &  
Chief Executive Officer

**H. Lynn Harton**  
Chief Operating Officer

**Rex S. Schuette**  
Executive Vice President &  
Chief Financial Officer  
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**David P. Shearrow**  
Executive Vice President &  
Chief Risk Officer

**United Community Banks, Inc.**

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## Cautionary Statement

This investor presentation may contain forward-looking statements, as defined by federal securities laws, including statements about United's financial outlook and business environment. These statements are based on current expectations and are provided to assist in the understanding of future financial performance. Such performance involves risks and uncertainties that may cause actual results to differ materially from those expressed or implied in any such statements. For a discussion of some of the risks and other factors that may cause such forward-looking statements to differ materially from actual results, please refer to United Community Banks, Inc.'s filings with the Securities and Exchange Commission including its 2012 Annual Report on Form 10-K under the sections entitled "Forward-Looking Statements". Forward-looking statements speak only as of the date they are made, and we undertake no obligation to update or revise forward-looking statements.

## Non-GAAP Measures

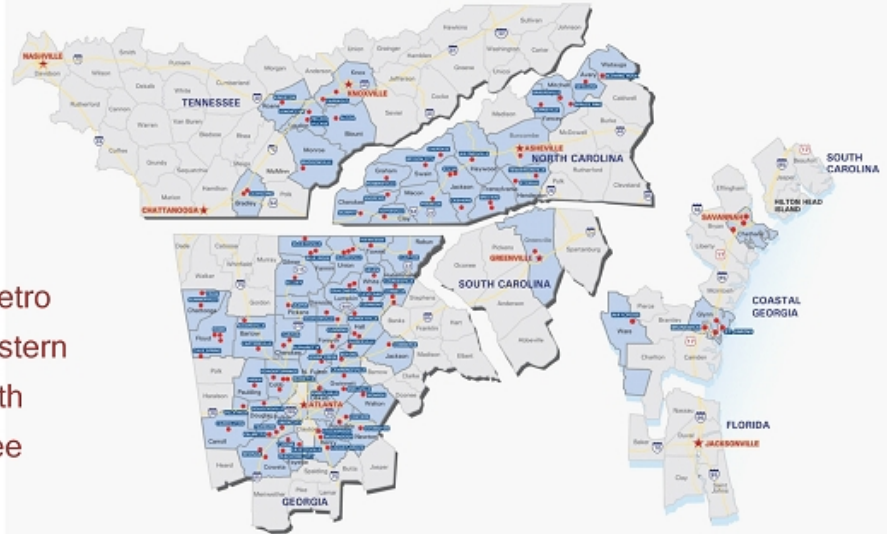
This presentation also contains financial measures determined by methods other than in accordance with generally accepted accounting principles ("GAAP"). Such non-GAAP financial measures include the following: core fee revenue, core operating expense, core earnings, tangible common equity to tangible assets, tangible equity to tangible assets and tangible common equity to risk-weighted assets. The most comparable GAAP measures to these measures are: fee revenue, operating expense, net income (loss), and equity to assets.

Management uses these non-GAAP financial measures because we believe it is useful for evaluating our operations and performance over periods of time, as well as in managing and evaluating our business and in discussions about our operations and performance. Management believes these non-GAAP financial measures provide users of our financial information with a meaningful measure for assessing our financial results and credit trends, as well as for comparison to financial results for prior periods. These non-GAAP financial measures should not be considered as a substitute for financial measures determined in accordance with GAAP and may not be comparable to other similarly titled financial measures used by other companies. For a reconciliation of the differences between our non-GAAP financial measures and the most comparable GAAP measures, please refer to the 'Non-GAAP Reconciliation Tables' at the end of the Appendix to this presentation.



# United at a Glance

- Founded in 1950
- Third-largest bank holding company in Georgia
- Headquartered in Blairsville, Georgia with 103 locations throughout north Georgia, metro Atlanta, coastal Georgia, western North Carolina, western South Carolina, and east Tennessee
- 1,500 employees



Deposit Market Share <sup>(1)</sup>			
Market	Offices	Deposit Share	Rank
North Georgia	22	32%	1
Atlanta MSA	36	4	7
Gainesville MSA	5	12	5
Coastal Georgia	8	4	8
Western North Carolina	20	12	3
East Tennessee	8	2	9

Key Statistics as of 6/30/13	
<i>(billions)</i>	
Total assets	\$7.163
Total deposits	\$6.012
Loans	\$4.189

<sup>1</sup> FDIC deposit market share and rank as of June 30, 2012 for markets where United takes deposits. Source: SNL and FDIC. Excludes 4 Loan Production Offices

# Business and Operating Model



## Service is Point of Differentiation

- #1 in Customer Satisfaction according to Customer Service Profiles
- J.D. Power 2013 Retail Banking Satisfaction Study rates United among the top 2 banks in the southeast
- Golden rule of banking – treating people the way we want to be treated
- “The Bank that SERVICE Built”
- Customer surveys continue with 95%+ satisfaction rate

“Community bank service, large bank resources”

### Twenty-seven “community banks”

Local CEOs with deep roots in their communities

Resources of a \$7.163 billion bank

### Strategic footprint with substantial banking opportunities

Operates in a number of the more demographically attractive U.S. markets

### Disciplined growth strategy

Organic supported by de novos and selective acquisitions

United Community Banks, Inc.

# PERFORMANCE - TRENDS

# Highlights First Quarter



## Improving Quarterly Results

- Net income of \$230 million, or \$3.90 per share
- Impacted by DTA recovery and accelerated classified asset sales
- Core earnings (pre-tax, pre-credit) of \$26.6 million



## Deferred Tax Asset Allowance Recovery

- Reversal of \$272 million of DTA allowance
- Impacted earnings and accumulated other comprehensive income (shareholder's equity)
- Key driver of increase in tangible book value to \$10.82



## Completed Classified Asset Sales of \$172 Million

- \$48.5 million provision for loan losses
- Net charge-offs increased to \$72.4 million due to the classified asset sales
- Lowered classified assets to Tier 1 plus allowance to 27% - down from 49%



## Solid Improvement in All Credit Quality Metrics

- Credit metrics now at pre-credit crisis levels
- NPAs decline 72% to \$31.8 million and .44% of total assets
- Allowance decreased by \$24 million to \$81.8 million – 1.95% of loans



## Strong Core Transaction Deposit Growth

- Up \$109 million year-to-date, or 7% annualized
- Building customer deposit base
- Represents 59% of total customer deposits compared to 34% at the end of 2008

# Key Drivers of Net Interest Revenue / Margin

## Net Interest Revenue & Margin

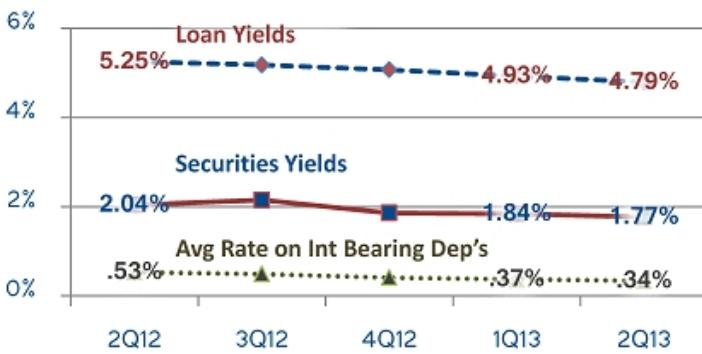
\$ in millions



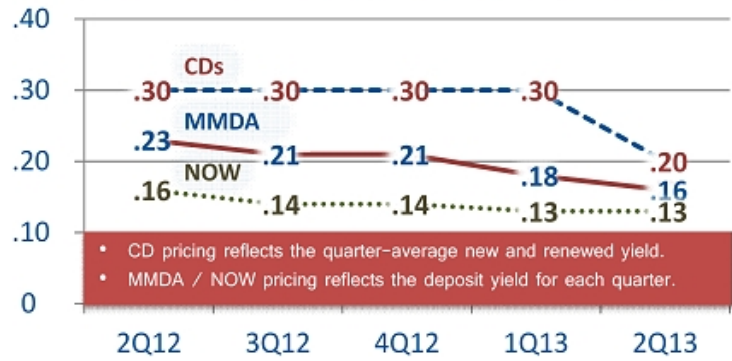
## Net Interest Revenue

- Offset margin compression by growing loans
- 2Q13 growth impacted by:
  - Loan pricing competition
  - Lower securities reinvestment rates
  - More floating rate securities

## Key Drivers of NIR – Loan Growth



## Key Drivers of NIR – Deposit Pricing (excl. brokered)

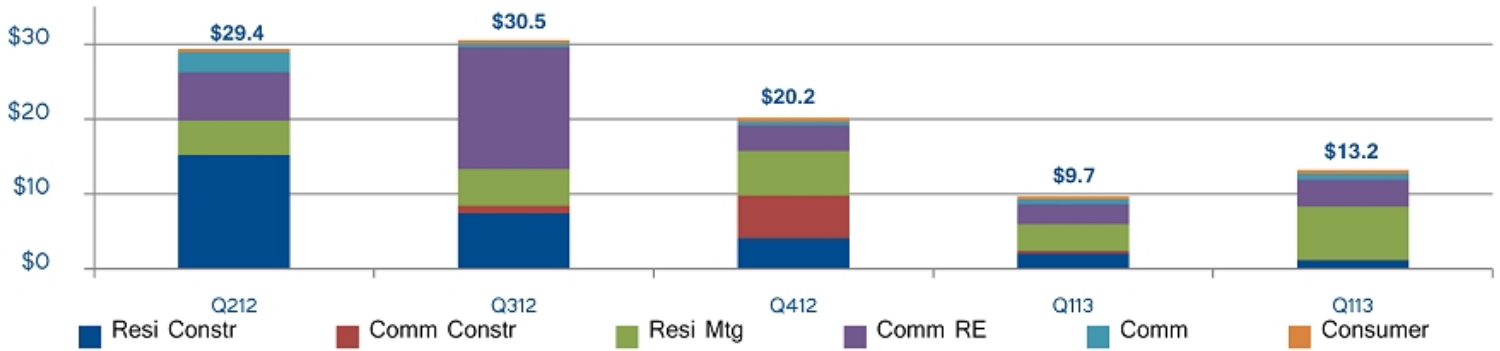


- CD pricing reflects the quarter-average new and renewed yield.
- MMDA / NOW pricing reflects the deposit yield for each quarter.

# Non-Performing Loans (NPLs) Inflow Trends

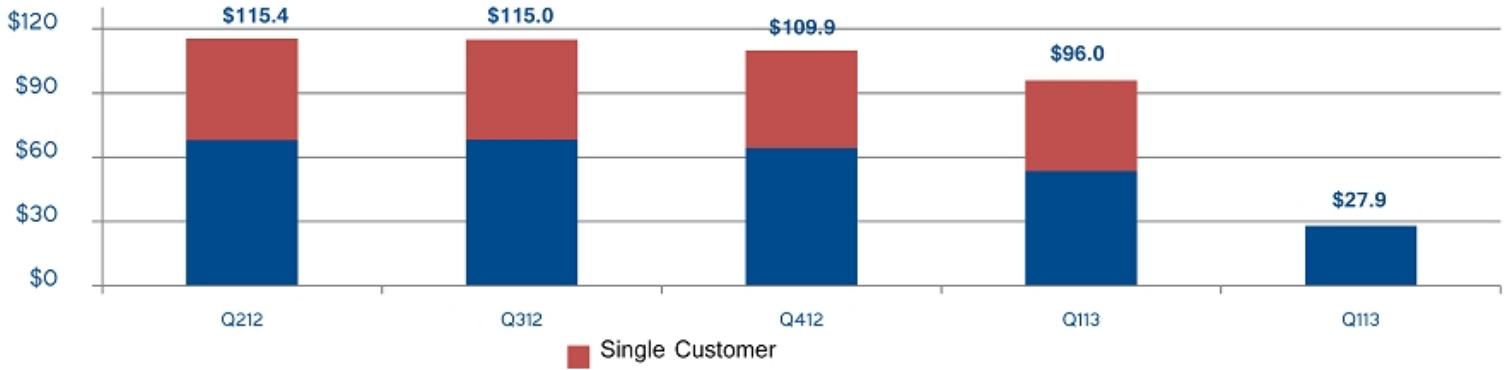
\$ in millions

## Quarterly NPL Inflows



\$ in millions

## Total NPLs



United Community Banks, Inc.

# OUTLOOK



# Outlook



## Our Goal: Leverage Our Strengths

- Strong local leadership
- Funding advantage in our legacy markets
- Consistent and attractive culture
  - Class leading customer satisfaction
  - Low employee turnover



## To Grow Our Business The Right Way

- Become better retail and small business bank
  - Grow sales: Better product design, merchandising, campaign execution
  - Streamline delivery process that focuses on *how we serve our customer* in the end
  - HELOC program success: \$154 million in new balances
  - Smarter Mortgage added \$104 million in new balances
  - Invest in people
- Continue to invest in, and improve commercial and retail capabilities
  - Diversify portfolio – focus on C&I, owner occupied, and consumer lending
  - Momentum building across footprint
  - Invest in people: 31 lenders past 2 years in growth opportunity markets
  - Enter new markets: Opened LPO in Greenville, SC (4Q12), Nashville, TN (2Q13) with healthcare industry focus; expand territory and commercial loan potential
  - Positive net loan growth going forward
- Customer derivative swap program – meeting customer needs while adding fee revenue

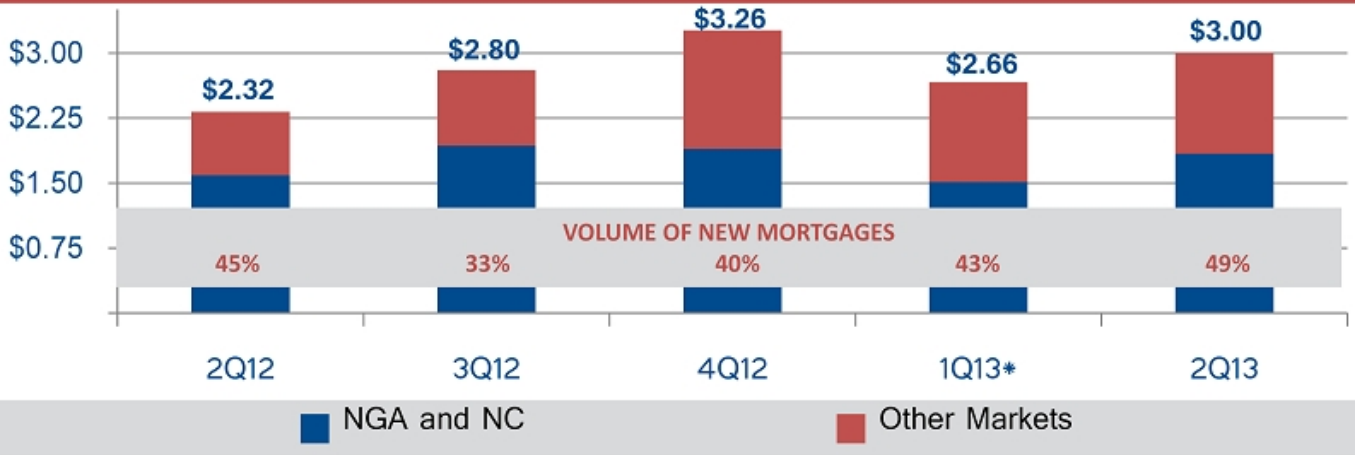


## Grow Existing Fee Businesses at Faster Pace



- Mortgage First Priority
  - Performing well, but at 50% of peers
  - Focus on home purchase product as well as refinancings
  - Focus on lower performing markets
  - Invest in management, people and new markets
- Advisory Services
  - Customer satisfaction high
  - Invest in management, people, and new markets

### Mortgage Fee Revenue



## Summary

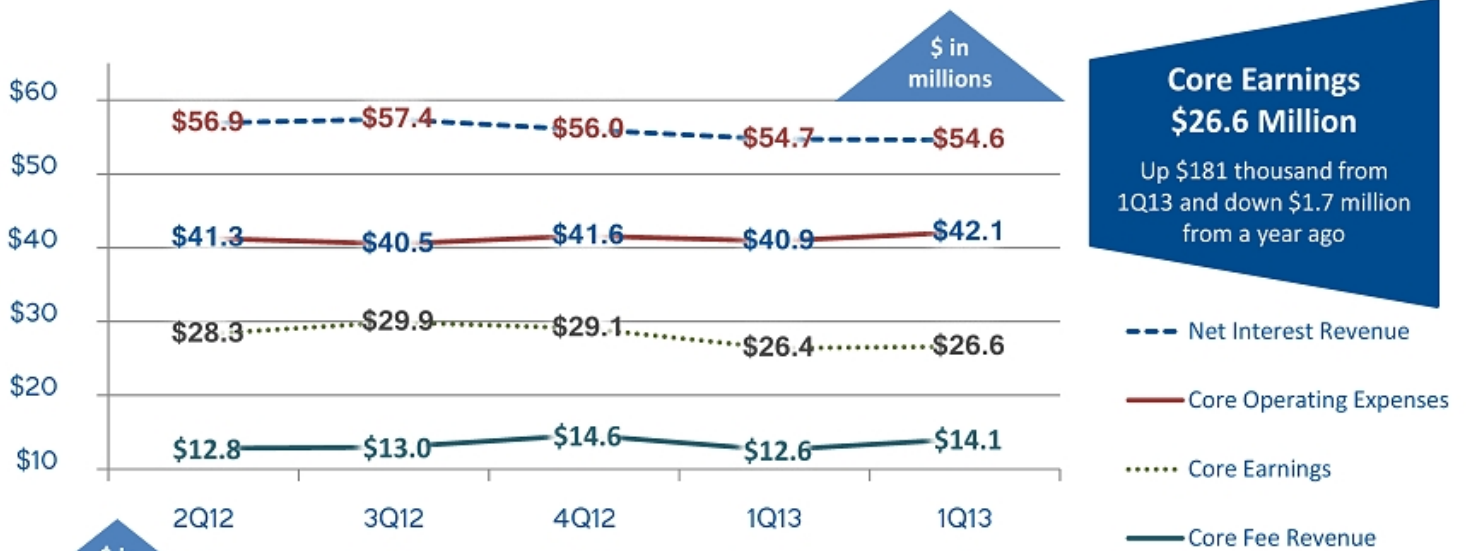


- Significant events to cleanse balance sheet, restore capital, and enhance profitability
  - Accelerated classified asset sales
  - DTA allowance recovery
- Focus on core earnings growth – fee revenue, expenses, efficiencies
  - Offsetting margin headwinds through loan growth and improving deposit mix
  - Goal loan growth in 2013 – mid-single digit range
  - Expecting quarterly margin compression in 2013 – 3 to 5 basis points
- Focus on lowering debt / equity costs
- Solid strengths – size, culture, capital
- Well-positioned in all areas for opportunities

United Community Banks, Inc.

# FINANCIAL REVIEW

# Core Earnings & Core Fee Revenue



## Core Earnings \$26.6 Million

Up \$181 thousand from 1Q13 and down \$1.7 million from a year ago

- Net Interest Revenue
- Core Operating Expenses
- ..... Core Earnings
- Core Fee Revenue

\$ in thousands

### CORE EARNINGS

	2Q13	Variance - Increase / (Decrease)	
		1Q13	2Q12
Net Interest Revenue	\$ 54,562	\$ (97)	\$ (2,274)
Fee Revenue	14,063	1,445	1,299
<b>Gross Revenue</b>	<b>68,625</b>	<b>1,348</b>	<b>(975)</b>
Operating Expense (Excl OREO)	(42,067)	1,167	755
<b>Pre-Tax, Pre-Credit (Core)</b>	<b>\$ 26,558</b>	<b>\$ 181</b>	<b>\$ (1,730)</b>
<b>Net Interest Margin</b>	<b>3.31 %</b>	<b>(.07) %</b>	<b>(.12) %</b>

### CORE FEE REVENUE

	2Q13	Variance - Increase / (Decrease)	
		1Q13	2Q12
Overdraft Fees	\$ 3,032	\$ 41	\$ (200)
Interchange Fees	3,638	411	396
Other Service Charges	1,302	117	(40)
<b>Total Service Charges and Fees</b>	<b>7,972</b>	<b>569</b>	<b>156</b>
Mortgage Loan & Related Fees	3,003	348	681
Brokerage Fees	1,063	296	254
Other	2,025	232	208
<b>Total Fee Revenue - Core</b>	<b>14,063</b>	<b>1,445</b>	<b>1,299</b>
Non-Core <sup>(1)</sup>	2,249	2,041	2,146
<b>Reported - GAAP</b>	<b>\$ 16,312</b>	<b>\$ 3,486</b>	<b>\$ 3,445</b>

<sup>(1)</sup> Includes securities gains (losses), gains from hedge ineffectiveness, gains from the sale of low income housing credits, deferred compensation gains, and BOLI death benefit gain.

# Core Operating Expenses

\$ in thousands

	Variance - Increase / (Decrease)		
	2Q13	1Q13	2Q12
Salaries & Employee Benefits	\$ 23,129	\$ 74	\$ (21)
Communications & Equipment	3,468	422	257
Occupancy	3,449	82	(90)
FDIC Assessment	2,505	-	(40)
Advertising & Public Relations	1,037	99	(51)
Postage, Printing & Supplies	894	31	(22)
Professional Fees	2,499	133	547
Other Expense	5,086	326	175
<b>Core Operating Expenses</b>	<b>42,067</b>	<b>1,167</b>	<b>755</b>
Non-Core <sup>(1)</sup>	6,756	3,886	3,758
<b>Reported GAAP</b>	<b>\$ 48,823</b>	<b>\$ 5,053</b>	<b>\$ 4,513</b>

<sup>(1)</sup> Includes foreclosed property costs, severance, and deferred compensation gains and losses.

# Net Income

\$ in  
thousands

## NET OPERATING INCOME

	2Q13	Variance - Increase / (Decrease)	
		1Q13	2Q12
<b>Core Earnings (Pre-Tax, Pre-Credit)</b>	<b>\$ 26,558</b>	<b>\$ 181</b>	<b>\$ (1,730)</b>
Provision for Loan Loss	(48,500)	37,500	30,500
<b>NON-CORE FEE REVENUE:</b>			
Hedge Ineffectiveness Gains (Losses)	369	454	549
Securites Gains (Losses)	-	(116)	(6,490)
Losses from Prepayment of Borrowings	-	-	6,199
BOLI Death Benefit Gain	1,366	1,366	1,366
Gains from Sale of Low Income Housing Tax Credits	468	468	468
Gains (Losses) on Deferred Compensation Plan Assets	46	(131)	54
<b>Total Non-Core Fee Revenue</b>	<b>2,249</b>	<b>2,041</b>	<b>2,146</b>
<b>NON-CORE OPERATING EXPENSES:</b>			
Foreclosed Property Write Downs	1,369	328	361
Foreclosed Property (Gains) Losses on Sales	2,945	2,840	3,214
Foreclosed Property Maintenance Expenses	837	(350)	(275)
Severance Costs	1,559	1,199	404
Gains (Losses) on Deferred Comp Plan Liability	46	(131)	54
<b>Total Non-Core Operating Expenses</b>	<b>6,756</b>	<b>3,886</b>	<b>3,758</b>
Income Tax Benefit	256,413	257,363	257,307
<b>Net Income</b>	<b>\$ 229,964</b>	<b>\$ 218,199</b>	<b>\$ 223,465</b>
Preferred Stock Dividends	3,055	3	23
<b>Net Income Available to Common Shareholders</b>	<b>\$ 226,909</b>	<b>\$ 218,196</b>	<b>\$ 223,442</b>
<b>Net Income Per Share</b>	<b>\$ 3.90</b>	<b>\$ 3.75</b>	<b>\$ 3.84</b>
<b>Tangible Book Value</b>	<b>\$ 10.82</b>	<b>\$ 4.06</b>	<b>\$ 4.34</b>

\$ in  
millions

Prior Quarterly  
Net Income

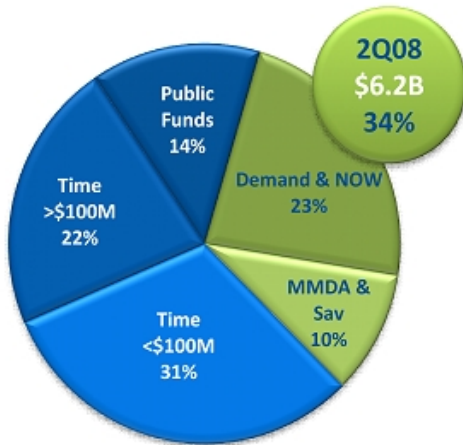
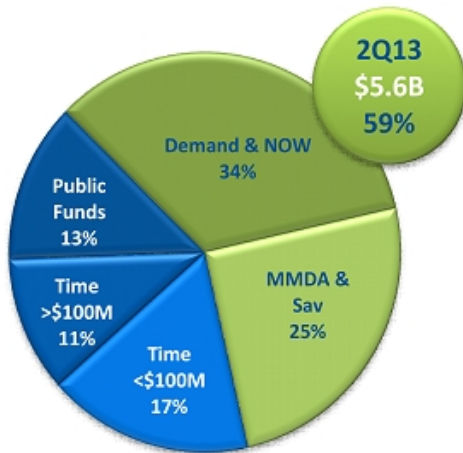
1Q13 \$ 11.8  
4Q12 5.3  
3Q12 10.6  
2Q12 6.5

58.1 Million  
Shares  
Outstanding

# Customer Deposit Mix & Core Growth

\$ in millions

## Deposits by % / Customer Mix



## Total Deposit Mix

	2Q13	1Q13	2Q12	4Q08
Demand / NOW	\$ 1,916	\$ 1,894	\$ 1,735	\$ 1,457
MMDA / Savings	1,406	1,401	1,330	630
<b>Core Transaction</b>	<b>3,322</b>	<b>3,295</b>	<b>3,065</b>	<b>2,087</b>
Time < \$100,000	977	1,014	1,159	1,945
Public Deposits	674	700	623	755
<b>Total Core</b>	<b>4,973</b>	<b>5,009</b>	<b>4,847</b>	<b>4,787</b>
Time >\$100,000	632	653	728	1,336
Public Deposits	32	32	36	87
<b>Total Customer</b>	<b>5,637</b>	<b>5,694</b>	<b>5,611</b>	<b>6,210</b>
Brokered Deposits	375	332	211	793
<b>Total Deposits</b>	<b>\$ 6,012</b>	<b>\$ 6,026</b>	<b>\$ 5,822</b>	<b>\$ 7,003</b>

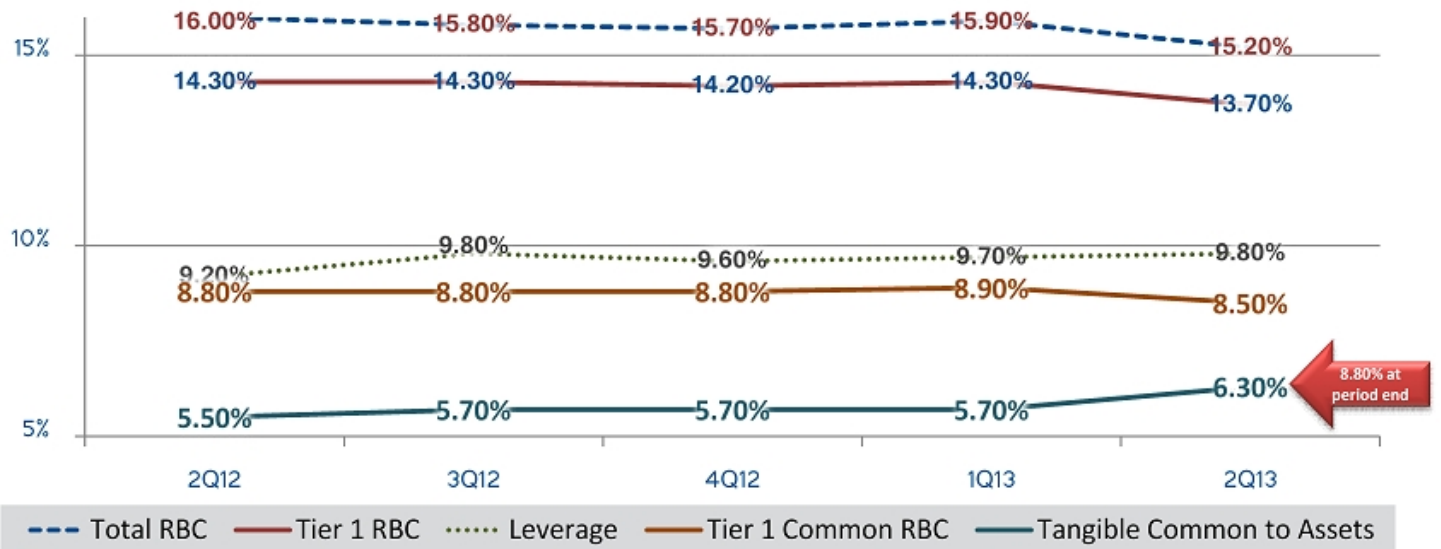
**Significant growth in core transaction deposits since 4Q08**

## Core Deposit Growth – Category & Market

CATEGORY	Growth		MARKET	Growth	
	2Q13	Year		2Q13	Year
Demand	\$ 31.3	\$ 83.2	Atlanta	\$ (10.7)	\$ 27.8
MM Accounts	0.9	13.7	N. Georgia	11.9	36.2
Savings	4.5	20.5	North Carolina	21.2	31.9
NOW	(9.3)	(8.8)	Coastal Georgia	(1.5)	1.6
Total Categories	<u>\$ 27.4</u>	<u>\$108.6</u>	Tennessee	(.8)	1.3
			Gainesville	7.3	9.8
YTD Percent Growth (Annualized)		7 %		<u>\$ 27.4</u>	<u>\$ 108.6</u>



# Capital Ratios



	Well-Capitalized	JUN '13	MAR '13	JUN '12
<b>Bank</b>				
Tier 1 RBC	6 %	14.2 %	14.7 %	14.3 %
Total RBC	10	15.5	16.0	15.6
Leverage	5	10.1	10.0	9.2
<b>Holding Company</b>				
Tangible Equity to Assets		9.1	8.5	8.2

A red arrow points to the 9.1 value for Holding Company Tangible Equity to Assets in JUN '13, labeled '11.5% at period end'.



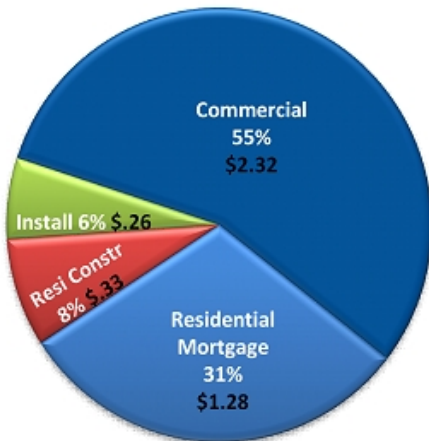
United Community Banks, Inc.

# LOAN PORTFOLIO & CREDIT QUALITY

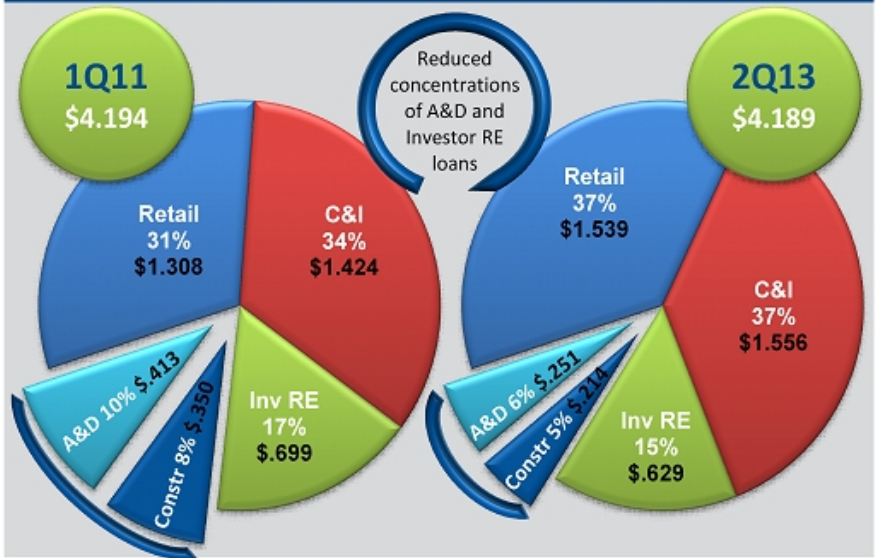
# Loan Portfolio (total \$4.19 billion)

\$ in billions

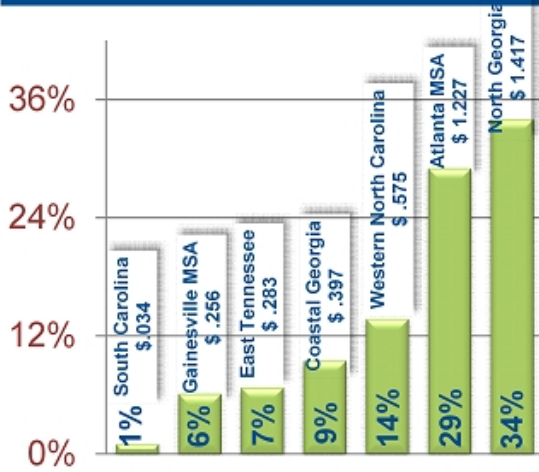
## By Loan Type



## Diversifying Portfolio



## Geographic Diversity



## Total Loans

Period	\$ in Billions
2Q13	\$4.189
1Q13	\$4.194
4Q12	\$4.175
3Q12	\$4.138
2Q12	\$4.119

## Loan Diversification & Type

- Reducing land exposure
- Focus on small business and C&I
- Enhanced retail products

# New Loans Funded and Advances<sup>(1)</sup>

\$ in millions

CATEGORY		
	2Q13	2Q12
Commercial C & I	\$ 58.3	\$ 45.5
Owner Occupied CRE	50.7	44.1
Income Producing CRE	30.4	14.8
Commercial Constr.	3.6	2.7
Total Commercial	143.0	107.1
Residential Mortgage	70.6	32.4
Residential HELOC	38.4	20.5
Residential Construction	31.5	23.6
Consumer	120.3	31.6
<b>Total Categories</b>	<b>403.8</b>	<b>215.2</b>

(1) Represents new loans funded and net loan advances (net of payments on lines of credit)

MARKET		
	2Q13	2Q12
Atlanta	\$ 94.2	\$ 78.0
Coastal Georgia	26.7	17.8
N. Georgia	64.0	58.5
North Carolina	39.7	18.6
Tennessee	25.7	23.5
Gainesville	14.8	9.0
South Carolina	33.7	-
Other (Indirect Auto)	105.0	9.8
<b>Total Markets</b>	<b>\$ 403.8</b>	<b>\$ 215.2</b>

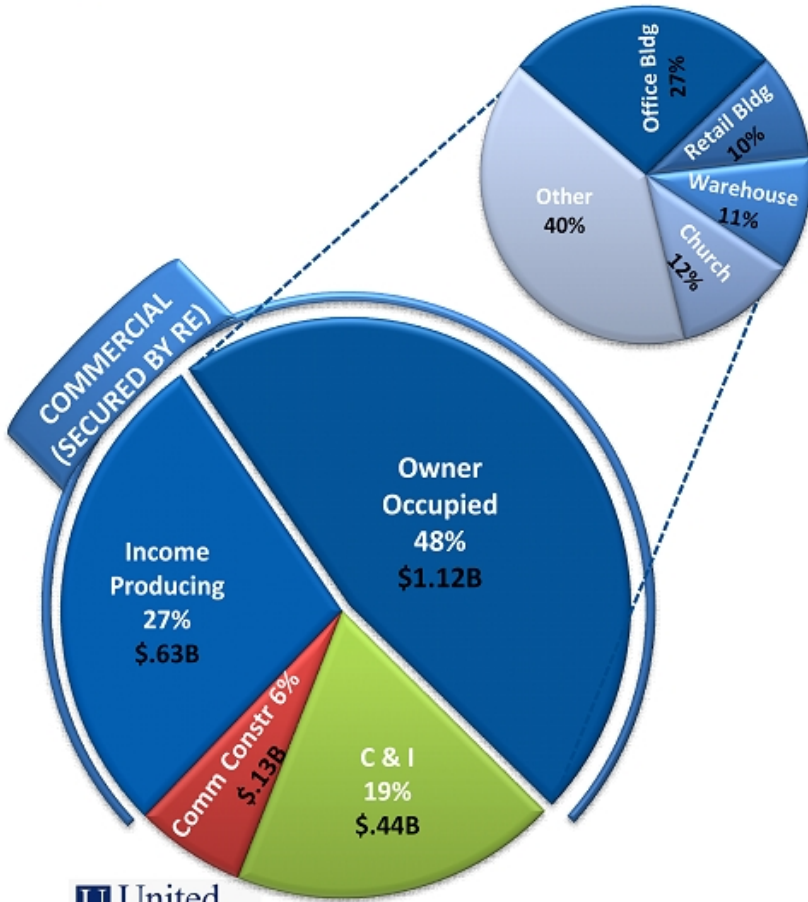
## New Loans Funded and Advances



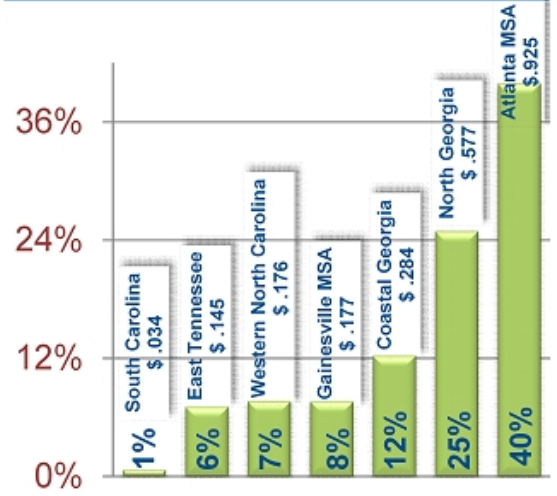
# Commercial Loans (total \$2.32 billion)

\$ in billions

## By Loan Type



## Geographic Diversity



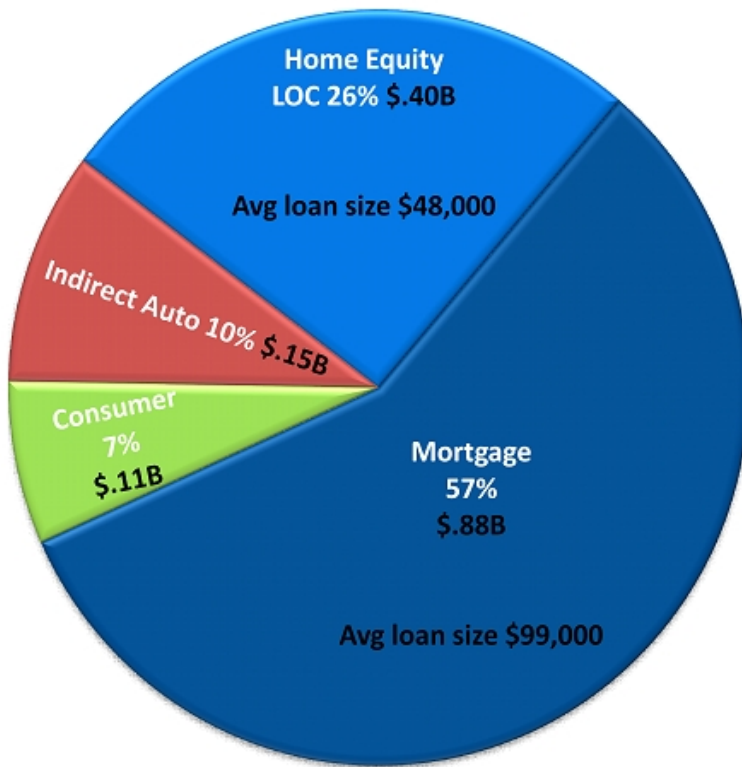
## Average Loan Size

Type	\$ in Thousands
Owner Occup'd	\$427
Income Prod	587
C & I	89
Comm Constr	362

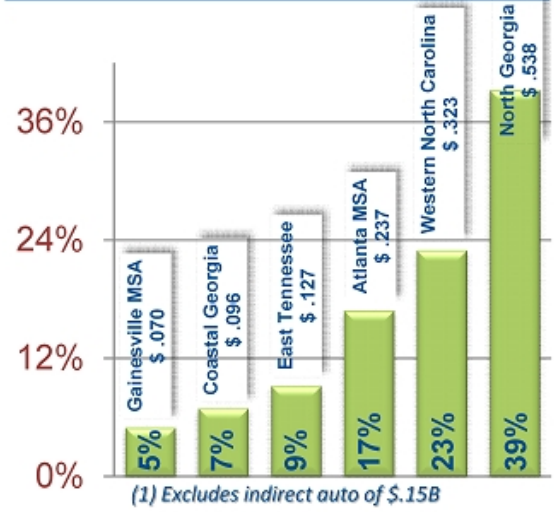
# Retail (total \$1.54 billion)

\$ in millions

## By Loan Type



## Geographic Diversity<sup>(1)</sup>



Success with new portfolio products and HELOCs

Conservative underwriting

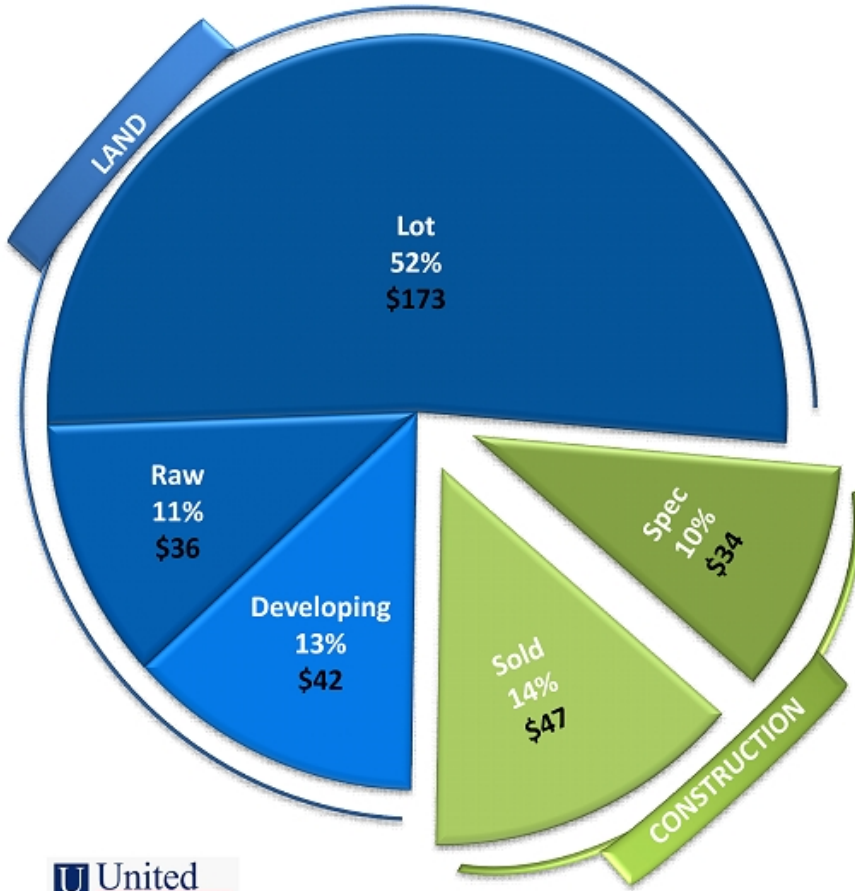
63% of HE Primary Lien



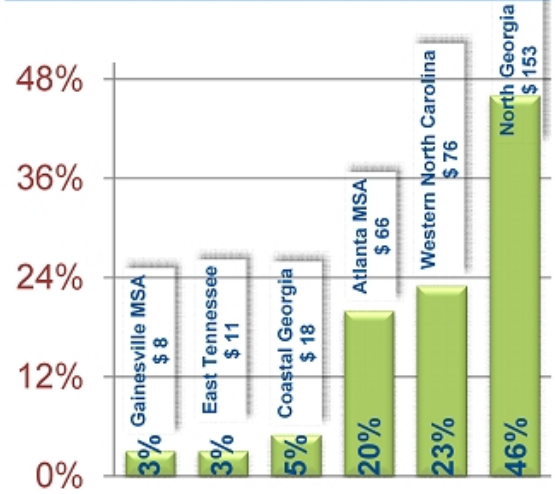
# Residential Construction (total \$332 million)

\$ in millions

## By Loan Type



## Geographic Diversity



	2Q13	1Q13	4Q12	3Q12	2Q12	2Q13 vs. 2Q12
<b>TOTAL COMPANY</b>						
<b>Land Loans</b>						
Developing	\$ 42	\$ 57	\$ 62	\$ 71	\$ 78	\$(36)
Raw	36	42	46	41	45	(9)
Lot	173	188	193	196	203	(30)
Total	251	287	301	308	326	(75)
<b>Construction Loans</b>						
Spec	34	40	41	44	49	(15)
Sold	47	45	40	37	34	13
Total	81	85	81	81	83	(2)
Total	\$ 332	\$ 372	\$ 382	\$ 389	\$ 409	\$(77)

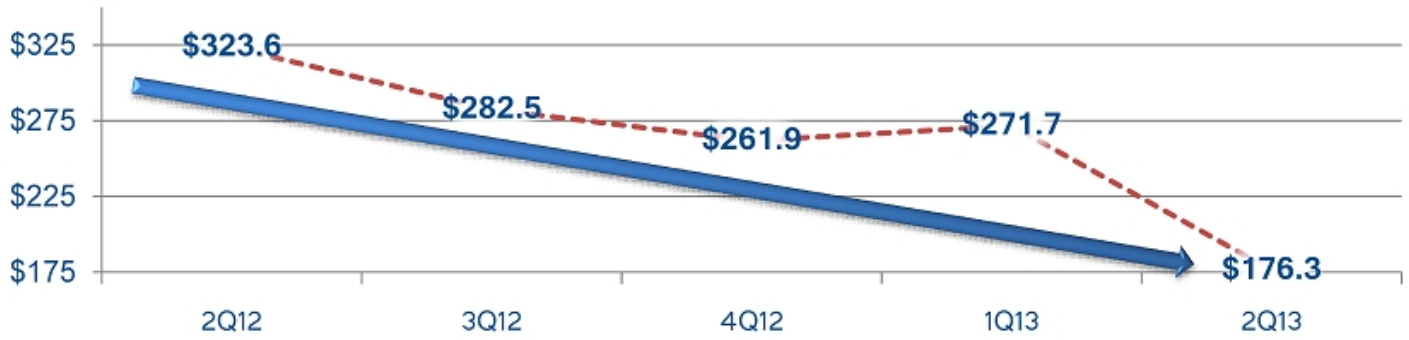
# Credit Quality

\$ in  
millions

	2Q13	1Q13	4Q12	3Q12	2Q12
<b>Net Charge-offs</b>	\$ 72.4	\$ 12.4	\$ 14.5	\$ 20.6	\$ 18.9
as % of Average Loans	6.87 %	1.21 %	1.39 %	1.99 %	1.85 %
<b>Allowance for Loan Losses</b>	\$ 81.8	\$ 105.8	\$ 107.1	\$ 107.6	\$ 112.7
as % of Total Loans	1.95 %	2.52 %	2.57 %	2.60 %	2.74 %
as % of NPLs	294	110	97	94	98
<b>Past Due Loans (30 - 89 Days)</b>	.49 %	.66 %	.65 %	.68 %	.65 %
<b>Non-Performing Loans</b>	\$ 27.9	\$ 96.0	\$ 109.9	\$ 115.0	\$ 115.4
<b>OREO</b>	3.9	16.7	18.3	27.0	30.4
<b>Total NPAs</b>	31.8	112.7	128.2	142.0	145.8
<b>Performing Classified Loans</b>	176.3	271.7	261.9	284.0	324.0
<b>Total Classified Assets</b>	\$ 208.1	\$ 384.4	\$ 390.1	\$ 426.0	\$ 469.8
as % of Tier 1 / Allowance	27 %	49 %	50 %	55 %	62 %
<b>Accruing TDRs (see page 27)</b>	\$ 77.8	\$ 126.0	\$ 122.8	\$ 138.3	\$ 141.6
<b>As % of Original Principal Balance</b>					
<b>Non-Performing Loans</b>	62.6 %	66.3 %	69.5 %	68.8 %	68.8 %
<b>OREO</b>	31.6	45.0	39.7	36.4	39.3
<b>Total NPAs</b>					
as % of Total Assets	.44	1.65	1.88	2.12	2.16
as % of Loans & OREO	.76	2.68	3.06	3.41	3.51

# Performing Classified Loans

\$ in millions



BY CATEGORY	2Q12	3Q12	4Q12	1Q13	2Q13
<b>Commercial:</b>					
Commercial & Industrial	\$ 16	\$ 19	\$ 18	\$ 20	\$ 11
Owner Occupied	54	77	65	71	43
Total C & I	70	96	83	91	54
Income Producing CRE	94	49	53	57	36
Commercial Constr	38	27	19	18	16
<b>Total Commercial</b>	<b>202</b>	<b>172</b>	<b>155</b>	<b>166</b>	<b>106</b>
Residential Mortgage	73	73	65	64	51
Residential Construction	46	35	38	38	17
Consumer / Installment	3	3	4	3	2
<b>Total Performing Classified</b>	<b>\$ 324</b>	<b>\$ 283</b>	<b>\$ 262</b>	<b>\$ 271</b>	<b>\$ 176</b>



LOAN TYPE	Accruing <sup>(1)</sup>		Non-Accruing		Total TDRs	
	2Q13	vs. 2Q12	2Q13	vs. 2Q12	2Q13	vs. 2Q12
Commercial (Sec by RE)	\$ 40.4	\$ 65.7	\$ 2.0	\$ 8.9	\$ 42.5	\$ 74.7
Commercial & Industrial	2.9	8.6	.1	.3	2.9	8.8
Commercial Construction	12.9	15.8	.1	16.8	13.0	32.6
Total Commercial	56.2	90.1	2.2	26.1	58.4	116.1
Residential Mortgage	14.3	16.8	2.1	2.2	16.4	19.0
Residential Construction	7.2	18.9	2.7	4.4	9.9	23.3
Consumer Installment	.2	.2	.1	.1	.2	.3
Total	\$ 77.8	\$ 126.0	\$ 7.1	\$ 32.8	\$ 84.9	\$ 158.8

## Accruing TDRs



<sup>(1)</sup> 74 percent of accruing TDR loans have an interest rate of 4 percent or greater

Accruing TDR past due 30 – 89 days – 0.99%

35% of accruing TDRs are pass credits

# Net Charge-offs by Category & Market

\$ in thousands

## NET CHARGE-OFFS BY CATEGORY

	1Q13		% of Average Loans (Annualized)			
	Total	% of Avg Loans	1Q13	4Q12	3Q12	2Q12
Commercial (Sec. by RE):						
Owner Occupied	\$ 16,545	5.85 %	.69 %	1.76 %	3.56 %	.46 %
Income Producing	8,921	5.45	1.99	.67	.70	1.75
Total Comm (Sec. by RE)	25,466	5.70	1.18	1.35	1.79	.95
Commercial & Industrial	15,576	13.91	1.34	.12	(.23)	.70
Commercial Construction	6,295	17.53	(.01)	4.25	7.74	.21
Total Commercial	47,337	7.96	1.14	1.30	1.81	.86
Residential Mortgage	5,469	2.52	.79	1.55	1.40	.70
Home Equity LOC	1,040	1.04	.53	.49	.80	2.60
Residential Construction	18,506	20.91	3.22	2.52	5.69	9.14
Consumer/ Installment	56	.10	1.35	1.10	.78	.88
<b>Total Net Charge-offs</b>	<b>\$ 72,408</b>	<b>6.87</b>	<b>1.21</b>	<b>1.39</b>	<b>1.99</b>	<b>1.85</b>

## NET CHARGE-OFFS BY MARKET

North Georgia	\$ 59,102	17.20 %	1.45 %	1.29 %	1.84 %	3.58 %
Atlanta MSA	9,986	3.21	1.07	1.27	3.02	.75
North Carolina	1,952	1.36	1.59	1.39	1.15	2.52
Coastal Georgia	480	.49	.85	.60	2.67	.23
Gainesville MSA	123	.19	.67	2.04	.45	(.29)
East Tennessee	711	1.01	.98	2.98	.45	.68
South Carolina	-	-	-	-	-	-
Other (Indirect Auto)	54	.24	.39	.19	-	-

# NPAs by Loan Category & Market

\$ in thousands

2Q13

LOAN CATEGORY	NPLs	OREO	Total NPAs
<b>Commercial (sec. by RE):</b>			
Owner Occupied	\$ 5,283	\$ 547	\$ 5,830
Income Producing	1,954	-	1,954
Commercial & Industrial	548	-	548
Commercial Construction	504	376	880
<b>Total Commercial</b>	<b>8,289</b>	<b>923</b>	<b>9,212</b>
Residential Mortgage	12,847	1,303	14,150
HELOC	1,491	140	1,631
Residential Construction	4,838	1,570	6,408
Consumer/ Installment	399	-	399
<b>Total</b>	<b>\$ 27,864</b>	<b>\$ 3,936</b>	<b>\$ 31,800</b>

MARKET	NPLs	OREO	Total NPAs
Gainesville	\$ 1,008	\$ -	\$ 1,008
Coastal Georgia	2,588	627	3,215
East Tennessee	1,123	200	1,323
North Carolina	6,512	295	6,807
Atlanta MSA	3,803	1,197	5,000
North Georgia	12,830	1,617	14,447

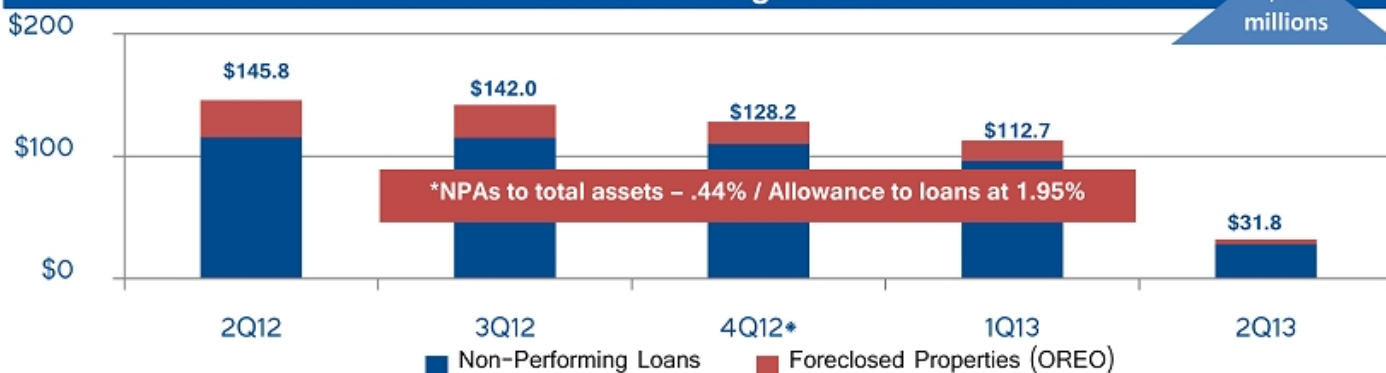
2Q12

LOAN CATEGORY	NPLs	OREO	Total NPAs
<b>Commercial (sec. by RE):</b>			
Owner Occupied	\$ 9,399	\$ 7,914	\$ 17,313
Income Producing	9,716	2,672	12,388
Commercial & Industrial	34,982	-	34,982
Commercial Construction	18,175	2,732	20,907
<b>Total Commercial</b>	<b>72,272</b>	<b>13,318</b>	<b>85,590</b>
Residential Mortgage	16,631	5,591	22,222
Residential Construction	25,530	11,512	37,042
Consumer/ Installment	907	-	907
<b>Total</b>	<b>\$ 115,340</b>	<b>\$ 30,421</b>	<b>\$ 145,761</b>

MARKET	NPLs	OREO	Total NPAs
Gainesville	\$ 991	\$ 2,998	\$ 3,989
Coastal Georgia	5,822	785	6,607
East Tennessee	2,945	1,154	4,099
North Carolina	10,657	3,287	13,944
Atlanta MSA	17,593	8,651	26,244
North Georgia	77,332	13,546	90,878

## Non Performing Assets

\$ in millions



United Community Banks, Inc.

# APPENDIX

# Experienced Proven Leadership

- Over 39 years in banking
- Led company from \$42 million in assets in 1989 to \$7.2 billion today
- Trustee of Young Harris College
- Georgia Power Company Board Member
- GA Economic Developers Association Spirit of Georgia Award recipient

**Jimmy C. Tallent**  
President & CEO  
Joined 1984



- Over 30 years in banking
- Responsible for overall operations
- Former Consultant and Special Assistant to the CEO and EVP of Commercial Banking for TD Bank Financial Group; and President & CEO of The South Financial Group

**H. Lynn Harton**  
Chief Operating Officer  
Joined 2012



- Over 35 years in banking
- Responsible for accounting, finance and reporting activities, M&A, and investor relations
- Former CAO and Controller for State Street Corporation
- Former ABA Accounting Committee Chairman

**Rex S. Schuette**  
EVP & CFO  
Joined 2001



- Over 30 years in banking
- Responsible for Risk Management and Credit Risk Administration; Co-Chairman of Risk Management Committee; also responsible for credit underwriting, review, policy and special assets
- Former EVP & SCO for SunTrust Banks

**David P. Shearow**  
EVP & CRO  
Joined 2007



- Over 35 years in banking
- Responsible for 27 community banks with 103 branch offices
- Formerly of Riegel Textile Credit Union; President of Farmers and Merchants Bank
- Former Georgia Board of Natural Resources Board Chairman

**Bill M. Gilbert**  
Director of Banking  
Joined 2000



- Over 20 years in financial services and banking
- Responsible for strategic planning and implementation
- Former President of American Savings Bank; and CFO & CRO of The South Financial Group

**Timothy K. Schools**  
Chief Strategy Officer  
Joined 2011



# Market Share Opportunities & Demographics

## EXCELLENT GROWTH OPPORTUNITIES

Markets	Market Deposits (in billions) <sup>(1)</sup>	Deposits (in billions) <sup>(2,3)</sup>	Banks	Offices <sup>(3)</sup>	Deposit Share <sup>(1)</sup>	Rank <sup>(1)</sup>
North Georgia	\$ 6.4	\$ 2.2	11	22	32 %	1
Western North Carolina	6.4	.9	1	20	12	3
Gainesville MSA	2.6	.3	1	5	12	5
Atlanta MSA	50.2	2.0	10	37	4	7
Coastal Georgia	7.3	.3	2	8	4	8
East Tennessee	16.0	.3	2	8	2	9
<b>Total Markets</b>	<b>\$ 88.9</b>	<b>\$ 6.0</b>	<b>27</b>	<b>100</b>		

<sup>1</sup> FDIC deposit market share and rank as of 6/12 for markets where United takes deposits. Data Source: SNL and FDIC.

<sup>2</sup> Based on current quarter.

<sup>3</sup> Excludes four loan production offices

## FAST GROWING MARKETS

Markets <sup>1</sup>	Population (in thousands)	Population Growth (%)	
		Actual 2010 - 2012	Projected 2012 - 2017
Atlanta, GA MSA	5,365	2 %	5 %
East Tennessee	868	2	4
Greenville-Mauldin-Easley, SC MSA	651	2	6
Western North Carolina	446	2	4
Coastal Georgia	390	2	7
North Georgia	387	1	2
Gainesville, GA MSA	182	1	6
<b>Total Markets</b>			
Georgia	9,858	2	5
North Carolina	9,759	2	6
Tennessee	6,452	2	4
South Carolina	4,740	2	6
United States	313,129	1	3

<sup>1</sup> Population data is for 2012 and includes those markets where United takes deposits. No deposits in SC.  
Data Source: SNL

**“There is only one boss. The customer. And he can fire everybody in the company from the chairman on down, simply by spending his money somewhere else.”**

*-Sam Walton*

# Liquidity

\$ in millions

	Unused Capacity	2Q13	1Q13	2Q12	Variance	
					vs 1Q13	vs 2Q12
<b>Wholesale Borrowings</b>						
Brokered Deposits	\$ 1,416 <sup>(1)</sup>	\$ 375	\$ 332	\$ 211	\$ 43	\$ 164
FHLB	1,160	70	-	125	70	(55)
Fed Funds	130	-	-	-	-	-
Other Wholesale	-	54	52	54	2	-
<b>Total</b>	<b>\$ 2,706</b>	<b>\$ 499</b>	<b>\$ 384</b>	<b>\$ 390</b>	<b>\$ 115</b>	<b>\$ 109</b>
<b>Long-Term Debt</b>						
Senior Debt		\$ 35	\$ 35	\$ -	\$ -	\$ 35
Sub-Debt		35	35	65	-	(30)
Trust Preferred Securities		55	55	55	-	-
<b>Total Long-Term Debt</b>		<b>\$ 125</b>	<b>\$ 125</b>	<b>\$ 120</b>	<b>\$ -</b>	<b>\$ 5</b>

(1) Estimated Brokered Deposit Total Capacity at 25% of Assets

## WHOLESALE BORROWINGS

## LOANS / DEPOSITS

	2Q13	1Q13	2Q12	Variance	
				vs 1Q12	vs 2Q12
Loans	\$ 4,189	\$ 4,194	\$ 4,119	\$ (5)	\$ 70
Core (DDA, MMDA, Savings)	\$ 3,322	\$ 3,295	\$ 3,066	\$ 27	\$ 256
Public Funds	707	732	859	(25)	48
CD's	1,608	1,667	1,887	(59)	(279)
<b>Total Deposits (excl Brokered)</b>	<b>\$ 5,637</b>	<b>\$ 5,694</b>	<b>\$ 5,612</b>	<b>\$ (57)</b>	<b>\$ 25</b>
<b>Loan to Deposit Ratio</b>	<b>74%</b>	<b>74%</b>	<b>73%</b>		
<b>Investment Securities:</b>					
Available for Sale - Fixed	\$ 1,120	\$ 1,193	\$ 1,259	\$ (73)	\$ (139)
- Floating	817	716	442	101	375
Held to Maturity - Fixed	197	211	257	(14)	(60)
- Floating	18	21	26	(3)	(8)
<b>Total Investment Securities</b>	<b>2,152</b>	<b>2,141</b>	<b>1,984</b>	<b>11</b>	<b>168</b>
<b>Percent of Assets (Excludes Floating)</b>	<b>18%</b>	<b>20%</b>	<b>19%</b>		



# Business Mix – Deposits *at quarter-end*

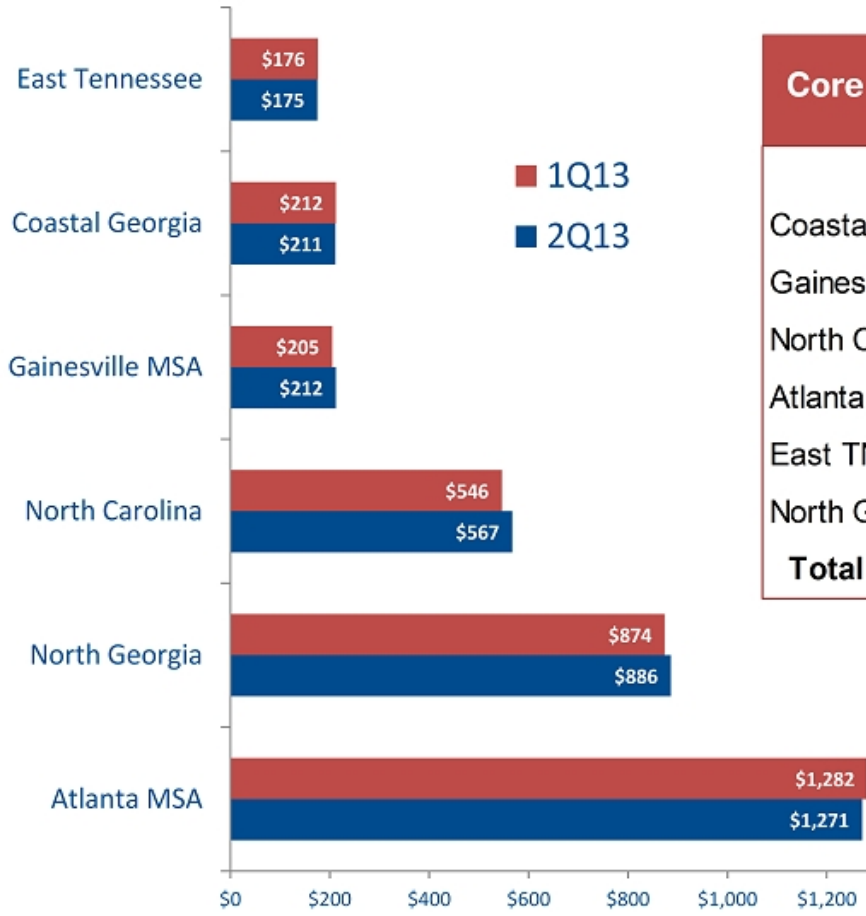
\$ in  
millions

<b>DEPOSITS BY CATEGORY</b>	<b>2Q13</b>	<b>1Q13</b>	<b>4Q12</b>	<b>3Q12</b>	<b>2Q12</b>	<b>2Q13 vs. 2Q12</b>
Demand & Now	\$ 1,916	\$ 1,894	\$ 1,841	\$ 1,796	\$ 1,735	\$ 181
MMDA & Savings	1,406	1,401	1,372	1,342	1,330	76
<b>Core Transaction Deposits</b>	<b>3,322</b>	<b>3,295</b>	<b>3,213</b>	<b>3,138</b>	<b>3,065</b>	<b>257</b>
Time < \$100,000	977	1,014	1,050	1,118	1,159	(182)
Time ≥ \$100,000 < \$250,000	512	528	547	598	625	(113)
Public Deposits	674	700	739	612	623	51
<b>Total Core Deposits</b>	<b>5,485</b>	<b>5,537</b>	<b>5,549</b>	<b>5,466</b>	<b>5,472</b>	<b>13</b>
Time ≥ \$250,000	120	125	127	101	103	17
Public Deposits	32	32	31	32	36	(4)
<b>Total Customer Deposits</b>	<b>5,637</b>	<b>5,694</b>	<b>5,707</b>	<b>5,599</b>	<b>5,611</b>	<b>26</b>
Brokered Deposits	375	332	245	224	211	164
<b>Total Deposits</b>	<b>\$ 6,012</b>	<b>\$ 6,026</b>	<b>\$ 5,952</b>	<b>\$ 5,823</b>	<b>\$ 5,822</b>	<b>\$ 190</b>



# Core Transaction Deposits

\$ in millions



Core Transactions / Total Deposits		
	2Q13	1Q13
Coastal GA	67.6 %	68.0 %
Gainesville MSA	67.0	65.0
North Carolina	62.6	60.1
Atlanta MSA	62.1	61.9
East TN	61.5	60.2
North Georgia	50.0	48.7
<b>Total</b>	<b>58.9 %</b>	<b>57.9 %</b>



## Regional Credit Review – Standard Underwriting

• Legal Lending Limit	\$221
• House Lending Limit	132
• Project Lending Limit	12
• Top 25 Relationships	345

## PROACTIVELY ADDRESSING CREDIT ENVIRONMENT

### STRUCTURE

- Centralized underwriting and approval process
- Segregated work-out teams
- Highly skilled ORE disposition group
- Seasoned regional credit professionals

### PROCESS

- Continuous external loan review
- Internal loan review of new credit relationships
- Intensive executive management involvement
- Weekly past due meetings
- Weekly NPA/ORE meetings
- Quarterly criticized watch loan review meetings
- Quarterly pass commercial and CRE portfolio review meetings

### POLICY

- Ongoing enhancements to credit policy
- Periodic updates to portfolio limits

## COMMERCIAL CONSTRUCTION

	30-Jun-13	
	Amount	Percent
Land Develop - Vacant (Improved)	\$ 54.1	41 %
Raw Land - Vacant (Unimproved)	34.8	26
Commercial Land Development	16.2	12
Churches	8.8	7
Office Buildings	8.3	6
Warehouse	2.7	2
Hotels / Motels	2.2	2
Miscellaneous	5.4	4
<b>Total Commercial Construction</b>	<b>\$132.6</b>	

### Average Loan Size (\$ in thousands)

• Commercial Construction	\$362K
• Commercial RE:	
• Composite CRE	462
• Owner Occupied	427
• Income Producing	587

### Commercial RE Characteristics

- 64.0% owner occupied
- Small business, doctors, dentists, attorneys, CPAs
- \$12 million project limit

## COMMERCIAL REAL ESTATE

	Owner Occupied	Income Producing	30-Jun-13	
			Total	Percent
Office Buildings	\$ 304.4	\$ 175.1	\$ 479.5	27 %
Retail	108.8	127.2	236.0	14
Small Warehouses / Storage	125.3	58.6	183.9	11
Churches	133.8	-	133.8	8
Convenience Stores	85.9	15.9	101.8	6
Other Properties	61.8	32.0	93.8	5
Hotels / Motels	-	86.1	86.1	5
Franchise / Restaurants	37.8	33.7	71.5	4
Farmland	58.5	-	58.5	3
Multi-Residential / Other Properties	-	57.7	57.7	3
Manufacturing Facility	48.9	6.5	55.4	3
Leasehold Property	17.1	13.3	30.4	2
Golf Course / Recreation	29.9	-	29.9	2
Auto Dealership / Service	21.9	3.2	25.1	1
Automotive Service	17.6	5.6	23.2	1
Daycare Facility	11.5	7.2	18.7	1
Funeral Home	16.0	.6	16.6	1
Carwash	16.2	.3	16.5	1
Movie Theater / Bowling Recreation	9.5	-	9.5	1
Marina	9.2	-	9.2	1
Mobile Home Parks	-	6.1	6.1	0
Assisted Living / Nursing Home	4.9	-	4.9	0
<b>Total Commercial Real Estate</b>	<b>\$ 1,119.0</b>	<b>\$ 629.1</b>	<b>\$ 1,748.1</b>	

# Loans by Business Mix and Region

\$ in millions

	2Q13	1Q13	4Q12	3Q12	2Q12	2Q13 vs. 2Q12
<b>QUARTERLY LOANS - BUSINESS MIX BY CATEGORY</b>						
Commercial:						
Comm & Indus	\$ 437	\$ 454	\$ 458	\$ 460	\$ 450	\$ (13)
Owner Occ'd	1,119	1,130	1,131	1,126	1,140	(21)
Total C & I	1,556	1,584	1,589	1,586	1,590	(34)
Income Prod CRE	629	674	682	693	697	(68)
Comm Constr	133	152	155	161	169	(36)
Total Comm	2,318	2,410	2,426	2,440	2,456	(138)
Resi Mortgage	1,278	1,246	1,214	1,174	1,128	150
Resi Constr	332	372	382	389	409	(77)
Consum / Install	261	166	153	135	126	135
Total Loans	\$ 4,189	\$ 4,194	\$ 4,175	\$ 4,138	\$ 4,119	\$ 70

	2012	2011	2010	2009	2008
<b>ANNUAL LOANS - BUSINESS MIX BY CATEGORY</b>					
Commercial:					
Comm & Indus	\$ 458	\$ 428	\$ 441	\$ 390	\$ 410
Owner Occ'd	1,131	1,112	980	963	956
Total C & I	1,589	1,540	1,421	1,353	1,366
Income Prod CRE	682	710	781	816	671
Comm Constr	155	164	297	363	500
Total Comm	2,426	2,414	2,499	2,532	2,537
Resi Mortgage	1,214	1,135	1,279	1,427	1,526
Resi Constr	382	448	695	1,050	1,479
Consum / Install	153	113	131	142	163
Total Loans	\$ 4,175	\$ 4,110	\$ 4,604	\$ 5,151	\$ 5,705

	2Q13	1Q13	4Q12	3Q12	2Q12	2Q13 vs. 2Q12
<b>QUARTERLY LOANS - BY REGION</b>						
North Georgia	\$ 1,265	\$ 1,363	\$ 1,364	\$ 1,382	\$ 1,387	\$ (122)
Atlanta MSA	1,227	1,262	1,250	1,238	1,242	(15)
North Carolina	576	575	579	579	576	-
Coastal Georgia	397	398	400	380	369	28
Gainesville MSA	256	259	261	256	259	(3)
East Tennessee	282	282	283	283	276	6
South Carolina	34	-	-	-	-	34
Other (Ind. Auto)	152	55	38	20	10	142
Total Loans	\$ 4,189	\$ 4,194	\$ 4,175	\$ 4,138	\$ 4,119	\$ 70

	2012	2011	2010	2009	2008
<b>ANNUAL LOANS - BY REGION</b>					
North Georgia	\$ 1,364	\$ 1,426	\$ 1,689	\$ 1,884	\$ 2,040
Atlanta MSA	1,250	1,220	1,310	1,435	1,706
North Carolina	579	597	702	772	810
Coastal Georgia	400	346	335	405	464
Gainesville MSA	261	265	312	390	420
East Tennessee	283	256	256	265	265
South Carolina	-	-	-	-	-
Other (Ind. Auto)	38	-	-	-	-
Total Loans	\$ 4,175	\$ 4,110	\$ 4,604	\$ 5,151	\$ 5,705

# Non GAAP Reconciliation Tables

\$ in thousands

	Operating Earnings to GAAP Earnings Reconciliation				
	2Q13	1Q13	4Q12	3Q12	2Q12
<b>CORE FEE REVENUE</b>					
Core fee revenue	\$ 14,063	\$ 12,618	\$ 14,551	\$ 13,003	\$ 12,764
Securities gains, net	-	116	31	-	6,490
Loss on prepayment of borrowings	-	-	-	-	(6,199)
Gains from sales of low income housing tax credits	468	-	-	-	-
Hedge ineffectiveness gains (losses)	369	(85)	116	608	(180)
BOLI death benefit gain	1,366	-	-	-	-
Mark to market on deferred compensation plan assets	46	177	63	153	(8)
<b>Fee revenue (GAAP)</b>	<b>\$ 16,312</b>	<b>\$ 12,826</b>	<b>\$ 14,761</b>	<b>\$ 13,764</b>	<b>\$ 12,867</b>
<b>CORE OPERATING EXPENSE</b>					
Core operating expense	\$ 42,067	\$ 40,900	\$ 41,489	\$ 40,523	\$ 41,312
Foreclosed property expense	5,151	2,333	4,611	3,706	1,851
Severance	1,559	360	563	401	1,155
Provision for litigation settlement	-	-	4,000	-	-
Mark to market on deferred compensation plan liability	46	177	63	153	(8)
<b>Operating expense (GAAP)</b>	<b>\$ 48,823</b>	<b>\$ 43,770</b>	<b>\$ 50,726</b>	<b>\$ 44,783</b>	<b>\$ 44,310</b>
<b>TANGIBLE COMMON EQUITY AND TANGIBLE EQUITY TO TANGIBLE ASSETS</b>					
Tangible common equity to tangible assets	6.30 %	5.66 %	5.67 %	5.73 %	5.45 %
Effect of preferred equity	2.83	2.87	2.88	2.93	2.79
Tangible equity to tangible assets	9.13	8.53	8.55	8.66	8.24
Effect of goodwill and other intangibles	.06	.07	.08	.09	.09
<b>Equity to assets (GAAP)</b>	<b>9.19 %</b>	<b>8.60 %</b>	<b>8.63 %</b>	<b>8.75 %</b>	<b>8.33 %</b>
<b>TANGIBLE COMMON EQUITY TO RISK-WEIGHTED ASSETS</b>					
Tangible common equity to risk-weighted assets	13.16 %	8.45 %	8.26 %	8.44 %	8.37 %
Effect of preferred equity	4.11	4.22	4.24	4.29	4.35
<b>Tangible equity to risk weighted assets</b>	<b>17.27</b>	<b>12.67</b>	<b>12.50</b>	<b>12.73</b>	<b>12.72</b>
Effect of deferred tax limitation	(4.99)	-	-	-	-
Effect of other comprehensive income	.29	.49	.51	.36	.28
Effect of trust preferred	1.11	1.15	1.15	1.17	1.19
<b>Tier I capital ratio (Regulatory)</b>	<b>13.68 %</b>	<b>14.31 %</b>	<b>14.16 %</b>	<b>14.26 %</b>	<b>14.19 %</b>