




**Strong Bank. Strong Service. Strong Future.**



“...I am firmly convinced that not only  
are we a strong bank with strong service,  
we also have a bright and strong future.”

— Jimmy Tallent

## Financial Highlights

(in millions, except per share data)

	2009	2008
<b>Core Earnings Summary</b>		
Net interest revenue	\$ 245.2	\$ 238.7
Core fee revenue	55.3	54.5
Core operating expenses	<u>189.9</u>	<u>185.6</u>
<b>Core earnings (pre-tax, pre-credit)</b>	<b>110.6</b>	<b>107.6</b>
Provision for loan losses	(310.0)	(184.0)
Foreclosed property costs	(32.3)	(19.1)
FDIC special assessment	(3.8)	-
Bank-owned life insurance adjustments	2.0	(2.0)
Securities gains (losses), net	2.8	1.3
Loss on prepayment of borrowings	-	(2.7)
Gain on sale of low-income housing tax credits	0.7	-
Income tax benefit	<u>91.4</u>	<u>35.4</u>
<b>Net operating loss</b>	<b>(138.6)</b>	<b>(63.5)</b>
Gain from acquisition	7.1	-
Non-cash goodwill impairment charge	(95.0)	-
Severance cost	<u>(1.8)</u>	<u>-</u>
Net loss	(228.3)	(63.5)
Preferred dividends and discount accretion	<u>(10.2)</u>	<u>(0.7)</u>
Net loss available to common shareholders	<u>\$ (238.5)</u>	<u>\$ (64.2)</u>
<b>Per Common Share</b>		
Diluted operating loss	\$ (2.47)	\$ (1.35)
Diluted loss	(3.95)	(1.35)
Book value	8.36	16.95
Tangible book value	6.02	10.39
<b>Performance Measures</b>		
Net interest margin	3.29 %	3.18 %
Allowance for loan losses to loans	3.02	2.14
Tangible common equity to assets (year-end)	7.30	6.05
Tier 1 risk-based capital ratio (year-end)	12.41	11.21
<b>As of Year-End</b>		
Loans	\$ 5,151.5	\$ 5,704.9
Investment securities	1,530.0	1,617.2
Total assets	7,999.9	8,591.9
Deposits	6,627.8	7,003.6
Shareholders' equity	962.3	989.4
Common shares outstanding (thousands)	94,046	48,009
Shareholders	17,500	15,100
Employees	1,858	1,994
Banking offices	107	107



Jimmy Tallent  
President / Chief Executive Officer

S  
E  
E  
R  
V  
I  
C  
E

## Letter to Shareholders

Dear Shareholder,

I begin this year's letter and annual report with a heavy heart. In December, we lost a great man, strong leader and respected business person, Bill Bennett. Bill was a member of our board of directors, but more importantly he was a good friend – both to me and to the bank. He also was a friend to you whether you knew him or not, because he always acted with the best interest of our shareholders at heart. I will miss Bill as will we all, and I dedicate this year's report to his memory.

To the surprise of no one, 2009 was economically challenging. To the surprise of many, however, the year was arguably more difficult than any since the 1930s. The anticipated economic equivalent of a 100-year flood turned out to be a 500-year flood, and the waters have been slow to recede. As I write this, unemployment is at 10 percent, business activity is sluggish and real estate values continue to decline.

That is not a happy picture but please keep reading because there is more to the story.

You already know about the economic environment and its impact during 2009. You also know that in the case of United Community Bank, resolving problem assets was and continues to be a major and important focus, especially in residential construction and development. Our approach has been to address the problems aggressively while obtaining the best possible outcomes, and we have made significant progress as I will share below.

Let me be clear: By no means have these problems been our only focus. The credit and workout specialists dedicated to these issues are talented and experienced – but only a small fraction of our 1,858-person workforce. Ninety-five percent of our people have been focused on strengthening the company's underlying earnings power and they, too, have made significant progress.

In last year's letter I described our major 2009 strategic initiatives as restoring our net interest margin, growing core transaction deposits, operating more efficiently, and growing relationships with small businesses and other commercial enterprises. Here are the results: During 2009, we increased our net interest margin by a very significant 70 basis points from its low in the fourth quarter of 2008; we grew core deposits by more than \$200 million and we added new loans of \$273 million. I will review these successes, how they were achieved and what they mean to our future.

## Aggressively Resolving Problem Assets

Any frank review of 2009 must begin with the bottom line, and there is no way to overstate the disappointment of our operating loss. The driving forces were higher loan loss provisions and foreclosed property costs, primarily related to residential construction and development lending. For the past 18 months this sector has suffered a downturn more accurately described as a depression, and this has impacted us to one degree or another throughout our footprint.

As I mentioned in last year's letter, we can't completely blame the economy; the buck stops with me.

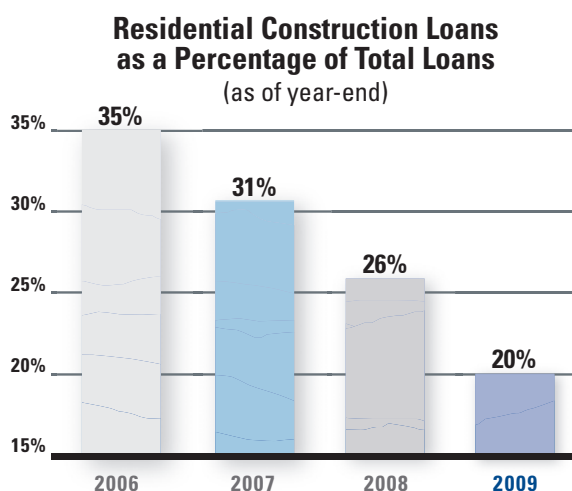
For decades we lent successfully to well-qualified developers who built homes for the region's

rapidly growing population. United's Georgia markets grew by 21 percent from 2000 to 2009, compared to the national average of 10 percent. Our North Carolina and Tennessee markets grew by 16 percent and 11 percent, respectively.

Through the years we closely monitored housing price stability and supply-and-demand equilibrium in these markets, and we were satisfied with the trends. But in 2006 we recognized that our concentration in residential construction had risen to 35 percent of our \$5.4 billion in outstanding loans. This was higher than we wanted it to be, and so we went about the business of reducing it. We had reduced this concentration to 26 percent by the end of 2008, which was the year that the economy suffered an extremely deep downturn. Customers we've known for years lost their jobs, businesses and homes, and our bankers have witnessed this suffering up close. The impact on United has been substantial loan losses and the redirection of revenues from the bottom line to our loan loss reserve.

We have been diligently working through these problems. Throughout 2009 we significantly decreased our residential construction loans from \$1.5 billion to \$1 billion, or to 20 percent of the portfolio compared to the 26 percent a year earlier (*see chart below*). One billion dollars is still considerable in what has been a troubled sector and we anticipate additional losses, but we appear to be at, or very near, the peak of our credit challenges. Non-performing assets declined in the fourth quarter of 2009, and the market for foreclosed properties has continued to improve. While these trends are encouraging, I will add that any near-term optimism is of the cautious variety as there are hurdles still to be crossed in this economy.

In other major lending sectors, our \$1.4 billion



residential mortgage portfolio has been impacted by unemployment but continues to perform relatively well. The same is true for our \$2.5 billion commercial loan portfolio, which we continue to review regularly in this environment. Our commercial real estate lending is more

diversified; therefore, our exposure is more limited. More than half of the commercial properties within our portfolio are owner-occupied, the mix of property types is diverse and the average loan balance is modest.

So what have we learned from our lending experience over the past few years? How can we make sure we don't find ourselves in the same situation down the road? I want to assure you that, led by David Shearrow and his team of experienced lending experts, we have taken painstaking effort to overhaul our risk management processes and procedures. As part of this process we have diversified our portfolio by loan type, business sector and geography. David provides an overview of these safeguards and our overall risk management activity on page 4.

*Continued on page 5.*

David P. Shearrow  
Executive Vice President / Chief Risk Officer



# RESOLVE

The 2009 credit environment will be remembered as one of the most challenging in our country's history. Turmoil in the financial markets, unemployment and a severely depressed real estate sector all contributed to a very difficult banking landscape. The economic storm impacted financial institutions across the country, and severely affected the credit metrics of United Community Bank.

As our customers struggled, we struggled. Increased payment delinquency and defaults led to increased foreclosures and, ultimately, to increased losses. Fortunately, most of these challenges were contained within our residential construction portfolio, particularly in metropolitan Atlanta. Stress did increase in our other portfolios, but the rate of default and losses outside of residential construction were much lower.

Working successfully through the credit challenges continues to be a chief area of focus. Our goal is to obtain the best economic outcomes for United by identifying potential problems early, developing resolution strategies quickly and thoroughly, and executing these strategies resolutely. Our entire senior management team is engaged in this process and is committed to working through the credit cycle as efficiently and expeditiously as possible.

To identify potential problems early, we continuously review our loan portfolio and carefully assess its different categories and segments. We evaluate in detail the status of each credit along with economic and industry trends, market dynamics and ownership capacity. When we identify customers who are committed to meeting their obligations but are struggling or potentially having difficulty repaying their loans, we reach out to them. We work closely together to find creative solutions that enable them to continue making payments and return to a more stable financial position, and that also protect the bank's interests.

When a creative workout plan is not possible, which regrettably is too often the case in today's economic environment, foreclosure and guarantor recourse are the necessary next steps. The complexities of foreclosure, bankruptcy and asset disposition require technical expertise and savvy. Recognizing this, we have built an experienced team of seasoned bankers and real estate professionals who, in my opinion, are among the best in the industry. Applying their multiple areas of expertise, they quickly and wisely determine how best to handle each individual case. In this way we are able to make well-educated decisions so that at all times we can attain the best economic result for United.

In the event of foreclosure, we complete an extensive market analysis and develop a disposition strategy tailored to each lot, house or land development. Once we have determined a course of action on a credit and move to the disposition phase, our highly focused sales management process takes over. We use multiple channels to market properties, including direct outreach to potential investors, a website featuring bank-owned properties, a network of local realtors, and employee referrals. Using this disciplined approach, United successfully sold more than \$166 million of foreclosed real estate in 2009.

In an effort to enhance our risk management to protect United against another severe recession in the future, we have been continuously enhancing many policies and procedures. We have established portfolio limits that restrict exposures to specific loan types in order to maintain healthy diversification that can be adjusted as markets change. New loan policies have been crafted to address the nuances of lending to various sectors and property types. Detailed management reviews of all credits – good and bad – occur on a frequent basis. A credit newsletter is published quarterly to provide communication and training to our bankers. Several "red flag" reports are monitored to highlight areas early that may be the source of future problems before they become real problems. With these policies and procedures, along with good old-fashioned banker-to-banker counsel, we are enhancing our credit culture and preparing for the challenges ahead.

As we enter 2010, I am encouraged by several items:

- *Delinquencies, non-performing assets, net charge-offs and classified loans declined as we finished 2009. Such decreases can be the first indicators of a potential turn in credit;*
- *Our aggressive and disciplined approach to problem resolution remains intact; and,*
- *The bankers and real estate professionals who have taken us this far in resolving problem credits remain in the field and are committed to United's successful emergence to better economic times.*

The lessons of 2009 will not be forgotten and challenges remain in the year ahead. Nevertheless, I remain confident that United has the team, the process, the capital, and, most importantly, the resolve to manage through our remaining credit issues.

I look forward to a return to the profitable results our shareholders expect and deserve.

Continued from page 3.

### Preserving and Enhancing Capital

Our strong capital base is an important advantage as we resolve problem assets and pursue opportunities that may lie ahead. We fortified our balance sheet significantly at the end of September with a public offering of \$222.5 million in common stock. At year-end our capital ratios were very solid relative to our peer group and regulatory guidelines (see chart below). You may have heard news reports about a “stress test” to evaluate the capital strength of individual banks under a range of economic circumstances. Even when subjected to the test’s harshest imagined business environment, United passes with a “well-capitalized” rating, well above regulatory standards.

You will recall that in 2008 the U.S. Treasury introduced its Capital Purchase Program (commonly referred to as TARP) to inject capital quickly into selected banks across the country, and that we issued \$180 million in preferred stock to the Treasury under this program. We intend to buy back these shares after the economy improves. In the meantime this form of capital continues to be useful and cost-efficient.

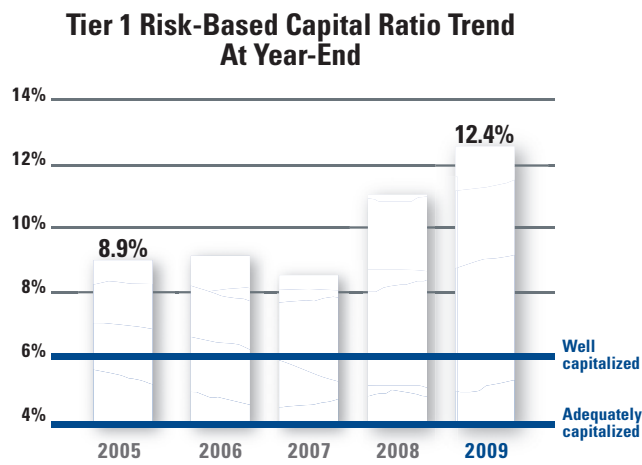
### Beyond the Headlines

Our negative bottom line has been the focus of public attention – and understandably so, but there is much more to the story than the headline. I mentioned earlier that 95 percent of our people have made significant progress strengthening the company’s underlying earnings power. As a matter of fact, they nearly doubled pre-tax, pre-credit income – our core earnings – from \$17 million in the fourth quarter of 2008 to \$30 million in the fourth quarter of 2009 (see chart on page 7). They made proactive calls on prospective and existing customers and found ways to serve them, and serve them better.

The results included nearly 10,000 net new accounts, a 6 percent increase in services per customer – our best year ever by this measure – and a very significant 10 percent increase in new core transaction deposits. These low-cost deposits in checking, savings and money market accounts are important because they support our net interest margin which drives core earnings.

Our bankers have also grown commercial and small business loans, with particular success in metropolitan Atlanta, after we adopted a relationship-based, line-of-business service model across our nine community banks in the region. Building on this

model, commercial and industrial, commercial real estate and small business banking customers throughout metro Atlanta now have dedicated bankers who understand their financial needs, both comprehensive and detailed, and who serve them attentively on a daily basis.



All of these extraordinary efforts are making United more valuable to our customers, and our customers more valuable to United ... and that is exactly the kind of mutually rewarding relationship that we want to have with the people we are privileged to serve.

Reducing expenses has been necessary, and we did so in a number of ways. For example, we reduced postage costs by signing up customers for electronic statements, and we reduced courier expenses by using branch capture technology. The largest expense reduction was also the most difficult: reducing our workforce by 10 percent or 191 people. Eliminating jobs is always a last resort, particularly when the economy provides few other opportunities. Unfortunately, in a service industry you cannot cut costs significantly without affecting individuals.

Our people have responded admirably to the demands resulting from the workforce reduction, delivering their best-ever, world-class customer service. As the economy improves we will begin to bring back some affected employees as necessary. In fact, this has already begun to happen.

### Opportunity

Now turning to the future ... I don't have rose-colored glasses and don't need them to see this clearly: The work we have done to address problems, increase revenues and efficiency, and prepare for opportunities has laid the groundwork for success when the economy turns upward again, as it inevitably will, albeit on its own schedule.

There are opportunities even without significant economic growth in the near-term future. We take no pleasure in the difficulties of other financial institutions. But the fact is that as some of them go through transition, individuals and organizations will be looking for a strong, dependable bank with

equally strong service, ample resources and community ties. They will find all of these attributes, and more, with United. We aren't waiting for new customers to find us. We are finding them.

Another example of opportunity is our FDIC-assisted purchase of Southern Community Bank, which perfectly complements our south metro Atlanta presence. Under this agreement, which was executed in June 2009, we gained customer deposits of \$208 million, including core transaction deposits of \$53 million. Under our loss-share agreement with the FDIC, we are protected from credit risk. The systems conversion was completed successfully in September and demonstrated our ability to execute

such agreements in a smooth and timely way. There could be similar transactions in the future if they are consistent with our growth strategy.

We will continue to focus on growth in serving commercial customers, including small businesses, which will play a primary role in the economic recovery. With United, business owners enjoy the resources of an \$8 billion financial institution, and service that recognizes how important they are. Our bankers are always anchored in exemplary service, and continue to distinguish themselves and the industry with the highest customer satisfaction scores in the business. This is an incredible feat considering the

depth of the economic downturn we've experienced.

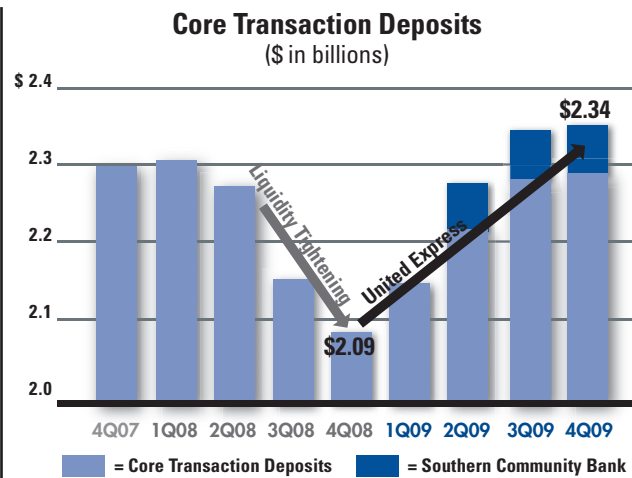
### United As Ever

As the old saying goes, "what won't kill you will make you stronger." I am happy to say that United has survived and we are much stronger from our experience of the past two years. Our foundation is solid;

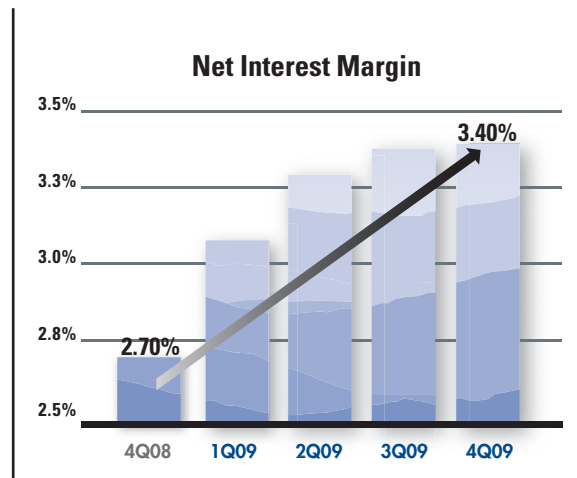
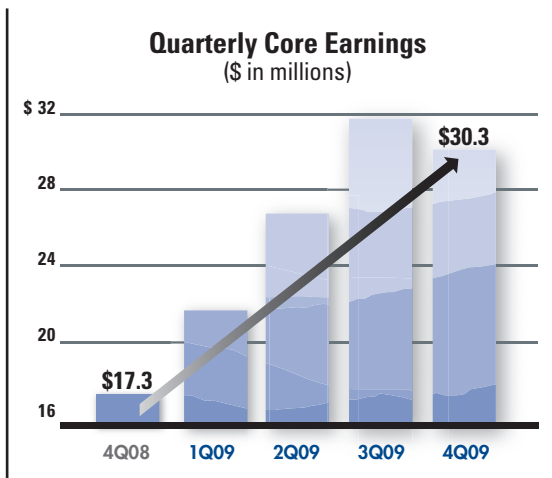
the economic storm knocked a few stones loose but we have been replacing them one by one, resolutely and more firmly than ever. Let me recap:

- We have enhanced our core earnings power.
- We are leaner and more efficient.
- We have an improved customer service model for commercial and small business.
- Our bankers are better than ever at initiating and expanding customer relationships.

This is significant progress. Without minimizing our loan problems, when you strip them away our underlying company is strong. This strength isn't apparent in our bottom line now, but it will be as we emerge on the other side of this economic turmoil.







Also very important, and never to be taken for granted, we will continue to have these fundamental advantages:

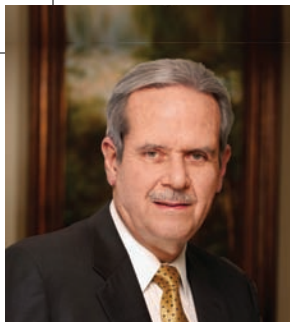
**A proven business model.** There are plenty of small banks without the resources of a large bank, and plenty of large banks without the customer service of a small bank. United combines the best attributes of large and small. We have 27 community banks with locally known and trusted CEOs who in many cases grew up in the markets they serve. Their customers access the resources of an \$8 billion bank in a familiar, comfortable and appreciative environment.

**Strong markets.** Among banks with assets between \$5 billion and \$50 billion, we rank third nationally in regard to population growth in our service areas. Our markets in Georgia, North Carolina and Tennessee have growth projections of 9 percent, 8 percent and 5 percent, respectively, between 2009 and 2014. Metro Atlanta is one of the fastest-growing metropolitan areas in the United States.

**Our unique brand of service.** *The Bank That Service Built* isn't just what we say; it is a fact borne out by customer research. This bears repeating: According to third-party surveys, we are the number one bank in the country in customer satisfaction, with a rating of 93 percent. There is simply no bank that does it better, and that is a distinct competitive advantage. The foundation of our success is people and the world-class service they consistently provide.

**Disciplined, strategic growth.** All of these competitive differences, in combination with our proven ability to attract and build customer relationships, provide significant opportunity to grow our business in any environment, including this one. We are a *Strong Bank with Strong Service*. That's a compelling story that we are aggressively telling and living throughout our communities.

*Continued on page 10.*



Rex S. Schuette  
Executive Vice President / Chief Financial Officer

Stabilizing loan pricing + Lowering deposit pricing =  
**Significantly wider net interest margin**  
*and Substantial core earnings growth*

As Jimmy notes in his letter, beyond the credit losses are substantial improvements in United's core underlying earnings. Guy describes in his section our progress on several key initiatives to improve operating performance and position ourselves for future opportunity.

Improvements to date are sometimes best shown by comparing the fourth quarter of 2009 with the fourth quarter of 2008, which I will do below.

#### Net Interest Margin

A bank earns money from its net interest margin, which is basically the difference between interest received on loans and interest paid on deposits. The higher the margin, the more the contribution to revenue and earnings.

Our margin was 2.70 percent for the fourth quarter of 2008, and grew significantly in just four quarters to 3.40 percent by the end of 2009. The result was \$13 million more in net interest revenue in the fourth quarter of 2009 compared to the same quarter a year earlier. Remarkably, we earned this higher net interest revenue even after a \$553 million decline in loan balances from a year ago. We more than offset the loan volume decrease by widening the margin; and we widened the margin by stabilizing and increasing loan pricing while lowering the rates we paid on deposits.

#### Loan Pricing

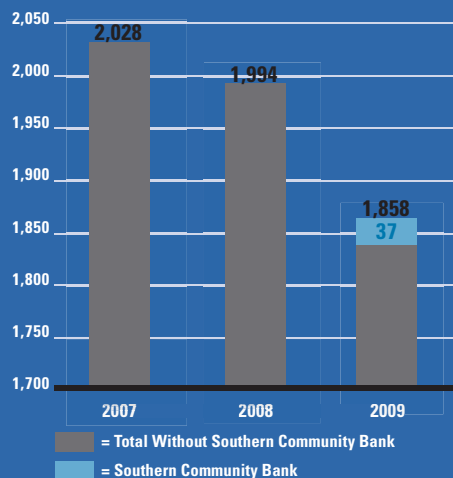
Much public attention has been on problem loans in our industry, and that is understandable given their impact on hundreds of banks nationwide, including United. Having said that, most of our loans have continued to perform well and generate a solid revenue stream. When that stream

was threatened by the historically low interest rate environment in late 2008, we protected this vital income source by placing minimum rates, or "floors," on new loans and on existing loans that were being renewed. This response was critical to protect the loan interest revenue component of our net interest margin.

#### Deposit Costs

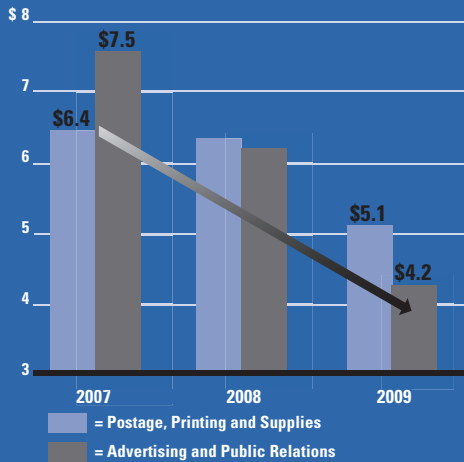
The deposit cost component of our margin also improved as we grew core deposits – our lowest cost funds – while decreasing their rates and associated interest expense. As shown on the chart on page 6, core deposits decreased in the second half of 2008. In response, we implemented 'United Express,' a company-wide initiative that resulted in a core deposit increase of over \$200 million, or 10 percent, and 9,904 net new accounts. Also, the rates that we and other banks in our markets paid on core deposit accounts

Staff Levels

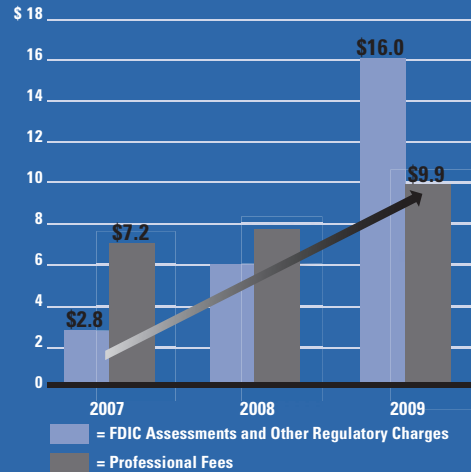


DISCIPLELINE

### Selected Discretionary Expenses (\$ in millions)



### Selected External Costs (\$ in millions)



and on new and renewed certificates of deposit decreased substantially. On time deposit costs alone, we saved nearly \$15 million in the fourth quarter of 2009 compared to the fourth quarter of 2008 due to the decrease in rates.

#### Expense Discipline

Jimmy referenced our sharp focus on controlling costs. The largest and by far most difficult action during 2009 was the elimination of positions from our workforce. This reduction was partially offset by 37 net new positions from our FDIC-assisted acquisition of Southern Community Bank, which strengthened our presence in south metro Atlanta. We also saved significantly on postage and courier expense by increasing use of electronic statements and deposit capture technology, and by reducing discretionary advertising and marketing costs. Some costs were outside of our control, such as FDIC insurance premiums of \$16 million – more than double the previous year’s amount. Also, professional fees grew by \$2.4 million due to the credit environment and higher loan workout volume.

#### Core Earnings

Ultimately, our goal for all of these initiatives was to increase core earnings, and *we were successful*. In the fourth quarter of 2009, core earnings were \$30.3 million, up an impressive 75 percent from \$17.3 million in the fourth quarter of 2008.

#### Capital

Capital continued to be very important due to the severe credit environment and our ongoing aggressive efforts to move problem credits off the books. It was apparent during 2009 that adding capital would better position the company to absorb credit losses while still maintaining financial stability. So, with strong support from institutional investors, we successfully conducted a \$222.5 million common stock offering at the end of the third quarter. The offering strengthened our regulatory and other key capital ratios at year-end. The Tier 1 Risk-Based capital ratio was 12.41 percent and Total Risk-Based capital ratio was 15.09 percent, both significantly higher than the regulatory “well-capitalized” levels. Our tangible common equity to assets ratio for the fourth quarter of 2009 was 7.37 percent, also up significantly from 6.21 percent a year ago. This ratio is monitored closely by our analysts and institutional investors.

While difficult quarters remain ahead in this environment, we are making substantial progress as we enter 2010. Our earnings power is sound and improving, our capital is strong, and we are operating efficiently. With these continued fundamentals we will be positioned advantageously coming out of the economic downturn.

Continued from page 7.

In closing, I want to put 2009 into perspective. There is no doubt that our stock price has continued to suffer and we have had a year of financial losses which is unacceptable to you, me AND our bankers. In fact, I came to our bankers in 2009 asking them to make some difficult decisions, to take actions that were sometimes painful and to step up the growth of our business as much as possible. They could have merely complied, but instead they embraced the challenges, going well beyond anything that I ever expected. I cannot say enough about this dedicated, talented and very special group of people and I want to take this opportunity to publicly thank them with all my heart.

It is important and instructive to look behind the loan loss numbers. You will see that 2009 was a solid year for United Community Bank and foundational for future growth:

- **Our quarterly core earnings (pre-tax, pre-credit) dramatically improved from the end of 2008 to the end of 2009.**
- **We are very well capitalized with more than twice the regulatory requirements for Tier 1 Risk-Based capital.**
- **We opened 9,904 net new core deposit accounts during the year.**
- **Our current customers added a record 60,000 new services.**
- **Existing and new customers collectively added more than \$200 million in new core deposits, for 10 percent growth.**
- **We have established a needs-based sales and service calling effort and an overall sales culture that is beginning to pay dividends.**
- **Through 'We Are United' and general belt-tightening we have made significant reductions in overhead costs.**
- **United Community Bank continues to have the highest customer satisfaction scores in the banking industry.**

I mentioned earlier that we increased our net interest margin by 70 basis points from a low of 2.70 percent in the fourth quarter of 2008 to 3.40 percent in the fourth quarter of 2009. This margin improvement is a significant accomplishment toward maximizing our pre-tax, pre-credit core earnings. To put this into perspective, a 70 basis point increase in our net interest margin translates to an additional \$52 million in annual earnings that will help us resolve problem loans and preserve precious capital.

I say all this to demonstrate that United Community Bank has the earnings engine in place to make us profitable and poised for long-term success, once we work our way through our loan loss issues.

You may see the billboards, read the ads or hear our bankers talk about 'Strong Bank. Strong Service.' Because of all I've outlined here and everything else you will read in these pages, I am firmly convinced that not only *are* we a strong bank with strong service, we also have a bright and strong future.



Jimmy Tallent  
President, Chief Executive Officer



Guy W. Freeman  
Executive Vice President / Chief Operating Officer



# DEDICATION

2009 was another difficult year but we see some encouraging signs. I don't mean to suggest that all is well, but I am proud to say that the course to a rejuvenated, strong United Community Bank was set in motion in 2008 and is now bearing fruit. These initiatives are built on three simple principles: **1)** have our house in order and as efficient as possible; **2)** attract, retain *and* strengthen our relationships with customers; and **3)** put into place the right people and processes for growth.

Our **'We Are United'** efficiency initiative began in late 2008, concluded in mid-2009 and will favorably impact our business for years to come. Teams of United employees, like Shelly Backer, (*see page 12*) looked through a microscope at the entire organization – every job, every process, *everything* we do. A year ago I reported to you on the early and relatively easy savings and improvements. Now I can say that our employee teams made a total of more than 1,000 recommendations, several hundred of which were implemented at an estimated cost savings of \$10 million. And this total does not include immeasurable benefits gained from focusing more directly on our customers.

These are not one-time cost reductions, but changes in the way we conduct our business over the long term. They make United the most effective and customer-focused bank that I have seen in my more than 40 years in the industry.

We are also even more customer *relationship*-oriented than we have ever been. Through **'United Express'** – the ongoing, organization-wide sales and service initiative that I described last year – our people have produced a significant increase in new business. The 'can-do' attitude with which they have accomplished this surpasses even their own impressive standards. To them, United Express isn't just who can *sell* the best, it's about who can *serve* the best. They are selling by suggesting and providing services and products that help the individual customer, and in the process help United. That is a true partnership.

Selling is sometimes seen as something people *ought* to do as opposed to something they *want* to do. But I personally have seen selling become part of our day-to-day culture. Many of our bankers are choosing to come in on their days off, and even on holidays, to make referrals or help other employees make the referrals they need to earn a place in the Conductor's Club (Top 10 in referrals) or the Engineer's Guild (the next 50 in referrals). At the top of a very accomplished class of bankers is Gloria Alvear who generated 151 referrals in 2009. (*See page 13.*)

The numbers are incredible: During 2009 a total of 60,318 new services were added, 9,904 net new deposit accounts were opened, and more than \$200 million in new core deposits were captured. This exceptional growth exceeded our expectations. I echo Jimmy's praise of our dedicated bankers for making this possible. They are making a measureable and sustainable impact on our future.

As Cindy Hollifield, Customer Service Representative in Spruce Pine, North Carolina recently said, "It's important that we all put ourselves on the other side of the desk – in the customer's shoes." I can't agree more. Doing this is how our people accomplish so much, day after day.

Next, let me provide an update on our growing metro Atlanta market. I mentioned earlier a change in the culture of how we conduct our business. Nowhere in the company is this culture change more evident than in the Atlanta region. This time last year we were doing some soul-searching, working to put into place an organization that would redefine United's presence in this high-potential area.

The first step was to make sure we had the right people in place. I cannot say enough about our Atlanta team for the leadership and effort that they have provided. Of course, the real change has come where the rubber meets the road – or in this case, where the leather meets the sidewalk. Our bankers aren't waiting for prospective retail and business customers to walk into the bank; they are actively calling on these potential customers and explaining what United Community Bank can do for them.

This proactive approach is driving growth in a highly competitive region. During 2009 our core deposits in metro Atlanta grew 9 percent, or \$63 million, exceeding our goal. Also, Atlanta region bankers sold 13,750 additional services to existing customers, increasing the average services per customer from 2.27 to 2.53.

This outreach program by no means is limited to Atlanta; it is now an integral part of the culture across our organization. From Tennessee to North Carolina to the Georgia coast, we are aggressively identifying and serving customer needs, and finding new customers with whom we can build strong, lasting relationships. A perfect example is our banking relationship with Reinhardt College in Waleska, Georgia. (*See page 13.*)

*Continued on page 12.*



## We Are United

**Shelly Backer**, Platform Manager  
Clayton, Georgia

In late 2008, United embarked on 'We Are United' – an employee-driven initiative different from anything ever undertaken in the company's history. The goal: to reduce expenses and improve financial performance.

Platform Manager Shelly Backer of United's Clayton, Georgia office was among 50 employees who served on one of four We Are United action teams. These teams were charged with sorting through and making efficiency or cost savings recommendations from thousands of suggestions submitted from throughout the company.

"All employees have ideas of ways to do things better and more effectively," Shelly said of the experience. "We Are United gave us a way to surface and examine these ideas and implement recommendations from many of them. Another advantage is that team members were able to take back with them the knowledge they gained. When people understand why things are done a certain way, they are quicker and more likely to 'buy in' to change."

Devoting their full attention and brainpower to the teams, while also tending to their 'real jobs,' was an issue for all team members who devoted a minimum of two days a week on the project for several months in 2009. As Shelly points out, however, the result will have a huge long-term impact.

"I believe that if we keep sight of the original intent of We Are United, and continue to work on the recommendations, the savings and benefits will continue to be enormous for United Community Bank."

*Continued from page 11.*

I'm proud that we are seeing great results from the seeds laid two years ago. But like any business, we cannot rest on the hope that past success will carry us into the future. Looking forward, we will constantly improve our technology to deliver services more conveniently. We now have approximately 1,000 new online banking customers each month, and continue to enhance our systems to make them even more customer-friendly. In 2009 we implemented mobile banking, making United as close as your cell phone.

I believe that in 2009 United Community Bank achieved a full sales and service culture. Of course, personal interaction with our customers has been important since 1950, and always will be. Every day our bankers ask customers about their needs, listen to their answers carefully and serve them responsively. The customer feedback is shared around the company so we can innovate and better serve identified needs. As one example, in 2010 we plan to release a new, free electronic delivery service, called Alerts, that will allow customers to track, manage and secure their accounts in near real time.

This responsiveness is one reason that – throughout all of the changes, added responsibilities and uncertainty in the banking industry during 2009 – United's customer satisfaction was the highest in the company's history, and remains the *best in the country*.\*

The actions I've described here are fundamental building blocks for emerging successfully and strongly from the down economy when it releases its grip. And, whether the economy is down or up, United is strong and the best service provider in the business. That is, in fact, our primary message during 2010: **'Strong Bank. Strong Service.'** It's not just a catchy slogan that will change with the season: It is a principle upon which United Community Bank is built. Being the strong bank that we are positions us to provide the strong service that we deliver, and vice versa. That's a mutually beneficial relationship that we've worked hard to build, and are proud to have.

In other sections of this book you will read about the financial reasons we have for being confident in our strength. The initiatives and actions I've described here are a roadmap to ensure we remain a strong bank, with strong service and a strong future.

\*According to independent research company, Customer Service Profiles

## Relationship Banking

**Dr. Tom Isherwood**, President, Reinhardt College  
**Steve Holcomb**, President, Cherokee County

Over the past couple of years, United has placed an increased emphasis on actively growing existing customer relationships that are mutually beneficial. An example of this is United's long-time relationship with Reinhardt College in Waleska, Georgia.

Taking advantage of a positive time in the market, Reinhardt chose to refinance its \$11 million bond in 2009. The college chose United because of the responsiveness that the bank has demonstrated, according to Reinhardt College President, Dr. Tom Isherwood.

"Our relationship with United Community Bank has been – and continues to be – very positive," says Dr. Isherwood. "Their operation is smooth and efficient and we found the bank to be extremely helpful and responsive as we worked through the refinancing process. The people at United are more than just our bankers. They are problem solvers. They offer the kind of advice and help that we depend upon. For that, we are very pleased and appreciative."

As a result, United became Reinhardt's primary bank in March 2007, and gained the college's refinancing business in April 2009, while maintaining the original accounts. The college was willing to make the switch due primarily to its trust, confidence and satisfaction with United.

"This goes to show how much value Reinhardt places in their relationship with United Community Bank," says Steve Holcomb, President, United Community Bank of Cherokee County. "United proactively builds both individual relationships and business partnerships with our customers. As a result, we understand their specific needs and can respond accordingly. When these customers have unique or increasing needs, they know we're the bank they can count on."

Dr. Tom Isherwood (left) and Steve Holcomb



## United Express

**Gloria Alvear**, Banking Officer, Cumming, Georgia

Through our 'United Express' initiative, United employees not only have referred record numbers of new customers to the bank, they also have helped expand our banking relationships with existing customers. On the surface, United Express may sound like a *selling* initiative, but as Cumming, Georgia Banking Officer Gloria Alvear says, it really is all about service.

"I'm not doing anything differently today than I did my first day on the job," says Gloria – the top performer in referrals company-wide during 2009. "I don't twist arms; I simply make people aware of how we can help, and our products and services almost sell themselves."

Today, with nearly 41 years in banking, Gloria embodies United Community Bank's spirit of service.

"When United Express was first announced I was so worried that I would not be able to touch 100 percent of our customers," she says. "Then I realized that if I can at least help and serve every person who comes into my space, I really *have* achieved 100 percent!"

Gloria's energetic, can-do attitude not only has translated into countless satisfied customers; it resulted in a total of 151 new accounts – totaling **\$655,270** – in 2009. And this doesn't include the money she is saving the bank by converting her customers to eStatements.

"I am a privileged and blessed person," Gloria says. "Not only am I privileged to have the trust of so many people, I am so fortunate to work at United Community Bank with such a great group of people. We are a team. Everything I achieve is because of our team. This spirit of teamwork – and the care that United shows for its employees – carries over into the spirit with which we serve our customers."



## Consolidated Statement of Income

(in thousands, except per share data)

	2009	2008	2007
<b>Interest Revenue:</b>			
Loans, including fees	\$ 322,509	\$ 385,959	\$ 482,333
Investment securities:			
Taxable	76,048	74,405	64,377
Tax exempt	1,322	1,464	1,718
Federal funds sold, commercial paper and deposits in banks	2,950	2,880	608
Total interest revenue	<u>402,829</u>	<u>464,708</u>	<u>549,036</u>
<b>Interest Expense:</b>			
Deposits:			
NOW	11,023	28,626	45,142
Money market	9,545	10,643	15,396
Savings	483	764	1,653
Time	<u>120,326</u>	<u>158,268</u>	<u>167,400</u>
Total deposit interest expense	141,377	198,301	229,591
Federal funds purchased, repurchase agreements and short-term borrowings	2,842	7,699	16,236
Federal Home Loan Bank advances	4,622	13,026	22,013
Long-term debt	<u>10,893</u>	<u>9,239</u>	<u>8,594</u>
Total interest expense	<u>159,734</u>	<u>228,265</u>	<u>276,434</u>
Net interest revenue	243,095	236,443	272,602
Provision for loan losses	<u>310,000</u>	<u>184,000</u>	<u>55,600</u>
Net interest revenue after provision for loan losses	<u>(66,905)</u>	<u>52,443</u>	<u>217,002</u>
<b>Fee Revenue:</b>			
Service charges and fees	30,986	31,683	31,433
Mortgage loan and other related fees	8,959	7,103	8,537
Consulting fees	7,822	7,046	8,946
Brokerage fees	2,085	3,457	4,095
Securities gains, net	2,756	1,315	3,182
Gain from acquisition	11,390	-	-
Losses on prepayment of borrowings	-	(2,714)	(2,242)
Other	<u>6,180</u>	<u>5,251</u>	<u>8,700</u>
Total fee revenue	<u>70,178</u>	<u>53,141</u>	<u>62,651</u>
Total revenue	<u>3,273</u>	<u>105,584</u>	<u>279,653</u>
<b>Operating Expenses:</b>			
Salaries and employee benefits	108,967	110,574	115,153
Communications and equipment	15,038	15,490	15,483
Occupancy	15,796	14,988	13,613
Advertising and public relations	4,220	6,117	7,524
Postage, printing and supplies	5,068	6,296	6,365
Professional fees	9,925	7,509	7,218
Foreclosed property	32,365	19,110	4,980
FDIC assessments and other regulatory charges	16,004	6,020	2,780
Amortization of intangibles	3,104	3,009	2,739
Goodwill impairment	95,000	-	-
Severance costs	2,898	-	-
Other	<u>13,568</u>	<u>17,586</u>	<u>14,206</u>
Total operating expenses	<u>321,953</u>	<u>206,699</u>	<u>190,061</u>
(Loss) income before income taxes	(318,680)	(101,115)	89,592
Income tax (benefit) expense	<u>(90,353)</u>	<u>(37,665)</u>	<u>31,599</u>
<b>Net (loss) income</b>	<u>(228,327)</u>	<u>(63,450)</u>	<u>57,993</u>
Preferred stock dividends	<u>10,242</u>	<u>724</u>	<u>18</u>
<b>Net (loss) income available to common shareholders</b>	<u>\$ (238,569)</u>	<u>\$ (64,174)</u>	<u>\$ 57,975</u>
(Loss) earnings per common share:			
Basic	\$ (3.95)	\$ (1.35)	\$ 1.26
Diluted	(3.95)	(1.35)	1.24
Cash dividends per common share	-	.18	.36
Stock dividends - new shares issued for shares already owned	3 for 130	2 for 130	-
Weighted average common shares outstanding:			
Basic	60,374	47,369	45,948
Diluted	60,374	47,369	46,593



## Consolidated Balance Sheet

(in thousands, except per share data)

	2009	2008
<b>Assets</b>		
Cash and due from banks	\$ 126,265	\$ 116,395
Interest-bearing deposits in banks	120,382	8,417
Federal funds sold, commercial paper and short-term investments	<u>129,720</u>	<u>368,609</u>
Cash and cash equivalents	376,367	493,421
Securities available for sale	1,530,047	1,617,187
Mortgage loans held for sale	30,226	20,334
Loans, net of unearned income	5,151,476	5,704,861
Less allowance for loan losses	<u>155,602</u>	<u>122,271</u>
Loans, net	4,995,874	5,582,590
Assets covered by loss sharing agreements with the FDIC	185,938	-
Premises and equipment, net	182,038	179,160
Accrued interest receivable	33,867	46,088
Goodwill and other intangible assets	225,196	321,798
Other assets	<u>440,361</u>	<u>331,355</u>
<b>Total assets</b>	<u>\$ 7,999,914</u>	<u>\$ 8,591,933</u>
<b>Liabilities and Shareholders' Equity</b>		
<b>Liabilities:</b>		
<b>Deposits:</b>		
Demand	\$ 707,826	\$ 654,036
NOW	1,335,790	1,543,385
Money market	713,901	466,750
Savings	177,427	170,275
Time:		
Less than \$100,000	1,746,511	1,953,235
Greater than \$100,000	1,187,499	1,422,974
Brokered	<u>758,880</u>	<u>792,969</u>
<b>Total deposits</b>	6,627,834	7,003,624
Federal funds purchased, repurchase agreements and other short-term borrowings	101,389	108,411
Federal Home Loan Bank advances	114,501	235,321
Long-term debt	150,066	150,986
Accrued expenses and other liabilities	<u>43,803</u>	<u>104,209</u>
<b>Total liabilities</b>	<u>7,037,593</u>	<u>7,602,551</u>
<b>Shareholders' equity:</b>		
Preferred stock, \$1 par value; 10,000,000 shares authorized;		
Series A, \$10 stated value; 21,700 and 25,800 shares issued and outstanding	217	258
Series B, \$1,000 stated value; 180,000 shares issued and outstanding	174,408	173,180
Common stock, \$1 par value; 100,000,000 shares authorized;		
94,045,603 and 48,809,301 shares issued	94,046	48,809
Common stock issuable; 221,906 and 129,304 shares	3,597	2,908
Capital surplus	622,034	460,708
Retained earnings	20,384	265,405
Treasury stock; 799,892 shares, at cost	-	(16,465)
Accumulated other comprehensive income	<u>47,635</u>	<u>54,579</u>
<b>Total shareholders' equity</b>	<u>962,321</u>	<u>989,382</u>
<b>Total liabilities and shareholders' equity</b>	<u>\$ 7,999,914</u>	<u>\$ 8,591,933</u>

## Selected Financial Data - Quarterly Core Summary

<i>(in millions, except per share data; taxable equivalent)</i>	2009				2008
	4th Q	3rd Q	2nd Q	1st Q	4th Q
<b>Core Earnings Summary</b>					
Net interest revenue	\$ 63.9	\$ 63.0	\$ 60.9	\$ 57.4	\$ 51.9
Core fee revenue <sup>(1)</sup>	14.5	14.5	13.8	12.5	12.6
<b>Core revenue <sup>(1)</sup></b>	<b>78.4</b>	<b>77.5</b>	<b>74.7</b>	<b>69.9</b>	<b>64.5</b>
Core operating expenses <sup>(2)</sup>	48.1	45.7	47.8	48.3	47.2
<b>Core earnings (pre-tax, pre-credit) <sup>(1)(2)</sup></b>	<b>30.3</b>	<b>31.8</b>	<b>26.9</b>	<b>21.6</b>	<b>17.3</b>
Provision for loan losses	(90.0)	(95.0)	(60.0)	(65.0)	(85.0)
Foreclosed property costs:					
Write downs and losses from sales	(9.6)	(4.1)	(2.6)	(1.8)	(2.0)
Other expenses	(4.8)	(3.8)	(3.1)	(2.5)	(3.2)
FDIC special assessment	-	-	(3.8)	-	-
Bank-owned life insurance expense recovery	-	-	2.0	-	-
Securities gains (losses), net	2.0	1.1	(0.7)	0.3	0.8
Loss on prepayment of borrowings	-	-	-	-	(2.7)
Gain on sale of low income housing tax credits	0.7	-	-	-	-
Income tax benefit	31.5	26.2	18.4	15.3	28.1
<b>Net operating loss <sup>(3)</sup></b>	<b>(39.9)</b>	<b>(43.8)</b>	<b>(22.9)</b>	<b>(32.1)</b>	<b>(46.7)</b>
Gain from acquisition (\$11.4 million, pre-tax)	-	-	7.1	-	-
Non-cash goodwill impairment charges	-	(25.0)	-	(70.0)	-
Severance costs (\$2.9 million, pre-tax)	-	-	-	(1.8)	-
<b>Net loss</b>	<b>(39.9)</b>	<b>(68.8)</b>	<b>(15.8)</b>	<b>(103.9)</b>	<b>(46.7)</b>
Preferred dividends and discount accretion	2.6	2.6	2.6	2.6	0.7
<b>Net loss available to common shareholders</b>	<b>\$ (42.5)</b>	<b>\$ (71.4)</b>	<b>\$ (18.4)</b>	<b>\$ (106.5)</b>	<b>\$ (47.4)</b>
<b>Performance Measures</b>					
Per common share:					
Diluted operating loss <sup>(3)</sup>	\$ (.45)	\$ (.93)	\$ (.53)	\$ (.71)	\$ (.99)
Diluted loss	(.45)	(1.43)	(.38)	(2.20)	(.99)
Book value	8.36	8.85	13.87	14.70	16.95
Tangible book value <sup>(4)</sup>	6.02	6.50	8.85	9.65	10.39
Key performance ratios:					
Net interest margin	3.40 %	3.39 %	3.28 %	3.08 %	2.70 %
Tangible equity to assets (period-end) <sup>(4)</sup>	9.54	9.56	7.40	8.12	8.14
Tangible common equity to assets (period-end) <sup>(4)</sup>	7.30	7.44	5.29	5.93	6.05
<b>Asset Quality *</b>					
Non-performing loans	\$ 264.1	\$ 304.4	\$ 287.8	\$ 259.2	\$ 190.7
Foreclosed properties	120.8	110.6	104.8	75.4	59.8
Total non-performing assets (NPAs)	384.9	415.0	392.6	334.6	250.5
Allowance for loan losses	155.6	150.2	145.7	144.0	122.3
Net charge-offs	84.6	90.5	58.3	43.3	74.0
Allowance for loan losses to loans	3.02 %	2.80 %	2.64 %	2.56 %	2.14 %
NPAs to loans and foreclosed properties	7.30	7.58	6.99	5.86	4.35
NPAs to total assets	4.81	4.91	4.63	4.09	2.92
<b>At Period End</b>					
Loans *	\$ 5,151.5	\$ 5,362.7	\$ 5,513.1	\$ 5,632.7	\$ 5,704.9
Investment securities	1,530.0	1,532.5	1,816.8	1,719.0	1,617.2
Total assets	7,999.9	8,443.6	8,477.4	8,171.7	8,591.9
Deposits	6,627.8	6,821.3	6,848.8	6,616.5	7,003.6
Shareholders' equity	962.3	1,006.6	855.3	888.9	989.4
Common shares outstanding	94.0	93.9	48.9	48.5	48.0

(1) Excludes net securities gains and losses, losses from the prepayment of borrowings, gain from the acquisition of Southern Community Bank and gains from the sale of low income housing tax credits. (2) Excludes foreclosed property costs, goodwill impairment charges, severance costs, special FDIC assessments and a bank-owned life insurance expense recovery. (3) Excludes after-tax effect of goodwill impairment charges, severance costs and gain from the acquisition of Southern Community Bank, all of which are considered to be non-operating items and are therefore excluded from operating earnings. (4) Excludes effect of acquisition-related intangible assets.

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

## Selected Financial Data - Annual Core Summary

<i>(in millions, except per share data; taxable equivalent)</i>	2009	2008	2007	2006	2005
<b>Core Earnings Summary</b>					
Net interest revenue	\$ 245.2	\$ 238.7	\$ 274.5	\$ 237.9	\$ 196.8
Core fee revenue <sup>(1)</sup>	55.3	54.5	61.1	50.4	47.0
<b>Core revenue <sup>(1)</sup></b>	<b>300.5</b>	<b>293.2</b>	<b>335.6</b>	<b>288.3</b>	<b>243.8</b>
Core operating expenses <sup>(1)</sup>	189.9	185.6	185.1	161.2	140.1
<b>Core earnings (pre-tax, pre-credit) <sup>(1) (2)</sup></b>	<b>110.6</b>	<b>107.6</b>	<b>150.5</b>	<b>127.1</b>	<b>103.7</b>
Operating provision for loan losses <sup>(3)</sup>	(310.0)	(184.0)	(37.6)	(14.6)	(12.1)
Foreclosed property costs:					
Write downs and losses from sales	(18.1)	(12.4)	(1.5)	(0.5)	(0.1)
Other expenses	(14.2)	(6.7)	(2.9)	(0.5)	(0.7)
FDIC special assessment	(3.8)	-	-	-	-
Bank owned life insurance expense and recovery	2.0	(2.0)	-	-	-
Securities gains (losses), net	2.8	1.3	3.2	(0.6)	(0.8)
Loss on prepayment of borrowings	-	(2.7)	(2.2)	(0.6)	-
Gain on sale of low income housing tax credits	0.7	-	-	-	-
Income tax benefit (expense)	91.4	35.4	(40.5)	(41.5)	(33.3)
<b>Net operating (loss) income <sup>(4)</sup></b>	<b>(138.6)</b>	<b>(63.5)</b>	<b>69.0</b>	<b>68.8</b>	<b>56.7</b>
Gain from acquisition (\$11.4 million, pre-tax)	7.1	-	-	-	-
Non-cash goodwill impairment charge	(95.0)	-	-	-	-
Severance cost (\$2.9 million, pre-tax)	(1.8)	-	-	-	-
Fraud loss provision (\$18 million, pre-tax)	-	-	(11.0)	-	-
<b>Net (loss) income</b>	<b>(228.3)</b>	<b>(63.5)</b>	<b>58.0</b>	<b>68.8</b>	<b>56.7</b>
Preferred dividends and discount accretion	10.2	0.7	-	-	-
<b>Net (loss) income available to common shareholders</b>	<b>\$ (238.5)</b>	<b>\$ (64.2)</b>	<b>\$ 58.0</b>	<b>\$ 68.8</b>	<b>\$ 56.7</b>
<b>Performance Measures</b>					
Per common share:					
Diluted operating (loss) earnings <sup>(4)</sup>	\$ (2.47)	\$ (1.35)	\$ 1.48	\$ 1.66	\$ 1.43
Diluted (loss) earnings	(3.95)	(1.35)	1.24	1.66	1.43
Cash dividends declared (rounded)	-	.18	.36	.32	.28
Stock dividends declared <sup>(6)</sup>	3 for 130	2 for 130	-	-	-
Book value	8.36	16.95	17.73	14.37	11.80
Tangible book value <sup>(5)</sup>	6.02	10.39	10.94	10.57	8.94
Key performance ratios:					
Net interest margin	3.29 %	3.18 %	3.88 %	4.05 %	3.85 %
Tangible equity to assets <sup>(5)</sup>	8.33	6.67	6.63	6.32	5.64
Tangible common equity to assets <sup>(5)</sup>	6.15	6.57	6.63	6.32	5.64
<b>Asset Quality *</b>					
Non-performing loans	\$ 264.1	\$ 190.7	\$ 28.2	\$ 12.5	\$ 12.0
Foreclosed properties	120.8	59.8	18.0	1.2	1.0
Total non-performing assets (NPAs)	384.9	250.5	46.2	13.7	13.0
Allowance for loan losses	155.6	122.3	89.4	66.6	53.6
Operating net charge-offs <sup>(3)</sup>	276.7	151.2	21.8	5.5	5.7
Allowance for loan losses to loans	3.02 %	2.14 %	1.51 %	1.24 %	1.22 %
NPAs to loans and foreclosed properties	7.30	4.35	.78	.25	.30
NPAs to total assets	4.81	2.92	.56	.19	.22
<b>At Year End</b>					
Loans *	\$ 5,151.5	\$ 5,704.9	\$ 5,929.3	\$ 5,376.5	\$ 4,398.3
Investment securities	1,530.0	1,617.2	1,356.8	1,107.2	990.7
Total assets	7,999.9	8,591.9	8,207.3	7,101.2	5,865.8
Deposits	6,627.8	7,003.6	6,076.0	5,772.9	4,477.6
Shareholders' equity	962.3	989.4	831.9	616.8	472.7
Common shares outstanding	94.0	48.0	46.9	42.9	40.0

(1) Excludes net securities gains and losses, losses from the prepayment of borrowings, gain from the acquisition of Southern Community Bank and gains from the sale of low income housing tax credits.

(2) Excludes foreclosed property costs, goodwill impairment charges, severance costs, special FDIC assessments and a bank-owned life insurance expense item and subsequent recovery. (3) Excludes fraud-related provision for loan losses and related charge-offs of \$18 million in 2007. (4) Excludes after-tax effect of goodwill impairment charges, severance costs, gain from the acquisition of Southern Community Bank and fraud-related provision for loan losses, all of which are considered to be non-operating items and are therefore excluded from operating earnings. (5) Excludes the effect of acquisition-related intangible assets. (6) Number of new shares issued for shares currently held.

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

## Directors, Corporate Officers and Affiliate Boards

### Board of Directors

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

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

Jimmy C. Tallent  
*President and Chief Executive Officer*

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

Cathy Cox  
*President, Young Harris College*

Hoyt O. Holloway  
*Owner, H and H Farms*

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

Tim Wallis  
*President and Chief Executive Officer,*  
*Wallis Printing Company*

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

### Executive Officers

Jimmy C. Tallent  
*President and Chief Executive Officer*

Guy W. Freeman  
*Executive Vice President*  
*Chief Operating Officer*

Rex S. Schuette  
*Executive Vice President*  
*Chief Financial Officer*

David P. Shearrow  
*Executive Vice President*  
*Chief Risk Officer*

Craig Metz  
*Executive Vice President*  
*Corporate Marketing*

Bill M. Gilbert  
*Senior Vice President*  
*Retail Banking*

Glenn S. White  
*President, Atlanta Region*

### Corporate Officers and Senior Vice Presidents

P. Shep Calhoun  
*Chief Credit Officer – North Region*

Carol A. Chastain  
*Chief Compliance Officer*

Carol J. Clark  
*SBA Lending*

Robert L. Cochran  
*Community Banking*

Susie L. Hooper  
*Human Resources*

Chris Jones  
*Chief Credit Officer – South Region*

Alan H. Kumler  
*Chief Accounting Officer and Controller*

Stephen W. McCoy  
*Chief Information Officer*

Mark R. Mershon  
*Treasurer*

Brad Miller  
*Legal Counsel*

Jim Stewart  
*Chief Technology Officer*

David T. Sutton  
*General Auditor*

Kurtis Underwood  
*Management Reporting and Analysis*

### Union County

Andrew M. Williams, III, *President*  
**Board** - Jimmy C. Tallent, *Chairman*,  
Rick Davenport, Billy M. Decker,  
Dr. G. David Gowder, III, Robert L. Head, Jr.,  
W.C. Nelson, Jr., Paul B. Owenby

### Adairsville

Gary W. Floyd, *President*  
**Board** - Bill M. Gilbert, *Chairman*,  
Robert Dudley Barton, IV, Donna Howren,  
Robert M. Painter, Norman Parker, Jim Pinkard

### Blue Ridge

John W. Chastain, Jr., *President*  
**Board** - Hoyt O. Holloway, *Chairman*,  
William L. Prather, *Vice Chairman*,  
Don R. Clement, Robert L. Cochran,  
Norman E. Kaye, Larry Lance,  
Harold W. O'Dell, Patricia M. Pittman

### Brunswick

Gene Haskins, *President*  
**Board** - H. Mel Baxter, *Chairman*,  
Mark Bearden, Pat H. Cooper,  
Carlton DeVooght, Bruce Dixon,  
Guy W. Freeman, Russell Mentzer,  
Rick Smith, William Stembler

### Dawson County

James N. Askew, *President*  
**Board** - Herb Burnsed, *Chairman*,  
Ted Bearden, Dwight Gilleland,  
Deborah Pelfrey, Robert Polatty,  
Jimmy C. Tallent, Jackie Townley

### Gilmer County

Jamie C. Tallent, *President*  
**Board** - T. Mitchell Morgan, *Chairman*,  
Robert L. Cochran, Douglas Faust,  
Harold W. O'Dell, James R. Pack,  
Sam O. Penland, III, Dennis E. Stover,  
John W. Thomas, Joseph F. Wells

### Habersham/Jackson County

James H. Burrell, *President*  
**Board** - James L. Bruce, Jr., *Chairman*,  
Jefferson D. Hames, John C. Lovell,  
Dr. Robert M. Miller, Jimmy C. Tallent,  
James C. Watson

### Hall County

Richard L. Valentine, *CEO*  
Burton R. Stephens, *President*  
**Board** - Joe T. Wood, Jr., *Chairman*,  
Tom L. Bower, Jack M. Chapman, Jr., MD,  
Guy W. Freeman, Steven P. Gilliam,  
James S. Latimer, W. Scott McGarity,  
C. Steve Parks, Ricky L. Presley,  
Joyce Stephens, James V. Tipton, Jr.

### Lumpkin County

Larry L. Odom, *President*  
**Board** - Dr. John H. Owen, *Chairman*,  
Angela Clark, Mike Cottrell, W. Leon Davis,  
Bill T. Hardman, Joe B. Sartain, Jr.,  
Jimmy C. Tallent

### McCaysville

Billy Hyde, *President*  
**Board** - Don Clement, *Chairman*, Doug Akins,  
Johnny Farmer, David Haight, III, Roy Tipton

### Pickens County

Jamie C. Tallent, *Chairman*  
Mary A. Osborne, *City President*, *Pickens*  
**Board** - James (Jay) Wesley Potter, Jr.

### Rabun County

**Board** - Rob Stockton, *Chairman*,  
Robert H. Blalock, T. Lamar Edwards,  
Elizabeth B. Fowler, Bill M. Gilbert

### Rome

Steven E. Kemp, *Chairman*  
David W. Johnson, *President*  
**Board** - F. Lynn Dempsey, Bill M. Gilbert,  
Wright Ledbetter, Dr. Frank D. Stegall,  
Stephen A. Stutts, Brooke Temple, Tim Wallis,  
Charles S. Williams, Jr., Delos H. Yancey, III

### Savannah

Michael T. Lee, *President*  
**Board** - Michael Wakely, *Chairman*,  
Charles M. Aimone, Marvin A. Fentress,  
Gene Haskins, Sylvester Formey,  
Pankaj (Roy) V. Patel

### Summerville

J. Scott Tucker, *President*  
**Board** - Bill M. Gilbert, *Chairman*,  
Sam Ballard, Allen W. Eleam, Robert L. Himes,  
James R. Jackson, III, Paul E. Meredith

### Towns County

Richard E. Martin, Jr., *President*  
**Board** - Jimmy C. Tallent, *Chairman*,  
Dr. Joey Arencibia, Sheila T. Chapman,  
Beverly T. Messer, Edward W. Reynolds,  
David Shook

### White County

Eugene B. White, *President*  
**Board** - Louise S. Nix, *Chairman*,  
Garrison Baker, Ricky Barrett, S. Keith Brady,  
Roger London, Jimmy C. Tallent, David Wilkins

### Atlanta Region

Glenn S. White, *President*  
C.B. Fair, *Executive Vice President*  
T.L. (Chip) Smallwood, III, *Executive Vice President*,  
Gary Guthrie, *President – Atlanta Residential Construction*

### Cherokee County

Steven L. Holcomb, *President and Chairman*  
**Board** - Irvin W. Aaron, Jr., Marshall L. Day,  
Linda N. Hasty, Dr. J. Thomas Isherwood,  
Christopher M. McCurry, James H. Turner,  
Glenn S. White

### Cobb

Robert K. Walsh, Jr., *President*  
**Board** - John B. Harwell, Bill Hutson,  
G. Conley Ingram, Jimmy W. Jones,  
Dr. Dan Papp, Bob M. Prillaman,  
A. McKoy Rose, Jr., Dr. Wesley K. Wicker

### Atlanta Southern Crescent

Brad Murphey, *President*  
**Board** - Edward C. Wyatt, *Chairman*,  
Robert W. Fuller, Jr., *Vice Chairman*, Dr. Ben  
Amoss, Ronnie Chance, Douglas Fields,  
Richard P. Lindsey, Tim Parrott, Nina Ray,  
Dr. Howard Turner, Sr., Howard "Bud" Turner, Jr.,  
Glenn S. White

### Forsyth County

Tim Heard, *President*  
**Board** - Richard A. Bryan, Jay Land,  
William E. Lipscomb, III, Glenn S. White

### Gwinnett

Steven W. Williams, *President*  
**Board** - John D. Stephens, *Chairman*,  
Richard B. Chandler, Jr.,  
Jacqueline Embry Chiusano,  
Randall W. Dixon, Thomas P. Hughes,  
Doyle Johnson, James S. Kennedy,  
Randall W. Pierce, Wayne T. Sikes,  
David E. Snell, Glenn S. White

### Henry County

Kenneth M. Palmer, Jr., *President*  
**Board** - William N. Strawn, Jr., *Chairman*,  
William Douglas Coker, C.B. Fair,  
L. Wayne Lowrey, William A. Moye,  
James William Strickland,  
Marcia Garrison Taylor, Andrew J. Welch, III,  
Steven W. Williams

### Rockdale County

William L. Daniel, *President*  
**Board** - Troy A. Athon, *Chairman*,  
Julia W. Morgan, *Vice Chairman*,  
C. Dean Alford, Hazel E. Durden, C.B. Fair,  
John A. Fountain, Frances G. Jones,  
R. Flynn Nance, Steven W. Williams

### West Georgia

Timothy I. Warren, *President*  
**Board** - Phillip Kauffman, *Chairman*,  
Ann C. Carter, Ann M. Fazio, J. Wayne Garner,  
Lester Harmon, Charles J. Puckett,  
William C. Seaton, Joe Stone, Glenn S. White

### North Carolina

Greg Hining, *Chairman*  
John D. Goins, *President*  
Dale Cable, *Regional Manager*  
Bob Moore, *Regional Manager*  
**Board** - Ronald C. Burch, Larry Clark,  
Billy M. Decker, Lloyd G. Fisher,  
J. Phillip Jerome, Larry Kernea, Jimmy Ray,  
R. Maurice Sherrill, Jimmy C. Tallent

### Tennessee

Steve Hurst, *President*  
**Board** - Barry Gordon, *Chairman*, Gary Kimsey,  
*Vice Chairman*, William Crisp, Bill M. Gilbert,  
Bryan Jackson, Bruce Martin, R. Knick Myers,  
Peter Stimpson, MD, Ted Wampler, Jr.,  
James W. Wilburn, III

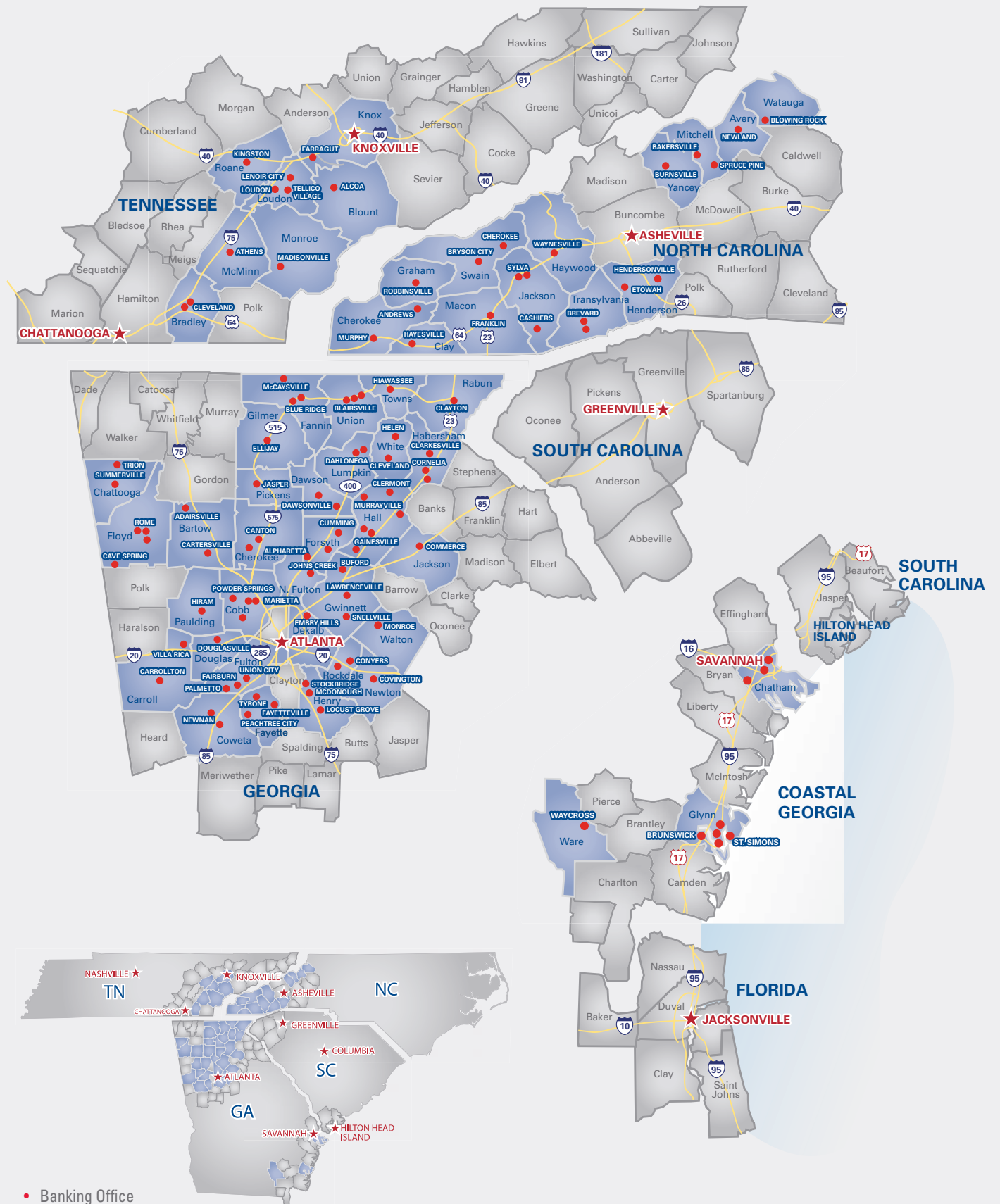
### Cleveland

Mickey Torbett, *President and Chairman*  
**Board** - Greg Calfee, Joseph (Joe) E. Cate,  
Chad Eslinger, Bill M. Gilbert,  
DeWayne Morrow, W. Jerry Stout

### Brintech, Inc.

Hal Oswald, *President*  
**Board** - Rex S. Schuette, *Chairman*,  
Sean Clark, Larry Echelmeyer, Geri Forehand,  
John Matheny, Craig Metz

# Locations



# Corporate Information

## Corporate Headquarters

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

## Financial Information

Analysts and investors seeking financial information should contact:

Rex S. Schuette  
Executive Vice President and  
Chief Financial Officer  
(706) 781-2265  
rex\_schuette@ucbi.com

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

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

This Annual Report also contains financial measures that were prepared on a basis different from accounting principles generally accepted in the United States ("GAAP"). References to operating earnings; pre-tax, pre-credit earnings and core earnings are non-GAAP financial measures. Management has included such non-GAAP financial measures because such non-GAAP measures exclude certain non-recurring

## Stock Price

United Community Banks, Inc.'s common stock is traded on the Nasdaq Global Select market under the symbol UCBI. Quarterly stock prices for 2009 and 2008 are provided in the following table.

Quarter	2009				2008			
	High	Low	Close	Average Daily Volume	High	Low	Close	Average Daily Volume
1st	\$ 13.87	\$ 2.28	\$ 4.16	524,492	\$ 20.80	\$ 13.38	\$ 16.98	441,659
2nd	9.30	4.01	5.99	244,037	18.51	8.51	8.53	464,566
3rd	8.00	4.80	5.00	525,369	19.05	7.58	13.26	359,971
4th	5.33	3.07	3.39	1,041,113	15.82	9.25	13.58	319,534

revenue and expense items and therefore provide a meaningful basis for analyzing financial trends. A reconciliation of these measures to financial measures determined using GAAP is included in the Annual Report on Form 10-K filed with the Securities and Exchange Commission.

## Share Purchase Plan

Registered shareholders can purchase shares directly from United without commissions or fees through United's Share Purchase Plan. To find out more about how to participate or to obtain a prospectus, contact Shareholder Relations at (866) 270-5900 or [investor\\_relations@ucbi.com](mailto:investor_relations@ucbi.com).

## Account Consolidation and Elimination of Duplicate Mailing

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

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

## Transfer Agent and Registrant

Illinois Stock Transfer Company  
209 West Jackson Blvd.  
Suite 903  
Chicago, Illinois 60606  
(800) 757-5755

## Independent Registered Public Accountants

Porter Keadle Moore, LLP  
Atlanta, Georgia

## Legal Counsel

Kilpatrick Stockton, LLP  
Atlanta, Georgia

## Equal Opportunity Employer

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



The Bank That **SERVICE** Built.™