



## United Community Banks, Inc. Reports Earnings of \$7.6 Million or Eight Cents per Share for Second Quarter 2011

BLAIRSVILLE, GA -- (MARKET WIRE) -- 07/28/11 -- United Community Banks, Inc. (NASDAQ: UCBI)

- Profitable quarter driven by core earnings and lower credit losses
- Nonperforming assets continue to improve; down \$19 million, or 14 percent, from last quarter to 1.60 percent of assets
- Allowance for loan losses remains strong at 3.07 percent of loans
- Core transaction deposits up 10 percent on an annualized basis
- Completed conversion of preferred stock to common and reverse stock split

United Community Banks, Inc. (NASDAQ: UCBI) today reported net income of \$7.6 million, or 8 cents per diluted share, for the second quarter of 2011. The year-to-date net loss of \$135 million reflects the significant credit losses in the first quarter incurred in connection with the Problem Asset Disposition Plan which was announced last quarter in conjunction with the raising of \$380 million in new capital.

"The de-risking of our balance sheet and capital transaction, coupled with the execution of the Problem Asset Disposition Plan in the first quarter allowed us to return to profitability much sooner than would have otherwise been feasible," stated Jimmy Tallent, president and chief executive officer. "While we still have work to do in this difficult economic environment, our credit trends show improvement by every measure and we expect that positive trend to continue."

Total loans were \$4.2 billion at quarter-end, down \$31 million from the end of the first quarter and \$710 million from a year earlier. "The \$31 million decrease from last quarter is actually a very encouraging sign in that it is the smallest quarterly decrease in loan balances since the first quarter of 2008," stated Tallent. "We believe the slowing attrition in the loan portfolio marks the approach of an inflection point upon which we can once again begin to grow our loan portfolio. We were pleased with our new loans made during the second quarter that included \$136 million of loan commitments with \$105 million funded of which the majority were commercial loans. Our pipeline of new business continues to gain momentum and we continue to add commercial lenders to our metro markets across our footprint. I'm encouraged by the direction in which we are heading. I can't overemphasize the importance of restoring modest growth to our loan portfolio and growing net interest revenue."

Taxable equivalent net interest revenue of \$58.9 million was up \$2.6 million from the first quarter due mostly to the impact last quarter of a \$2 million interest reversal on the performing classified loans that were included in the bulk loan sale. Compared with the second quarter of 2010, net interest revenue was \$2.7 million lower, primarily due to the \$745 million reduction in average loan balances that was offset partially by lower rates on our deposits. Net interest margin was 3.41 percent for the second quarter of 2011, down 19 basis points from a year ago and equal to the first quarter after adding back the \$2 million interest reversal in the bulk loan sale.

"Growing loans and deposits is the key to building core earnings," Tallent commented. "We are making steady progress on the lending side and grew core transaction deposits in the second quarter by \$69 million, or 10 percent, on an annualized basis. This was the tenth consecutive quarter of core deposit growth."

Operating fee revenue was \$13.9 million in the second quarter of 2011, compared to \$11.6 million a year ago and \$11.8 million last quarter. Service charges and fees were \$7.6 million, down \$385,000 from a year ago, due primarily to lower overdraft fees resulting from regulatory changes last year that required customers to provide consent before using overdraft services. Partially offsetting this reduction in overdraft fees was an increase in ATM and debit card usage fees. Service charges and fees were up \$888,000 from last quarter due to the increase in ATM and debit card usage fees. Mortgage fees of \$952,000 were down \$649,000 from a year ago and down \$542,000 from last quarter due to the lower level of refinancing activities. Other fee revenue of \$4.7 million reflected an increase of \$3.3 million from a year ago and \$1.8 million from the first quarter primarily due to the accelerated recognition of deferred gains relating to the ineffectiveness of terminated cash flow hedges on certain prime-based loans. Gains recognized in the second quarter were \$2.8 million compared with \$1.3 million in the first quarter of 2011 and \$239,000 in the second quarter of 2010.

Excluding foreclosed property costs and the loss on sale of nonperforming assets in 2010, the second quarter operating expenses were \$46.8 million, flat with the first quarter and \$3.1 million higher than a year ago. Salary and benefit costs totaled \$26.4 million and increased \$2.8 million from last year and \$1.5 million from first quarter. Severance costs for eliminated staff positions account for \$1.2 million of the increase from both periods. Also contributing to the increase from a year ago were \$717,000 in higher incentive costs, lower deferred direct loan origination costs of \$518,000 and a \$288,000 change in the

value of our deferred compensation liability.

Foreclosed property costs for the second quarter of 2011 were \$1.9 million as compared to \$64.9 million last quarter and \$14.5 million a year ago. For the second quarter of 2011, these costs were for maintenance of foreclosed properties. For the first quarter of 2011, foreclosed property costs included \$60.6 million of write downs and losses on accelerated sales related to the asset disposition plan and \$4.3 million of maintenance costs. Second quarter 2010 included \$11.2 million of write downs and losses and \$3.3 million for maintenance costs.

The effective tax rate for the second quarter of 2011 was 40 percent, equal to the first quarter of 2011. The effective tax rate for the balance of 2011 will continue in the 40 percent range due to year-to-date net losses and will return to a normal range of 35 to 36 percent with expected profitability for 2012.

As of June 30, 2011, the capital ratios for United were as follows: Tier 1 Risk Based of 13.9 percent; Tier 1 Leverage of 8.7 percent; and, Total Risk Based of 16.4 percent. The quarterly average tangible equity-to-assets ratio was 11.1 percent. As of quarter-end, tangible common equity-to-assets ratio was 8.9 percent compared to the quarterly average of 4.8 percent which was distorted by the late-quarter timing of the conversion of the mandatorily convertible preferred stock that occurred late in the quarter. The quarter-end tangible common equity to assets ratio of 8.9 percent is more representative of United's current capital strength.

"It is of course good to once again report positive earnings," Tallent said. "The last three years have been extremely challenging in our industry, and challenges remain as the economy continues to struggle. We have laid out our strategy and now we are about the business of implementation. Our company has completed the capital transaction, de-risked our balance sheet through the Problem Asset Disposition Plan, executed the reverse stock split, and achieved profitability. We are on the right track but by no means satisfied; there is more work to do on credit quality, commercial loans, core deposits, customer service, and organic growth. We are moving forward with determination and optimism."

#### Conference Call

United Community Banks will hold a conference call today, Thursday, July 28, 2011, 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 78907241. The conference call also will be webcast and can be accessed by selecting 'Calendar of Events' within the Investor Relations section of the company's website at [www.ucbi.com](http://www.ucbi.com).

#### About United Community Banks, Inc.

Headquartered in Blairsville, United Community Banks is the third-largest bank holding company in Georgia. United Community Banks has assets of \$7.4 billion and operates 27 community banks with 106 banking offices throughout north Georgia, the Atlanta region, coastal Georgia, western North Carolina and east Tennessee. The Company specializes in providing personalized community banking services to individuals and small to mid-size businesses. United Community Banks also offers the convenience of 24-hour access through a network of ATMs, telephone and on-line banking. United Community Banks common stock is listed on the Nasdaq Global Select Market under the symbol UCBI. Additional information may be found at the Company's web site at [www.ucbi.com](http://www.ucbi.com).

#### Safe Harbor

This news release contains forward-looking statements, as defined by Federal Securities Laws, including statements about financial United's outlook and business environment. These statements are provided to assist in the understanding of future financial performance and such performance involves risks and uncertainties that may cause actual results to differ materially from those anticipated in such statements. Any such statements are based on current expectations and involve a number of risks and uncertainties. For a discussion of some factors that may cause such forward-looking statements to differ materially from actual results, please refer to the section entitled "Risk Factors" of United Community Banks, Inc.'s annual report filed on Form 10-K with the Securities and Exchange Commission. Forward-looking statements speak only as of the date they are made, and we undertake no obligation to update or revise forward-looking statements.

UNITED COMMUNITY BANKS, INC.

Financial Highlights

Selected Financial Information

	2011			2010	
	-----			-----	
(in thousands, except per share data; taxable equivalent)	Second Quarter	First Quarter	Fourth Quarter	Third Quarter	Second Quarter
	-----	-----	-----	-----	-----
INCOME SUMMARY					
Interest revenue	\$ 76,931	\$ 75,965	\$ 81,215	\$ 84,360	\$ 87,699
Interest expense	17,985	19,573	21,083	24,346	26,072
	-----	-----	-----	-----	-----
Net interest revenue	58,946	56,392	60,132	60,014	61,627
Operating provision for loan losses (1)	11,000	190,000	47,750	50,500	61,500
Fee revenue (2)	13,905	11,838	12,442	12,861	11,579
	-----	-----	-----	-----	-----
Total operating revenue (1)(2)	61,851	(121,770)	24,824	22,375	11,706
Operating expenses (3)	48,728	115,271	64,918	64,906	58,308
Loss on sale of nonperforming assets	-	-	-	-	45,349
	-----	-----	-----	-----	-----
Operating income (loss) from continuing operations before income taxes	13,123	(237,041)	(40,094)	(42,531)	(91,951)
Operating income tax					

expense (benefit)	5,506	(94,555)	(16,520)	(16,706)	(32,419)
	-----	-----	-----	-----	-----
Net operating income					
(loss) from					
continuing					
operations					
(1)(2)(3)	7,617	(142,486)	(23,574)	(25,825)	(59,532)
Noncash goodwill					
impairment charges	-	-	-	(210,590)	-
Partial reversal of					
fraud loss provision,					
net of income tax	-	-	7,179	-	-
Loss from discontinued					
operations, net of					
income tax	-	-	-	-	-
Gain from sale of					
subsidiary, net					
income tax	-	-	-	-	-
	-----	-----	-----	-----	-----
Net income (loss)	7,617	(142,486)	(16,395)	(236,415)	(59,532)
Preferred dividends					
and discount					
accretion	3,016	2,778	2,586	2,581	2,577
	-----	-----	-----	-----	-----
Net income (loss)					
available to common					
shareholders	\$ 4,601	\$ (145,264)	\$ (18,981)	\$ (238,996)	\$ (62,109)
	=====	=====	=====	=====	=====

PERFORMANCE MEASURES

Per common share:

Diluted operating  
income (loss)  
from continuing  
operations  
(1)(2)(3)        \$    .08 \$    (7.87) \$    (1.38) \$    (1.50) \$    (3.29)

Diluted income  
(loss) from  
continuing  
operations        .08        (7.87)        (1.00)        (12.62)        (3.29)

Diluted income  
(loss)            .08        (7.87)        (1.00)        (12.62)        (3.29)

Book value        11.59        14.78        24.18        25.70        38.55

Tangible book  
value (5)        11.47        14.44        23.78        25.26        26.95

Key performance

ratios:

Return on equity  
(4)(6)            5.34%        (147.11)%        (17.16)%        (148.04)%        (35.89)%

Return on assets  
(6)                .40        (7.61)        (.89)        (12.47)        (3.10)

Net interest  
margin (6)        3.41        3.30        3.58        3.57        3.60

Operating  
efficiency ratio  
from continuing  
operations (2)(3)    66.88        169.08        89.45        89.38        141.60

Equity to assets    11.21        8.82        8.85        11.37        11.84

Tangible equity to  
assets (5)        11.13        8.73        8.75        9.19        9.26

Tangible common

equity to assets

(5) 4.79 5.51 6.35 6.78 6.91

Tangible common

equity to risk-

weighted assets

(5) 14.26 6.40 9.05 9.60 9.97

ASSET QUALITY \*

Non-performing loans \$ 71,065 \$ 83,769 \$179,094 \$ 217,766 \$224,335

Foreclosed

properties 47,584 54,378 142,208 129,964 123,910

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Total non-

performing assets

(NPAs) 118,649 138,147 321,302 347,730 348,245

Allowance for loan

losses 127,638 133,121 174,695 174,613 174,111

Operating net

charge-offs (1) 16,483 231,574 47,668 49,998 61,323

Allowance for loan

losses to loans 3.07 % 3.17 % 3.79 % 3.67 % 3.57 %

Operating net

charge-offs to

average loans

(1)(6) 1.58 20.71 4.03 4.12 4.98

NPAs to loans and

foreclosed

properties 2.82 3.25 6.77 7.11 6.97

NPAs to total assets

1.60 1.73 4.32 4.96 4.55

AVERAGE BALANCES (\$ in

millions)

Loans	\$ 4,266	\$ 4,599	\$ 4,768	\$ 4,896	\$ 5,011
Investment					
securities	2,074	1,625	1,354	1,411	1,532
Earning assets	6,924	6,902	6,680	6,676	6,854
Total assets	7,624	7,595	7,338	7,522	7,704
Deposits	6,372	6,560	6,294	6,257	6,375
Shareholders' equity	854	670	649	855	912
Common shares -					
basic (thousands)	25,427	18,466	18,984	18,936	18,905
Common shares -					
diluted (thousands)	57,543	18,466	18,984	18,936	18,905

AT PERIOD END (\$ in

millions)

Loans *	\$ 4,163	\$ 4,194	\$ 4,604	\$ 4,760	\$ 4,873
Investment					
securities	2,188	1,884	1,490	1,310	1,488
Total assets	7,410	7,974	7,443	7,013	7,652
Deposits	6,183	6,598	6,469	5,999	6,330
Shareholders' equity	860	850	636	662	904
Common shares					
outstanding					
(thousands)	57,469	20,903	18,937	18,887	18,856

(1) Excludes the partial reversal of a previously established provision for fraud-related loan losses of \$11.8 million, net of tax expense of \$4.6 million in the fourth quarter of 2010. Operating charge-offs also exclude the \$11.8 million related partial recovery of the previously charged off amount. (2) Excludes revenue generated by discontinued operations in the first quarter of 2010. (3) Excludes the goodwill impairment charge of \$211

million in the third quarter of 2010 and expenses relating to discontinued operations in the first quarter of 2010. (4) Net loss available to common shareholders, which is net of preferred stock dividends, divided by average realized common equity, which excludes accumulated other comprehensive income (loss). (5) Excludes effect of acquisition related intangibles and associated amortization. (6) Annualized.

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

UNITED COMMUNITY BANKS, INC.

Financial Highlights

Selected Financial Information

(in thousands, except per share data; taxable equivalent)	2011 Second Quarter	2010 Second Quarter	Second Quarter 2011-2010 Change	For the Six Months Ended 2011	For the Six Months Ended 2010	YTD 2011-2010 Change
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INCOME SUMMARY

Interest revenue	\$ 76,931	\$ 87,699		\$ 152,896	\$ 177,548	
Interest expense	17,985	26,072		37,558	54,642	
Net interest revenue	58,946	61,627	(4)%	115,338	122,906	(6)%

Operating provision for



loan losses (1)	11,000	61,500		201,000	136,500	
Fee revenue (2)	13,905	11,579	20	25,743	23,245	11
	-----	-----		-----	-----	
Total						
operating						
revenue						
(1)(2)	61,851	11,706		(59,919)	9,651	
Operating						
expenses (3)	48,728	58,308	(16)	163,999	113,128	45
Loss on sale of						
nonperforming						
assets	-	45,349		-	45,349	
	-----	-----		-----	-----	
Operating						
income (loss)						
from						
continuing						
operations						
before income						
taxes	13,123	(91,951)	114	(223,918)	(148,826)	
Operating income						
tax expense						
(benefit)	5,506	(32,419)		(89,049)	(54,836)	
	-----	-----		-----	-----	
Net operating						
income (loss)						
from						
continuing						
operations						
(1)(2)(3)	7,617	(59,532)	113	(134,869)	(93,990)	(43)
Noncash goodwill						

impairment						
charges	-	-	-	-	-	-
Partial reversal						
of fraud loss						
provision, net						
of income tax	-	-	-	-	-	-
Loss from						
discontinued						
operations, net						
of income tax	-	-	-	-	(101)	
Gain from sale						
of subsidiary,						
net income tax	-	-	-	-	1,266	
	-----	-----	-----	-----	-----	
Net income						
(loss)	7,617	(59,532)	113	(134,869)	(92,825)	(45)
Preferred						
dividends and						
discount						
accretion	3,016	2,577		5,794	5,149	
	-----	-----	-----	-----	-----	
Net income						
(loss)						
available to						
common						
shareholders	\$ 4,601	\$ (62,109)		\$(140,663)	\$ (97,974)	
	=====	=====	=====	=====	=====	

PERFORMANCE

MEASURES

Per common

share:

Diluted

operating

income

(loss) from

continuing

operations

(1)(2)(3) \$ .08 \$ (3.29) 102 \$ (6.40) \$ (5.25) (22)

Diluted

income

(loss) from

continuing

operations

.08 (3.29) 102 (6.40) (5.25) (22)

Diluted

income

(loss)

.08 (3.29) 102 (6.40) (5.19) (23)

Book value

11.59 38.55 (70) 11.59 38.55 (70)

Tangible

book value

(5) 11.47 26.95 (57) 11.47 26.95 (57)

Key

performance

ratios:

Return on

equity

(4)(6) 5.34% (35.89)% (76.07)% (27.87)%

Return on

assets (6)

.40 (3.10) (3.57) (2.39)

Net interest

margin (6) 3.41 3.60 3.36 3.55

Operating				
efficiency				
ratio from				
continuing				
operations				
(2)(3)	66.88	141.60	116.28	108.48
Equity to				
assets	11.21	11.84	10.02	11.87
Tangible				
equity to				
assets (5)	11.13	9.26	9.94	9.32
Tangible				
common				
equity to				
assets (5)	4.79	6.91	5.15	7.02
Tangible				
common				
equity to				
risk-				
weighted				
assets (5)	14.26	9.97	14.26	9.97

ASSET QUALITY \*

Non-performing				
loans	\$ 71,065	\$ 224,335	\$ 71,065	\$ 224,335
Foreclosed				
properties	47,584	123,910	47,584	123,910
	-----	-----	-----	-----
Total non-				
performing				
assets				

(NPAs)	118,649	348,245	118,649	348,245
Allowance for				
loan losses	127,638	174,111	127,638	174,111
Operating net				
charge-offs				
(1)	16,483	61,323	248,057	117,991
Allowance for				
loan losses				
to loans	3.07%	3.57%	3.07%	3.57%
Operating net				
charge-offs				
to average				
loans (1)(6)	1.58	4.98	11.46	4.75
NPAs to loans				
and				
foreclosed				
properties	2.82	6.97	2.82	6.97
NPAs to total				
assets	1.60	4.55	1.60	4.55

#### AVERAGE BALANCES

(\$ in millions)

Loans	\$ 4,266	\$ 5,011	(15)	\$ 4,432	\$ 5,091	(13)
Investment						
securities	2,074	1,532	35	1,851	1,525	21
Earning assets	6,924	6,854	1	6,913	6,969	(1)
Total assets	7,624	7,704	(1)	7,609	7,825	(3)
Deposits	6,372	6,375	-	6,465	6,472	-
Shareholders'						
equity	854	912	(6)	763	929	(18)
Common shares						

- basic						
(thousands)	25,427	18,905		21,965	18,891	
Common shares						
- diluted						
(thousands)	57,543	18,905		21,965	18,891	
AT PERIOD END (\$						
in millions)						
Loans *	\$ 4,163	\$ 4,873	(15)	\$ 4,163	\$ 4,873	(15)
Investment						
securities	2,188	1,488	47	2,188	1,488	47
Total assets	7,410	7,652	(3)	7,410	7,652	(3)
Deposits	6,183	6,330	(2)	6,183	6,330	(2)
Shareholders'						
equity	860	904	(5)	860	904	(5)
Common shares						
outstanding						
(thousands)	57,469	18,856		57,469	18,856	

(1) Excludes the partial reversal of a previously established provision for fraud-related loan losses of \$11.8 million, net of tax expense of \$4.6 million in the fourth quarter of 2010. Operating charge-offs also exclude the \$11.8 million related partial recovery of the previously charged off amount. (2) Excludes revenue generated by discontinued operations in the first quarter of 2010. (3) Excludes the goodwill impairment charge of \$211 million in the third quarter of 2010 and expenses relating to discontinued operations in the first quarter of 2010. (4) Net loss available to common shareholders, which is net of preferred stock dividends, divided by average realized common equity, which excludes accumulated other comprehensive income (loss). (5) Excludes effect of acquisition related intangibles and associated amortization. (6) Annualized.

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

UNITED COMMUNITY BANKS, INC.

Operating Earnings to GAAP Earnings Reconciliation

Selected Financial Information

	2011			2010	
	Second	First	Fourth	Third	Second
	Quarter	Quarter	Quarter	Quarter	Quarter
(in thousands, except per share data; taxable equivalent)					
Interest revenue reconciliation					
Interest revenue - taxable equivalent	\$ 76,931	\$ 75,965	\$ 81,215	\$ 84,360	\$ 87,699
Taxable equivalent adjustment	(429)	(435)	(497)	(511)	(500)
Interest revenue (GAAP)	\$ 76,502	\$ 75,530	\$ 80,718	\$ 83,849	\$ 87,199

Net interest					
revenue					
reconciliation					
Net interest					
revenue - taxable					
equivalent	\$ 58,946	\$ 56,392	\$ 60,132	\$ 60,014	\$ 61,627
Taxable equivalent					
adjustment	(429)	(435)	(497)	(511)	(500)
	-----	-----	-----	-----	-----
Net interest					
revenue (GAAP)	\$ 58,517	\$ 55,957	\$ 59,635	\$ 59,503	\$ 61,127
	=====	=====	=====	=====	=====
Provision for loan					
losses					
reconciliation					
Operating provision					
for loan losses	\$ 11,000	\$ 190,000	\$ 47,750	\$ 50,500	\$ 61,500
Partial reversal of					
special fraud-					
related provision					
for loan loss	-	-	(11,750)	-	-
	-----	-----	-----	-----	-----
Provision for					
loan losses					
(GAAP)	\$ 11,000	\$ 190,000	\$ 36,000	\$ 50,500	\$ 61,500
	=====	=====	=====	=====	=====
Total revenue					
reconciliation					
Total operating					



revenue	\$ 61,851	\$ (121,770)	\$ 24,824	\$ 22,375	\$ 11,706
Taxable equivalent					
adjustment	(429)	(435)	(497)	(511)	(500)
Partial reversal of					
special fraud-					
related provision					
for loan loss	-	-	11,750	-	-
	-----	-----	-----	-----	-----
Total revenue					
(GAAP)	\$ 61,422	\$ (122,205)	\$ 36,077	\$ 21,864	\$ 11,206
	=====	=====	=====	=====	=====
Expense					
reconciliation					
Operating expense	\$ 48,728	\$ 115,271	\$ 64,918	\$ 64,906	\$ 103,657
Noncash goodwill					
impairment charge	-	-	-	210,590	-
	-----	-----	-----	-----	-----
Operating expense					
(GAAP)	\$ 48,728	\$ 115,271	\$ 64,918	\$ 275,496	\$ 103,657
	=====	=====	=====	=====	=====
Income (loss) from					
continuing					
operations before					
taxes					
reconciliation					
Operating income					
(loss) from					
continuing					
operations before					

taxes	\$ 13,123	\$ (237,041)	\$ (40,094)	\$ (42,531)	\$ (91,951)
Taxable equivalent					
adjustment	(429)	(435)	(497)	(511)	(500)
Noncash goodwill					
impairment charge	-	-	-	(210,590)	-
Partial reversal of					
special fraud-					
related provision					
for loan loss	-	-	11,750	-	-
	-----	-----	-----	-----	-----
Income (loss)					
from continuing					
operations					
before taxes					
(GAAP)	\$ 12,694	\$ (237,476)	\$ (28,841)	\$ (253,632)	\$ (92,451)
	=====	=====	=====	=====	=====
Income tax expense					
(benefit)					
reconciliation					
Operating income					
tax expense					
(benefit)	\$ 5,506	\$ (94,555)	\$ (16,520)	\$ (16,706)	\$ (32,419)
Taxable equivalent					
adjustment	(429)	(435)	(497)	(511)	(500)
Partial reversal of					
special fraud-					
related provision					
for loan loss	-	-	4,571	-	-
	-----	-----	-----	-----	-----
Income tax					

expense

(benefit) (GAAP) \$ 5,077 \$ (94,990) \$ (12,446) \$ (17,217) \$ (32,919)

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Diluted earnings (loss) from  
continuing operations per  
common share reconciliation

Diluted operating  
earnings (loss)  
from continuing  
operations per

common share \$ .08 \$ (7.87) \$ (1.38) \$ (1.50) \$ (3.29)

Noncash goodwill

impairment charge - - - (11.12) -

Partial reversal of  
special fraud-  
related provision

for loan loss - - .38 - -

-----

Diluted earnings  
(loss) from  
continuing  
operations per  
common share

(GAAP) \$ .08 \$ (7.87) \$ (1.00) \$ (12.62) \$ (3.29)

=====

Book value per  
common share  
reconciliation

Tangible book value

per common share	\$ 11.47	\$ 14.44	\$ 23.78	\$ 25.26	\$ 26.95
Effect of goodwill					
and other					
intangibles	.12	.34	.40	.44	11.60
	-----	-----	-----	-----	-----
Book value per					
common share					
(GAAP)	\$ 11.59	\$ 14.78	\$ 24.18	\$ 25.70	\$ 38.55
	=====	=====	=====	=====	=====

Efficiency ratio					
from continuing					
operations					
reconciliation					
Operating					
efficiency ratio					
from continuing					
operations	66.88%	169.08%	89.45%	89.38%	141.60%

Noncash goodwill					
impairment charge	-	-	-	290.00	-
	-----	-----	-----	-----	-----
Efficiency ratio					
from continuing					
operations					
(GAAP)	66.88%	169.08%	89.45%	379.38%	141.60%
	=====	=====	=====	=====	=====

Average equity to  
assets  
reconciliation  
Tangible common

equity to assets	4.79%	5.51%	6.35%	6.78%	6.91%
Effect of preferred					
equity	6.34	3.22	2.40	2.41	2.35
	-----	-----	-----	-----	-----
Tangible equity					
to assets	11.13	8.73	8.75	9.19	9.26
Effect of goodwill					
and other					
intangibles	.08	.09	.10	2.18	2.58
	-----	-----	-----	-----	-----
Equity to assets					
(GAAP)	11.21%	8.82%	8.85%	11.37%	11.84%
	=====	=====	=====	=====	=====
Actual tangible					
common equity to					
risk-weighted					
assets					
reconciliation					
Tangible common					
equity to risk-					
weighted assets	14.26%	6.40%	9.05%	9.60%	9.97%
Effect of other					
comprehensive					
income	(.65)	(.58)	(.62)	(.81)	(.87)
Effect of deferred					
tax limitation	(5.04)	(5.10)	(3.34)	(2.94)	(2.47)
Effect of trust					
preferred	1.14	1.12	1.06	1.06	1.03
Effect of preferred					
equity	4.17	5.97	3.52	3.51	3.41

Tier I capital ratio (Regulatory)	13.88%	7.81%	9.67%	10.42%	11.07%
Net charge-offs reconciliation					
Operating net charge-offs	\$ 16,483	\$ 231,574	\$ 47,668	\$ 49,998	\$ 61,323
Subsequent partial recovery of fraud-related charge-off	-	-	(11,750)	-	-
Net charge-offs (GAAP)	\$ 16,483	\$ 231,574	\$ 35,918	\$ 49,998	\$ 61,323
Net charge-offs to average loans reconciliation					
Operating net charge-offs to average loans	1.58%	20.71%	4.03%	4.12%	4.98%
Subsequent partial recovery of fraud-related charge-off	-	-	(1.00)	-	-
Net charge-offs to average loans (GAAP)	1.58%	20.71%	3.03%	4.12%	4.98%

=====

UNITED COMMUNITY BANKS, INC.

Operating Earnings to GAAP Earnings Reconciliation

Selected Financial Information

	For the Six Months Ended	
	2011	2010
(in thousands, except per share data; taxable equivalent)		
Interest revenue reconciliation		
Interest revenue - taxable equivalent	\$ 152,896	\$ 177,548
Taxable equivalent adjustment	(864)	(993)
Interest revenue (GAAP)	\$ 152,032	\$ 176,555
Net interest revenue reconciliation		
Net interest revenue - taxable equivalent	\$ 115,338	\$ 122,906
Taxable equivalent adjustment	(864)	(993)
Net interest revenue (GAAP)	\$ 114,474	\$ 121,913

Provision for loan losses reconciliation		
Operating provision for loan losses	\$ 201,000	\$ 136,500
Partial reversal of special fraud-related provision for loan loss	-	-
	-----	-----
Provision for loan losses (GAAP)	\$ 201,000	\$ 136,500
	=====	=====
Total revenue reconciliation		
Total operating revenue	\$ (59,919)	\$ 9,651
Taxable equivalent adjustment	(864)	(993)
Partial reversal of special fraud-related provision for loan loss	-	-
	-----	-----
Total revenue (GAAP)	\$ (60,783)	\$ 8,658
	=====	=====
Expense reconciliation		
Operating expense	\$ 163,999	\$ 158,477
Noncash goodwill impairment charge	-	-
	-----	-----
Operating expense (GAAP)	\$ 163,999	\$ 158,477
	=====	=====
Income (loss) from continuing operations before taxes reconciliation		
Operating income (loss) from continuing operations before taxes	\$ (223,918)	\$ (148,826)
Taxable equivalent adjustment	(864)	(993)
Noncash goodwill impairment charge	-	-
Partial reversal of special fraud-related		



provision for loan loss	-	-
	-----	-----
Income (loss) from continuing operations		
before taxes (GAAP)	\$ (224,782)	\$ (149,819)
	=====	=====
Income tax expense (benefit) reconciliation		
Operating income tax expense (benefit)	\$ (89,049)	\$ (54,836)
Taxable equivalent adjustment	(864)	(993)
Partial reversal of special fraud-related		
provision for loan loss	-	-
	-----	-----
Income tax expense (benefit) (GAAP)	\$ (89,913)	\$ (55,829)
	=====	=====
Diluted earnings (loss) from continuing operations per		
common share reconciliation		
Diluted operating earnings (loss) from		
continuing operations per common share	\$ (6.40)	\$ (5.25)
Noncash goodwill impairment charge	-	-
Partial reversal of special fraud-related		
provision for loan loss	-	-
	-----	-----
Diluted earnings (loss) from continuing		
operations per common share (GAAP)	\$ (6.40)	\$ (5.25)
	=====	=====
Book value per common share reconciliation		
Tangible book value per common share	\$ 11.47	\$ 26.95
Effect of goodwill and other intangibles	.12	11.60
	-----	-----

Book value per common share (GAAP)	\$	11.59	\$	38.55
		=====		=====
Efficiency ratio from continuing operations reconciliation				
Operating efficiency ratio from continuing operations	%	116.28%		108.48%
Noncash goodwill impairment charge		-		-
		-----		-----
Efficiency ratio from continuing operations (GAAP)	%	116.28%		108.48%
		=====		=====
Average equity to assets reconciliation				
Tangible common equity to assets	%	5.15%		7.02%
Effect of preferred equity		4.79		2.30
		-----		-----
Tangible equity to assets		9.94		9.32
Effect of goodwill and other intangibles		.08		2.55
		-----		-----
Equity to assets (GAAP)	%	10.02%		11.87%
		=====		=====
Actual tangible common equity to risk- weighted assets reconciliation				
Tangible common equity to risk-weighted assets	%	14.26%		9.97%
Effect of other comprehensive income		(.65)		(.87)
Effect of deferred tax limitation		(5.04)		(2.47)
Effect of trust preferred		1.14		1.03
Effect of preferred equity		4.17		3.41

Tier I capital ratio (Regulatory)	%	13.88%	11.07%
		=====	=====
Net charge-offs reconciliation			
Operating net charge-offs	\$	248,057	\$ 117,991
Subsequent partial recovery of fraud-related charge-off		-	-
		-----	-----
Net charge-offs (GAAP)	\$	248,057	\$ 117,991
		=====	=====
Net charge-offs to average loans reconciliation			
Operating net charge-offs to average loans	%	11.46%	4.75%
Subsequent partial recovery of fraud-related charge-off		-	-
		-----	-----
Net charge-offs to average loans (GAAP)	%	11.46%	4.75%
		=====	=====

UNITED COMMUNITY BANKS, INC.

Financial Highlights

Loan Portfolio Composition at Period-End (1)

2011

2010

-----

(in millions)	Second Quarter	First Quarter	Fourth Quarter	Third Quarter	Second Quarter
-----					
LOANS BY CATEGORY					
Commercial (sec. by RE)	\$ 1,742	\$ 1,692	\$ 1,761	\$ 1,781	\$ 1,780
Commercial construction	195	213	297	310	342
Commercial & industrial	428	431	441	456	441
-----					
Total commercial	2,365	2,336	2,499	2,547	2,563
Residential construction	502	550	695	764	820
Residential mortgage	1,177	1,187	1,279	1,316	1,356
Consumer / installment	119	121	131	133	134
-----					
Total loans	\$ 4,163	\$ 4,194	\$ 4,604	\$ 4,760	\$ 4,873
=====					

LOANS BY MARKET

Atlanta MSA	\$ 1,188	\$ 1,179	\$ 1,310	\$ 1,365	\$ 1,373
Gainesville MSA	275	282	312	316	343
North Georgia	1,500	1,531	1,689	1,755	1,808
Western North Carolina	626	640	702	719	738
Coastal Georgia	325	312	335	345	356
East Tennessee	249	250	256	260	255
-----					
Total loans	\$ 4,163	\$ 4,194	\$ 4,604	\$ 4,760	\$ 4,873
=====					

RESIDENTIAL CONSTRUCTION

Dirt loans

Acquisition & development	\$	105	\$	116	\$	174	\$	190	\$	214
Land loans		62		69		99		104		110
Lot loans		218		228		275		303		311
		-----		-----		-----		-----		-----
Total		385		413		548		597		635
		-----		-----		-----		-----		-----
House loans										
Spec		74		88		97		109		125
Sold		43		49		50		58		60
		-----		-----		-----		-----		-----
Total		117		137		147		167		185
		-----		-----		-----		-----		-----
Total residential construction	\$	502	\$	550	\$	695	\$	764	\$	820
		=====		=====		=====		=====		=====

RESIDENTIAL CONSTRUCTION - ATLANTA MSA

Dirt loans

Acquisition & development	\$	20	\$	22	\$	30	\$	34	\$	40
Land loans		16		19		23		27		32
Lot loans		22		24		32		45		39
		-----		-----		-----		-----		-----
Total		58		65		85		106		111
		-----		-----		-----		-----		-----

House loans

Spec		30		34		38		42		48
Sold		9		11		10		11		10
		-----		-----		-----		-----		-----
Total		39		45		48		53		58

-----  
 Total residential construction \$ 97 \$ 110 \$ 133 \$ 159 \$ 169

=====

(1) Excludes total loans of \$70.8 million, \$63.3 million, \$68.2 million, \$75.2 million and \$80.8 million as of June 30, 2011, March 31, 2011, December 31, 2010, September 30, 2010 and June 30, 2010, respectively, that are covered by the loss-sharing agreement with the FDIC, related to the acquisition of Southern Community Bank.

UNITED COMMUNITY BANKS, INC.

Financial Highlights

Loan Portfolio Composition at Period-End (1)

	2011		2010			
	-----		-----			
					Year	
					Linked	over
	Second	First	Second	Quarter	Year	
(in millions)	Quarter	Quarter	Quarter	Change	Change	
	-----	-----	-----	-----	-----	-----

LOANS BY CATEGORY

Commercial (sec. by RE)	\$ 1,742	\$ 1,692	\$ 1,780	\$ 50	\$ (38)
Commercial construction	195	213	342	(18)	(147)
Commercial & industrial	428	431	441	(3)	(13)
	-----	-----	-----	-----	-----
Total commercial	2,365	2,336	2,563	29	(198)

Residential construction	502	550	820	(48)	(318)
Residential mortgage	1,177	1,187	1,356	(10)	(179)
Consumer / installment	119	121	134	(2)	(15)
-----					
Total loans	\$ 4,163	\$ 4,194	\$ 4,873	(31)	(710)
=====					

LOANS BY MARKET

Atlanta MSA	\$ 1,188	\$ 1,179	\$ 1,373	9	(185)
Gainesville MSA	275	282	343	(7)	(68)
North Georgia	1,500	1,531	1,808	(31)	(308)
Western North Carolina	626	640	738	(14)	(112)
Coastal Georgia	325	312	356	13	(31)
East Tennessee	249	250	255	(1)	(6)
-----					
Total loans	\$ 4,163	\$ 4,194	\$ 4,873	(31)	(710)
=====					

RESIDENTIAL CONSTRUCTION

Dirt loans

Acquisition & development	\$ 105	\$ 116	\$ 214	(11)	(109)
Land loans	62	69	110	(7)	(48)
Lot loans	218	228	311	(10)	(93)
-----					
Total	385	413	635	(28)	(250)
-----					

House loans

Spec	74	88	125	(14)	(51)
------	----	----	-----	------	------

Sold	43	49	60	(6)	(17)
	-----	-----	-----		
Total	117	137	185	(20)	(68)
	-----	-----	-----		
Total residential construction	\$ 502	\$ 550	\$ 820	(48)	(318)
	=====	=====	=====		

RESIDENTIAL CONSTRUCTION - ATLANTA MSA

Dirt loans

Acquisition & development	\$ 20	\$ 22	\$ 40	(2)	(20)
Land loans	16	19	32	(3)	(16)
Lot loans	22	24	39	(2)	(17)
	-----	-----	-----		
Total	58	65	111	(7)	(53)
	-----	-----	-----		

House loans

Spec	30	34	48	(4)	(18)
Sold	9	11	10	(2)	(1)
	-----	-----	-----		
Total	39	45	58	(6)	(19)
	-----	-----	-----		
Total residential construction	\$ 97	\$ 110	\$ 169	(13)	(72)
	=====	=====	=====		

(1) Excludes total loans of \$70.8 million, \$63.3 million, \$68.2 million, \$75.2 million and \$80.8 million as of June 30, 2011, March 31, 2011, December 31, 2010, September 30, 2010 and June 30, 2010, respectively, that are covered by the loss-sharing agreement with the FDIC, related to the acquisition of Southern Community Bank.



UNITED COMMUNITY BANKS, INC.

Financial Highlights

Credit Quality (1)

Second Quarter 2011

(in thousands)	-----		
	Non-performing Loans	Foreclosed Properties	Total NPAs
	-----	-----	-----
NPAs BY CATEGORY			
Commercial (sec. by RE)	\$ 17,764	\$ 6,796	\$ 24,560
Commercial construction	2,782	6,764	9,546
Commercial & industrial	1,998	-	1,998
	-----	-----	-----
Total commercial	22,544	13,560	36,104
Residential construction	22,643	24,968	47,611
Residential mortgage	24,809	9,056	33,865
Consumer / installment	1,069	-	1,069
	-----	-----	-----
Total NPAs	\$ 71,065	\$ 47,584	\$ 118,649
	=====	=====	=====
Balance as a % of			
Unpaid Principal	64.5%	32.6%	46.3%

NPAs BY MARKET

Atlanta MSA	\$ 14,700	\$ 11,239	\$ 25,939
-------------	-----------	-----------	-----------

Gainesville MSA	4,505	3,174	7,679
North Georgia	28,117	21,278	49,395
Western North Carolina	15,153	8,953	24,106
Coastal Georgia	5,357	2,564	7,921
East Tennessee	3,233	376	3,609
	-----	-----	-----
Total NPAs	\$ 71,065	\$ 47,584	\$ 118,649
	=====	=====	=====

NPA ACTIVITY

Beginning Balance	\$ 83,769	\$ 54,378	\$ 138,147
Loans placed on non-accrual	35,911	-	35,911
Payments received	(7,702)	-	(7,702)
Loan charge-offs	(18,888)	-	(18,888)
Foreclosures	(22,025)	22,025	-
Capitalized costs	-	20	20
Note / property sales	-	(28,939)	(28,939)
Loans held for sale	-	-	-
Write downs	-	(3,118)	(3,118)
Net losses on sales	-	3,218	3,218
	-----	-----	-----
Ending Balance	\$ 71,065	\$ 47,584	\$ 118,649
	=====	=====	=====

(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) The NPA activity shown for the first quarter of 2011 is presented with all activity related to loans transferred to the loans held for sale

classification on one line as if those loans were transferred to held for sale at the beginning of the period.

(3) Includes charge-offs on loans related to United's previously announced asset disposition plan. Such charge-offs severely distorted charge off rates for the first and second quarters of 2011. A separate schedule has been included in this earnings release presenting the components of net charge-offs by loan category and geographic market for the first and second quarters of 2011.

(4) North Carolina residential construction net charge-offs for the fourth quarter of 2010 exclude a \$11.8 million partial recovery of a 2007 fraud-related charge-off.

(5) Annualized.

UNITED COMMUNITY BANKS, INC.

Financial Highlights

Credit Quality (1)

First Quarter 2011 (2)

	-----		
	Non-performing	Foreclosed	Total
(in thousands)	Loans	Properties	NPAs
	-----	-----	-----

NPAs BY CATEGORY

Commercial (sec. by RE)	\$	20,648	\$	7,886	\$	28,534
-------------------------	----	--------	----	-------	----	--------

Commercial construction	3,701	11,568	15,269
Commercial & industrial	2,198	-	2,198
	-----	-----	-----
Total commercial	26,547	19,454	46,001
Residential construction	32,038	25,807	57,845
Residential mortgage	23,711	9,117	32,828
Consumer / installment	1,473	-	1,473
	-----	-----	-----
Total NPAs	\$ 83,769	\$ 54,378	\$ 138,147
	=====	=====	=====

Balance as a % of

Unpaid Principal	57.3%	30.3%	42.4%
------------------	-------	-------	-------

NPAs BY MARKET

Atlanta MSA	\$ 21,501	\$ 16,913	\$ 38,414
Gainesville MSA	4,332	2,157	6,489
North Georgia	30,214	23,094	53,308
Western North Carolina	18,849	7,802	26,651
Coastal Georgia	5,847	3,781	9,628
East Tennessee	3,026	631	3,657
	-----	-----	-----
Total NPAs	\$ 83,769	\$ 54,378	\$ 138,147
	=====	=====	=====

NPA ACTIVITY

Beginning Balance	\$ 179,094	\$ 142,208	\$ 321,302
Loans placed on non-accrual	54,730	-	54,730
Payments received	(3,550)	-	(3,550)
Loan charge-offs	(43,969)	-	(43,969)
Foreclosures	(17,052)	17,052	-

Capitalized costs	-	270	270
Note / property sales	(11,400)	(44,547)	(55,947)
Loans held for sale	(74,084)	-	(74,084)
Write downs	-	(48,585)	(48,585)
Net losses on sales	-	(12,020)	(12,020)
	-----	-----	-----
Ending Balance	\$ 83,769	\$ 54,378	\$ 138,147
	=====	=====	=====

(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) The NPA activity shown for the first quarter of 2011 is presented with all activity related to loans transferred to the loans held for sale classification on one line as if those loans were transferred to held for sale at the beginning of the period.

(3) Includes charge-offs on loans related to United's previously announced asset disposition plan. Such charge-offs severely distorted charge off rates for the first and second quarters of 2011. A separate schedule has been included in this earnings release presenting the components of net charge-offs by loan category and geographic market for the first and second quarters of 2011.

(4) North Carolina residential construction net charge-offs for the fourth quarter of 2010 exclude a \$11.8 million partial recovery of a 2007 fraud-related charge-off.

(5) Annualized.

UNITED COMMUNITY BANKS, INC.

Financial Highlights

Credit Quality (1)

Fourth Quarter 2010

(in thousands)	Non-performing	Foreclosed	Total
	Loans	Properties	NPAs
NPAs BY CATEGORY			
Commercial (sec. by RE)	\$ 44,927	\$ 23,659	\$ 68,586
Commercial construction	21,374	17,808	39,182
Commercial & industrial	5,611	-	5,611
Total commercial	71,912	41,467	113,379
Residential construction	54,505	78,231	132,736
Residential mortgage	51,083	22,510	73,593
Consumer / installment	1,594	-	1,594
Total NPAs	\$ 179,094	\$ 142,208	\$ 321,302

Balance as a % of

Unpaid Principal	67.2%	64.4%	65.9%
------------------	-------	-------	-------

NPAs BY MARKET

Atlanta MSA	\$ 48,289	\$ 41,154	\$ 89,443
Gainesville MSA	5,171	9,273	14,444

North Georgia	83,551	66,211	149,762
Western North Carolina	25,832	11,553	37,385
Coastal Georgia	11,145	11,901	23,046
East Tennessee	5,106	2,116	7,222
	-----	-----	-----
Total NPAs	\$ 179,094	\$ 142,208	\$ 321,302
	=====	=====	=====

NPA ACTIVITY

Beginning Balance	\$ 217,766	\$ 129,964	\$ 347,730
Loans placed on non-accrual	81,023	-	81,023
Payments received	(7,250)	-	(7,250)
Loan charge-offs	(47,913)	-	(47,913)
Foreclosures	(61,432)	61,432	-
Capitalized costs	-	170	170
Note / property sales	(3,100)	(33,509)	(36,609)
Loans held for sale	-	-	-
Write downs	-	(8,031)	(8,031)
Net losses on sales	-	(7,818)	(7,818)
	-----	-----	-----
Ending Balance	\$ 179,094	\$ 142,208	\$ 321,302
	=====	=====	=====

(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) The NPA activity shown for the first quarter of 2011 is presented with all activity related to loans transferred to the loans held for sale classification on one line as if those loans were transferred to held for

sale at the beginning of the period.

(3) Includes charge-offs on loans related to United's previously announced asset disposition plan. Such charge-offs severely distorted charge off rates for the first and second quarters of 2011. A separate schedule has been included in this earnings release presenting the components of net charge-offs by loan category and geographic market for the first and second quarters of 2011.

(4) North Carolina residential construction net charge-offs for the fourth quarter of 2010 exclude a \$11.8 million partial recovery of a 2007 fraud-related charge-off.

(5) Annualized.

UNITED COMMUNITY BANKS, INC.

Financial Highlights

Credit Quality(1)

	Second Quarter		First Quarter		Fourth Quarter	
	2011 (3)		2011 (3)		2010 (4)	
	-----		-----		-----	
	Net		Net		Net	
	Charge-		Charge-		Charge-	
	Net	Offs to	Net	Offs to	Net	Offs to
	Charge-	Average	Charge-	Average	Charge-	Average
(in thousands)	Offs	Loans(5)	Offs	Loans(5)	Offs	Loans(5)
	-----		-----		-----	



NET CHARGE-OFFS BY

CATEGORY

Commercial (sec.

by RE)           \$   3,259           .76%   \$ 48,607       11.07%   \$   6,493       1.45%

Commercial

construction           869       1.70       49,715       76.95       3,924       5.12

Commercial &

industrial           523       .49       4,040       3.64       2,891       2.54

-----

Total

commercial           4,651       .79       102,362       16.66       13,308       2.09

Residential

construction           6,629       5.04       92,138       58.20       24,497       13.28

Residential

mortgage           4,589       1.55       36,383       11.62       9,176       2.80

Consumer /

installment           614       2.04       691       2.16       687       2.06

-----

Total           \$ 16,483       1.58   \$ 231,574       20.71   \$ 47,668       4.03

=====

NET CHARGE-OFFS BY MARKET

Atlanta MSA       \$   2,920           .99%   \$ 56,489       17.86%   \$ 15,222       4.48%

Gainesville MSA       2,318       3.36       8,616       11.93       3,434       4.37

North Georgia       6,575       1.72       123,305       29.66       18,537       4.26

Western North

Carolina           3,522       2.21       26,447       15.61       5,154       2.87

Coastal Georgia       815       1.02       12,003       14.80       3,670       4.27

East Tennessee       333       .54       4,714       7.47       1,651       2.53

-----

Total	\$ 16,483	1.58	\$ 231,574	20.71	\$ 47,668	4.03
	=====		=====		=====	

(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) The NPA activity shown for the first quarter of 2011 is presented with all activity related to loans transferred to the loans held for sale classification on one line as if those loans were transferred to held for sale at the beginning of the period.

(3) Includes charge-offs on loans related to United's previously announced asset disposition plan. Such charge-offs severely distorted charge off rates for the first and second quarters of 2011. A separate schedule has been included in this earnings release presenting the components of net charge-offs by loan category and geographic market for the first and second quarters of 2011.

(4) North Carolina residential construction net charge-offs for the fourth quarter of 2010 exclude a \$11.8 million partial recovery of a 2007 fraud-related charge-off.

(5) Annualized.

UNITED COMMUNITY BANKS, INC.

Financial Highlights

Net Charge-Off Summary(1)

-----  
 Second Quarter 2011  
 -----

	Problem Asset Disposition		
(in thousands)	Other	Plan	Total
-----			
BY CATEGORY			
Commercial (sec. by RE)	\$ 4,972	\$ (1,713)	\$ 3,259
Commercial construction	2,201	(1,332)	869
Commercial & industrial	639	(116)	523
-----			
Total commercial	7,812	(3,161)	4,651
Residential construction	9,471	(2,842)	6,629
Residential mortgage	5,844	(1,255)	4,589
Consumer / installment	625	(11)	614
-----			
Total	\$ 23,752	\$ (7,269)	\$ 16,483
=====			

BY MARKET

Atlanta MSA	\$ 4,875	\$ (1,955)	\$ 2,920
Gainesville MSA	2,576	(258)	2,318
North Georgia	10,360	(3,785)	6,575
Western North Carolina	4,263	(741)	3,522
Coastal Georgia	1,206	(391)	815
East Tennessee	472	(139)	333
-----			

Total	\$	23,752	\$	(7,269)	\$	16,483
-------	----	--------	----	---------	----	--------

=====

(1) This schedule presents net charge-offs by loan type and geographic market separated between those charge offs related to United's first quarter 2011 Problem Asset Disposition Plan including losses on loans sold in the bulk loan sale transaction that closed on April 18, 2011 and all other charge-offs. The charge-offs on the bulk loan sale recognized in the first quarter were estimated based on indicative bids from prospective buyers. Actual losses were less than estimated resulting in an adjustment to the loss in the second quarter.

UNITED COMMUNITY BANKS, INC.

Financial Highlights

Net Charge-Off Summary(1)

-----  
 First Quarter 2011  
 -----

Problem Asset  
 Disposition

(in thousands)	Other	Plan	Total
----------------	-------	------	-------

-----

BY CATEGORY

Commercial (sec. by RE)	\$	2,842	\$	45,765	\$	48,607
Commercial construction		1,146		48,569		49,715

Commercial & industrial	513	3,527	4,040
-----			
Total commercial	4,501	97,861	102,362
Residential construction	10,643	81,495	92,138
Residential mortgage	4,989	31,394	36,383
Consumer / installment	383	308	691
-----			
Total	\$ 20,516	\$ 211,058	\$ 231,574
=====			

BY MARKET

Atlanta MSA	\$ 3,296	\$ 53,193	\$ 56,489
Gainesville MSA	954	7,662	8,616
North Georgia	8,544	114,761	123,305
Western North Carolina	6,749	19,698	26,447
Coastal Georgia	341	11,662	12,003
East Tennessee	632	4,082	4,714
-----			
Total	\$ 20,516	\$ 211,058	\$ 231,574
=====			

(1) This schedule presents net charge-offs by loan type and geographic market separated between those charge offs related to United's first quarter 2011 Problem Asset Disposition Plan including losses on loans sold in the bulk loan sale transaction that closed on April 18, 2011 and all other charge-offs. The charge-offs on the bulk loan sale recognized in the first quarter were estimated based on indicative bids from prospective buyers. Actual losses were less than estimated resulting in an adjustment to the loss in the second quarter.

UNITED COMMUNITY BANKS, INC.

Financial Highlights

Net Charge-Off Summary(1)

-----  
 First Six Months 2011  
 -----

Problem Asset

Disposition

(in thousands)	Other	Plan	Total
-----			
BY CATEGORY			
Commercial (sec. by RE)	\$ 7,814	\$ 44,052	\$ 51,866
Commercial construction	3,347	47,237	50,584
Commercial & industrial	1,152	3,411	4,563
-----			
Total commercial	12,313	94,700	107,013
Residential construction	20,114	78,653	98,767
Residential mortgage	10,833	30,139	40,972
Consumer / installment	1,008	297	1,305
-----			
Total	\$ 44,268	\$ 203,789	\$ 248,057
=====			

BY MARKET

Atlanta MSA	\$ 8,171	\$ 51,238	\$ 59,409
Gainesville MSA	3,530	7,404	10,934

North Georgia	18,904	110,976	129,880
Western North Carolina	11,012	18,957	29,969
Coastal Georgia	1,547	11,271	12,818
East Tennessee	1,104	3,943	5,047
-----			
Total	\$ 44,268	\$ 203,789	\$ 248,057
=====			

(1) This schedule presents net charge-offs by loan type and geographic market separated between those charge offs related to United's first quarter 2011 Problem Asset Disposition Plan including losses on loans sold in the bulk loan sale transaction that closed on April 18, 2011 and all other charge-offs. The charge-offs on the bulk loan sale recognized in the first quarter were estimated based on indicative bids from prospective buyers. Actual losses were less than estimated resulting in an adjustment to the loss in the second quarter.

UNITED COMMUNITY BANKS, INC.

Consolidated Statement of Operations (Unaudited)

-----		
	Three Months Ended	
	June 30,	
	-----	
(in thousands, except per share data)	2011	2010
-----		

Interest revenue:

Loans, including fees	\$	60,958	\$	70,611
Investment securities, including tax exempt of \$251, \$295, \$510 and \$606		14,792		15,829
Federal funds sold, commercial paper and deposits in banks		752		759
		-----		-----
Total interest revenue		76,502		87,199
		-----		-----

Interest expense:

Deposits:

NOW		1,036		1,745
Money market		1,499		1,829
Savings		64		83
Time		10,995		17,718
		-----		-----
Total deposit interest expense		13,594		21,375
Federal funds purchased, repurchase agreements and other short-term borrowings		1,074		1,056
Federal Home Loan Bank advances		570		974
Long-term debt		2,747		2,667
		-----		-----
Total interest expense		17,985		26,072
		-----		-----
Net interest revenue		58,517		61,127
Provision for loan losses		11,000		61,500
		-----		-----
Net interest revenue after provision for loan losses		47,517		(373)
		-----		-----



Fee revenue:

Service charges and fees	7,608	7,993
Mortgage loan and other related fees	952	1,601
Brokerage fees	691	586
Securities gains, net	783	-
Loss from prepayment of debt	(791)	-
Other	4,662	1,399
	-----	-----
Total fee revenue	13,905	11,579
	-----	-----
Total revenue	61,422	11,206
	-----	-----

Operating expenses:

Salaries and employee benefits	26,436	23,590
Communications and equipment	3,378	3,511
Occupancy	3,805	3,836
Advertising and public relations	1,317	1,352
Postage, printing and supplies	1,085	765
Professional fees	2,350	2,178
Foreclosed property	1,891	14,540
FDIC assessments and other regulatory charges	3,644	3,566
Amortization of intangibles	760	794
Other	4,062	4,176
Loss on sale of nonperforming assets	-	45,349
	-----	-----
Total operating expenses	48,728	103,657
	-----	-----

Income (loss) from continuing operations

before income taxes	12,694	(92,451)
Income tax expense (benefit)	5,077	(32,919)
	-----	-----
Net income (loss) from continuing operations	7,617	(59,532)
Loss from discontinued operations, net of income taxes	-	-
Gain from sale of subsidiary, net of income taxes and selling costs	-	-
	-----	-----
Net income (loss)	7,617	(59,532)
Preferred stock dividends and discount accretion	3,016	2,577
	-----	-----
Net income (loss) available to common shareholders	\$ 4,601	\$ (62,109)
	=====	=====
Earnings (loss) from continuing operations per common share - Basic	\$ .18	\$ (3.29)
Earnings (loss) from continuing operations per common share - Diluted	.08	(3.29)
Earnings (loss) per common share - Basic	.18	(3.29)
Earnings (loss) per common share - Diluted	.08	(3.29)
Weighted average common shares outstanding - Basic	25,427	18,905
Weighted average common shares outstanding - Diluted	57,543	18,905

UNITED COMMUNITY BANKS, INC.

Consolidated Statement of Operations (Unaudited)

	Six Months Ended	
	June 30,	
(in thousands, except per share data)	2011	2010
<b>Interest revenue:</b>		
Loans, including fees	\$ 122,065	\$ 142,826
Investment securities, including tax exempt of \$251, \$295, \$510 and \$606	28,396	32,032
Federal funds sold, commercial paper and deposits in banks	1,571	1,697
	-----	-----
Total interest revenue	152,032	176,555
	-----	-----
<b>Interest expense:</b>		
<b>Deposits:</b>		
NOW	2,360	3,599
Money market	3,527	3,586
Savings	141	167
Time	22,727	37,916
	-----	-----
Total deposit interest expense	28,755	45,268
Federal funds purchased, repurchase agreements and other short-term borrowings	2,116	2,094

Federal Home Loan Bank advances	1,160	1,951
Long-term debt	5,527	5,329
	-----	-----
Total interest expense	37,558	54,642
	-----	-----
Net interest revenue	114,474	121,913
Provision for loan losses	201,000	136,500
	-----	-----
Net interest revenue after provision for loan losses	(86,526)	(14,587)
	-----	-----

Fee revenue:

Service charges and fees	14,328	15,440
Mortgage loan and other related fees	2,446	3,080
Brokerage fees	1,368	1,153
Securities gains, net	838	61
Loss from prepayment of debt	(791)	-
Other	7,554	3,511
	-----	-----
Total fee revenue	25,743	23,245
	-----	-----
Total revenue	(60,783)	8,658
	-----	-----

Operating expenses:

Salaries and employee benefits	51,360	47,950
Communications and equipment	6,722	6,784
Occupancy	7,879	7,650
Advertising and public relations	2,295	2,395
Postage, printing and supplies	2,203	1,990

Professional fees	5,680	4,121
Foreclosed property	66,790	25,353
FDIC assessments and other regulatory charges	9,057	7,192
Amortization of intangibles	1,522	1,596
Other	10,491	8,097
Loss on sale of nonperforming assets	-	45,349
	-----	-----
Total operating expenses	163,999	158,477
	-----	-----
Income (loss) from continuing operations before income taxes	(224,782)	(149,819)
Income tax expense (benefit)	(89,913)	(55,829)
	-----	-----
Net income (loss) from continuing operations	(134,869)	(93,990)
Loss from discontinued operations, net of income taxes	-	(101)
Gain from sale of subsidiary, net of income taxes and selling costs	-	1,266
	-----	-----
Net income (loss)	(134,869)	(92,825)
Preferred stock dividends and discount accretion	5,794	5,149
	-----	-----
Net income (loss) available to common shareholders	\$ (140,663)	\$ (97,974)
	=====	=====
Earnings (loss) from continuing operations per common share - Basic	\$ (6.40)	\$ (5.25)

Earnings (loss) from continuing operations per common share - Diluted	(6.40)	(5.25)
Earnings (loss) per common share - Basic	(6.40)	(5.19)
Earnings (loss) per common share - Diluted	(6.40)	(5.19)
Weighted average common shares outstanding - Basic	21,965	18,891
Weighted average common shares outstanding - Diluted	21,965	18,891

UNITED COMMUNITY BANKS, INC.

Consolidated Balance Sheet

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(in thousands, except share and per share data)	December 31,		
	June 30, 2011	2010	June 30, 2010
	(unaudited)	(audited)	(unaudited)
ASSETS			
Cash and due from banks	\$ 163,331	\$ 95,994	\$ 115,088
Interest-bearing deposits in banks	41,863	111,901	105,183
Federal funds sold, commercial paper and short- term investments	174,996	441,562	148,227
	-----	-----	-----
Cash and cash equivalents	380,190	649,457	368,498
Securities available for sale	1,816,613	1,224,417	1,165,776
Securities held to maturity			

(fair value \$379,231, 267,988 and \$327,497)	371,578	265,807	322,148
Mortgage loans held for sale	19,406	35,908	22,705
Loans, net of unearned income	4,163,447	4,604,126	4,873,030
Less allowance for loan losses	127,638	174,695	174,111
	-----	-----	-----
Loans, net	4,035,809	4,429,431	4,698,919
Assets covered by loss sharing agreements with the FDIC	95,726	131,887	156,611
Premises and equipment, net	178,208	178,239	180,125
Accrued interest receivable	21,291	24,299	29,650
Goodwill and other intangible assets	9,922	11,446	223,600
Foreclosed property	47,584	142,208	123,910
Net deferred tax asset	261,268	166,937	111,485
Other assets	172,074	183,160	249,057
	-----	-----	-----
Total assets	\$ 7,409,669	\$ 7,443,196	\$ 7,652,484
	=====	=====	=====

LIABILITIES AND SHAREHOLDERS'

EQUITY

Liabilities:

Deposits:

Demand	\$ 899,017	\$ 793,414	\$ 779,934
NOW	1,306,109	1,424,781	1,326,861
Money market	989,600	891,252	756,370
Savings	197,927	183,894	185,176

Time:

Less than \$100,000	1,508,444	1,496,700	1,575,211
---------------------	-----------	-----------	-----------

Greater than \$100,000	981,154	1,002,359	1,093,975
Brokered	300,964	676,772	611,985
	-----	-----	-----
Total deposits	6,183,215	6,469,172	6,329,512
Federal funds purchased, repurchase agreements, and other short-term borrowings	103,666	101,067	104,127
Federal Home Loan Bank advances	40,625	55,125	104,138
Long-term debt	150,186	150,146	150,106
Unsettled securities purchases	35,634	-	20,941
Accrued expenses and other liabilities	36,368	32,171	39,243
	-----	-----	-----
Total liabilities	6,549,694	6,807,681	6,748,067
	-----	-----	-----

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	176,392	175,711	175,050
Series D; \$1,000 stated value; 16,613 shares issued and outstanding	16,613	-	-
Common stock, \$1 par value;			



100,000,000 shares			
authorized; 41,554,874,			
18,937,001 and 18,856,185			
shares issued and			
outstanding	41,555	18,937	18,856
Common stock, non-voting, \$1			
par value; 30,000,000 shares			
authorized; 15,914,209			
shares issued and			
outstanding	15,914	-	-
Common stock issuable;			
83,575, 67,287 and 56,954			
shares	3,574	3,894	3,898
Capital surplus	1,051,607	741,244	739,261
Accumulated deficit	(476,230)	(335,567)	(77,590)
Accumulated other			
comprehensive income	30,333	31,079	44,725
	-----	-----	-----
Total shareholders' equity	859,975	635,515	904,417
	-----	-----	-----
Total liabilities and			
shareholders' equity	\$ 7,409,669	\$ 7,443,196	\$ 7,652,484
	=====	=====	=====

UNITED COMMUNITY BANKS, INC.

Average Consolidated Balance Sheets and Net Interest Analysis

For the Three Months Ended June 30,

	2011		
	Average		Avg.
(dollars in thousands, taxable equivalent)	Balance	Interest	Rate
<b>Assets:</b>			
<b>Interest-earning assets:</b>			
Loans, net of unearned income (1)(2)	\$4,266,211	\$ 60,958	5.73%
Taxable securities (3)	2,048,683	14,541	2.84
Tax-exempt securities (1)(3)	25,044	411	6.56
Federal funds sold and other interest-earning assets	583,832	1,021	.70
<b>Total interest-earning assets</b>	<b>6,923,770</b>	<b>76,931</b>	<b>4.45</b>
<b>Non-interest-earning assets:</b>			
Allowance for loan losses	(139,744)		
Cash and due from banks	119,801		
Premises and equipment	178,949		
Other assets (3)	540,943		
<b>Total assets</b>	<b>\$7,623,719</b>		
=====			
<b>Liabilities and Shareholders' Equity:</b>			
<b>Interest-bearing liabilities:</b>			
<b>Interest-bearing deposits:</b>			
NOW	\$1,310,441	1,036	.32
Money market	979,432	1,499	.61

Savings	195,946	64	.13
Time less than \$100,000	1,541,909	4,990	1.30
Time greater than \$100,000	988,810	3,873	1.57
Brokered	473,161	2,132	1.81
	-----	-----	
Total interest-bearing deposits	5,489,699	13,594	.99
	-----	-----	
Federal funds purchased and other borrowings	103,156	1,074	4.18
Federal Home Loan Bank advances	52,735	570	4.34
Long-term debt	150,178	2,747	7.34
	-----	-----	
Total borrowed funds	306,069	4,391	5.75
	-----	-----	
Total interest-bearing liabilities	5,795,768	17,985	1.24
		-----	
Non-interest-bearing liabilities:			
Non-interest-bearing deposits	882,151		
Other liabilities	91,353		
	-----		
Total liabilities	6,769,272		
Shareholders' equity	854,447		
	-----		
Total liabilities and shareholders' equity	\$7,623,719		
	=====		
Net interest revenue		\$ 58,946	
		=====	

Net interest-rate spread 3.21%

=====

Net interest margin(4) 3.41%

=====

(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 \$32.2 million in 2011 and \$43.6 million in 2010 are included in other assets for purposes of this presentation.

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

UNITED COMMUNITY BANKS, INC.

Average Consolidated Balance Sheets and Net Interest Analysis

For the Three Months Ended June 30,

-----

	2010		
	Average	Interest	Avg.
(dollars in thousands, taxable equivalent)	Balance	Interest	Rate

-----

-----  
Assets:

Interest-earning assets:

Loans, net of unearned income (1)(2)	\$5,010,937	\$ 70,640	5.65%
Taxable securities (3)	1,503,162	15,534	4.13
Tax-exempt securities (1)(3)	28,920	482	6.67
Federal funds sold and other interest- earning assets	311,475	1,043	1.34

Total interest-earning assets	6,854,494	87,699	5.13
-------------------------------	-----------	--------	------

Non-interest-earning assets:

Allowance for loan losses	(193,998)		
Cash and due from banks	100,931		
Premises and equipment	181,064		
Other assets (3)	761,803		

Total assets	\$7,704,294		
--------------	-------------	--	--

=====

Liabilities and Shareholders' Equity:

Interest-bearing liabilities:

Interest-bearing deposits:

NOW	\$1,325,099	1,745	.53
Money market	746,039	1,829	.98
Savings	186,628	83	.18
Time less than \$100,000	1,605,308	7,887	1.97
Time greater than \$100,000	1,110,010	6,102	2.20
Brokered	642,954	3,729	2.33

Total interest-bearing deposits	5,616,038	21,375	1.53
	-----	-----	
Federal funds purchased and other borrowings	104,637	1,056	4.05
Federal Home Loan Bank advances	107,948	974	3.62
Long-term debt	150,097	2,667	7.13
	-----	-----	
Total borrowed funds	362,682	4,697	5.19
	-----	-----	
Total interest-bearing liabilities	5,978,720	26,072	1.75
		-----	
Non-interest-bearing liabilities:			
Non-interest-bearing deposits	758,558		
Other liabilities	54,931		
	-----		
Total liabilities	6,792,209		
Shareholders' equity	912,085		
	-----		
Total liabilities and shareholders' equity	\$7,704,294		
	=====		
Net interest revenue		\$ 61,627	
		=====	
Net interest-rate spread			3.38%
			=====
Net interest margin(4)			3.60%
			=====

- (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 \$32.2 million in 2011 and \$43.6 million in 2010 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,

	2011		
	Average	Interest	Avg.
(dollars in thousands, taxable equivalent)	Balance	Interest	Rate
Assets:			
Interest-earning assets:			
Loans, net of unearned income (1)(2)	\$4,431,617	\$ 122,028	5.55%
Taxable securities (3)	1,825,322	27,886	3.06

Tax-exempt securities (1)(3)	25,434	835	6.57
Federal funds sold and other interest- earning assets	630,384	2,147	.68
	-----	-----	
Total interest-earning assets	6,912,757	152,896	4.45
	-----	-----	
Non-interest-earning assets:			
Allowance for loan losses	(154,347)		
Cash and due from banks	127,031		
Premises and equipment	179,150		
Other assets (3)	544,625		
	-----		
Total assets	\$7,609,216		
	=====		
Liabilities and Shareholders' Equity:			
Interest-bearing liabilities:			
Interest-bearing deposits:			
NOW	\$1,341,618	2,360	.35
Money market	954,128	3,527	.75
Savings	191,708	141	.15
Time less than \$100,000	1,541,130	10,441	1.37
Time greater than \$100,000	989,840	8,024	1.63
Brokered	585,103	4,262	1.47
	-----	-----	
Total interest-bearing deposits	5,603,527	28,755	1.03
	-----	-----	
Federal funds purchased and other borrowings	102,132	2,116	4.18



Federal Home Loan Bank advances	53,923	1,160	4.34
Long-term debt	150,169	5,527	7.42
	-----	-----	
Total borrowed funds	306,224	8,803	5.80
	-----	-----	
Total interest-bearing liabilities	5,909,751	37,558	1.28
		-----	
Non-interest-bearing liabilities:			
Non-interest-bearing deposits	861,864		
Other liabilities	75,083		
	-----		
Total liabilities	6,846,698		
Shareholders' equity	762,518		
	-----		
Total liabilities and shareholders'			
equity	\$7,609,216		
	=====		
Net interest revenue		\$ 115,338	
		=====	
Net interest-rate spread			3.17%
			=====
Net interest margin(4)			3.36%
			=====

(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 \$29.7 million in 2011 and \$43.4 million in 2010 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,

	2010		
	Average	Avg.	
(dollars in thousands, taxable equivalent)	Balance	Interest	Rate
<b>Assets:</b>			
<b>Interest-earning assets:</b>			
Loans, net of unearned income (1)(2)	\$ 5,091,445	\$ 142,859	5.66%
Taxable securities (3)	1,495,447	31,426	4.20
Tax-exempt securities (1)(3)	29,482	991	6.72
Federal funds sold and other interest-earning assets	352,683	2,272	1.29

Total interest-earning assets	6,969,057	177,548	5.13
	-----	-----	
Non-interest-earning assets:			
Allowance for loan losses	(190,662)		
Cash and due from banks	102,728		
Premises and equipment	181,493		
Other assets (3)	762,014		
	-----		
Total assets	\$ 7,824,630		
	=====		
Liabilities and Shareholders' Equity:			
Interest-bearing liabilities:			
Interest-bearing deposits:			
NOW	\$ 1,343,297	3,599	.54
Money market	734,817	3,586	.98
Savings	183,555	167	.18
Time less than \$100,000	1,648,739	16,778	2.05
Time greater than \$100,000	1,132,767	12,872	2.29
Brokered	689,717	8,266	2.42
	-----	-----	
Total interest-bearing deposits	5,732,892	45,268	1.59
	-----	-----	
Federal funds purchased and other			
borrowings	103,355	2,094	4.09
Federal Home Loan Bank advances	111,150	1,951	3.54
Long-term debt	150,088	5,329	7.16
	-----	-----	
Total borrowed funds	364,593	9,374	5.18
	-----	-----	

Total interest-bearing liabilities	6,097,485	54,642	1.81
		-----	
Non-interest-bearing liabilities:			
Non-interest-bearing deposits	738,876		
Other liabilities	59,605		
		-----	
Total liabilities	6,895,966		
Shareholders' equity	928,664		
		-----	
Total liabilities and shareholders' equity	\$ 7,824,630		
		=====	
Net interest revenue	\$ 122,906		
		=====	
Net interest-rate spread			3.32%
			=====
Net interest margin(4)			3.55%
			=====

(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 \$29.7 million in 2011 and \$43.4 million in 2010 are

included in other assets for purposes of this presentation.

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

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