UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the Quarterly Period Ended March 31, 1996

OR

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

For the Transition Period from ___________ to ___________

Commission file number 0-21656

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

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

(706) 745-2151
(Telephone number)

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

YES XX NO ___

Common stock, par value $1 per share: 6,260,280 shares outstanding as of April 30, 1996

UNITED COMMUNITY BANKS, INC. AND SUBSIDIARIES

INDEX

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

	March 31, 1996	December 31, 1995
	(In Thousands)	
ASSETS		
Cash and due from banks	$ 19,390	20,758
Federal funds sold	15,405	11,230
Cash and cash equivalents	34,795	31,988
Securities held to maturity (estimated fair value of $80,509 and $79,650)	79,260	78,821
Securities available for sale	65,112	65,046
Mortgage loans held for sale	9,803	12,048
Loans	464,846	444,092
Less: Allowance for loan losses	(6,884)	(6,545)
Loans, net	457,962	437,547
Premises and equipment	15,941	15,997
Accrued interest receivable	6,985	6,462
Other assets	12,882	11,760
	$ 682,739	659,669
LIABILITIES AND STOCKHOLDERS' EQUITY		
Deposits:		
Demand	$ 64,422	62,753
Interest-bearing demand	124,995	114,825
Savings	39,468	38,947
Time	382,488	374,131
Total deposits	611,373	590,656
Accrued expenses and other liabilities	5,065	3,676
Federal Home Loan Bank advances	8,947	9,001
Long-term debt	11,026	11,309
Convertible subordinated debentures	1,000	1,000
Total liabilities	637,411	615,642
Stockholders' equity:		
Preferred stock	-	-
Common stock, $1 par value; 10,000,000 shares authorized; 6,260,280 shares issued and outstanding	6,260	6,260
Capital surplus	10,119	14,520
Net unrealized gain/(loss) on investment securities available for sale, net of tax	(122)	251
Retained earnings	29,070	22,996
Total stockholders' equity	45,327	44,027
	$ 682,739	659,669

See accompanying notes to consolidated financial statements.

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

	For the Three Months Ended March 31, 1996	1995
	(In Thousands Except Per Share Data)	
INTEREST INCOME:		
Interest and fees on loans	$ 12,058	8,467
Interest on deposits with other banks	22	3
Interest on federal funds sold	223	118
Interest on investment securities:		
U.S. Treasury and U.S. Government agencies	1,613	699
State, county and municipal	464	526
Total interest income	14,379	9,813
INTEREST EXPENSE:		
Interest on deposits:		
Demand	1,004	815
Savings	258	229
Time	5,862	3,518
	7,124	4,562
Long-term debt, FHLB advances, subordinated debentures and federal funds purchased	362	485
Total interest expense	7,487	5,047
Net interest income	6,893	4,766
Provision for loan losses	279	206
Net interest income after provision for loan losses	6,614	4,560
NONINTEREST INCOME:		
Service charges and fees	609	382
Securities gains, net	31	(11)
Mortgage loan and related fees	467	291
Other noninterest income	213	325
Total noninterest income	1,319	987
NONINTEREST EXPENSE:		
Salaries and employee benefits	2,935	2,083
Occupancy	792	597
Deposit insurance premiums	11	221
Other noninterest expense	1,613	827
Total noninterest expense	5,351	3,728
Earnings before income taxes	2,582	1,819
Income taxes	909	563
NET EARNINGS	$ 1,673	1,256
Net earnings per common share	$ 0.27	0.22
Weighted average shares outstanding	6,260,280	5,589,365

See accompanying notes to consolidated financial statements.

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

	For the Three Months Ended March 31, 1996	1995
	(In Thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net earnings	$ 1,673	1,256
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation, amortization and accretion	517	428
Provision for loan losses	279	206
Gain on sale of investment securities	(31)	11
Change in assets and liabilities:		
Interest receivable	(523)	(236)
Interest payable	(352)	(35)
Other assets	(766)	(852)
Accrued expenses and other liabilities	1,355	(241)
Change in mortgage loans held for sale	2,246	3,057
Net cash provided by operating activities	4,398	3,594
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from maturities and calls of securities held to maturity	4,512	2,516
Purchases of securities held to maturity	(6,436)	(594)
Proceeds from sales of securities available for sale	2,507	2,321
Proceeds from maturities and calls of securities available for sale	12,740	500
Purchases of securities available for sale	(14,420)	(14,057)
Net change in interest-bearing deposits with other banks	-	-
Net increase in loans	(20,815)	(11,062)
Purchase of bank premises and equipment	(176)	(803)
Net cash used in investing activities	(22,088)	(21,179)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net change in demand and savings deposits	12,476	(1,843)
Net change in time deposits	8,358	36,173
Net increase in federal funds purchased	-	(8,300)
Proceeds from long-term debt	-	4
Repayments of long-term debt	(283)	(630)
Proceeds from FHLB advances	-	7,346
Repayments of FHLB advances	(54)	(87)
Net cash provided by financing activities	20,497	32,663
Net increase in cash and cash equivalents	2,807	15,078
Cash and cash equivalents at beginning of period	31,988	14,570
Cash and cash equivalents at end of period	$ 34,795	29,648
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid during the period for:		
Interest	$ 7,839	5,081
Income taxes	$ 605	605
SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES:		
Chance in dividends payable	$ -	-
Transfers of loans to other real estate owned	$ 263	5
Change in unrealized gain (loss) on securities available for sale	$ (595)	124

See accompanying notes to consolidated financial statements.

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

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

(1) Basis of Presentation

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

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

(2) Earnings Per Share

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

(3) Recently Issued Accounting Standards

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

(4) Common Stock Offering

On October 26, 1995, the board of directors declared a share dividend of four common shares per one outstanding share (4:1) payable to shareholders of record on November 6, 1995. All references in the accompanying Financial Statements with regard to the number of shares of common stock and the per share amounts have been restated to reflect this stock dividend.

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

Results of Operations

OVERVIEW

Net Earnings for the quarter ended March 31, 1996 increased to $1,673,000 or 33 percent over net earnings for the first quarter of 1995. Net earnings per common share for the first quarter also increased 19 percent from the same period in 1995 to $0.27. Net interest income increased 45 percent for the quarter ended March 31, 1996 over the same period of 1995 to 6.9 million. For the first quarter, the provision for loan losses increased 35 percent to $279 thousand for the three month period. Noninterest income and expense rose 34 percent and 44 percent respectively for the first quarter of 1996.

NET INTEREST INCOME

Net interest income for the quarter ended March 31, 1996 increased $2.1 million over the first quarter of 1995. This increase was the result of a $4.5 million, or 47 percent, increase in interest income and a $2.4 million, or 51 percent increase in interest expense. The increase in interest income was due to an increase in earning assets of $184 million coupled with a 25 basis point increase in the average yield on earning assets from 9.01 percent to 9.26 percent.

NET INTEREST MARGIN

The difference between the overall interest income on earning assets and the interest expense paid on all funding sources, including noninterest bearing deposits, is referred to as the net interest margin. For the first three months of 1996 the net interest margin was 4.44 percent compared to 4.38 percent for the same period in 1995. This 6 basis point increase resulted from the changes in rates and volumes of earning assets and the corresponding funding sources noted previously. A 25 basis point increase in the rate received on earning assets was partially offset by a 29 basis point increase in the rates paid on deposits. In addition, the net interest margin was positively impacted by a 70 percent increase in noninterest bearing funds.

NONINTEREST INCOME AND EXPENSE

Noninterest income for the first three months of 1996 increased $332 thousand, or 34 percent over the same period in 1995. Service charges on deposits increased over $227 thousand, or 59 percent. The increase in service charges resulted by the increase in number of accounts and balances outstanding in transaction deposit accounts. Mortgage loan and related fees increased $176 thousand, or 60% as a result in increased volume due to a decline in interest rates for the first three months of 1996. Gains on investment securities sold during the first quarter of 1996 were not material.

Noninterest expenses increased $1.6 million, or 44 percent, during the first three months of 1996 over the same period in 1995. Salaries and employee benefits increased $852 thousand, or 41 percent, for the first quarter. The increase in salaries and benefits were the result of the addition of personnel in connection with the White County acquisition as well as the branch banking facilities acquired by Citizens. Net occupancy expense increased 33 percent due primarily to the increased depreciation and occupancy expenses resulting for the White and Citizens branch acquisitions. FDIC deposit insurance premiums decreased $210 thousand or 95 percent as a result of the recalculated FDIC assessment. Other noninterest expense, including stationary and supplies and advertising, increased $786 thousand during the quarter.

INCOME TAXES

Income tax expense increased during the first quarter of 1996 compared to the same period in 1995 by $346 thousand or 61 percent. The effective tax rates for the three months ended March 31, 1996 and 1995 were 35 percent and 31 percent, respectively. The increases are due primarily to the combined efforts of increased levels of pretax income, and a lower mix of tax-exempt securities held in portfolio. Management expects the trend of an increasing effective tax rate to continue.

PROVISION AND ALLOWANCE FOR POSSIBLE LOAN LOSSES
The provision for loan losses for the three months ended March 31, 1996 increased $73 thousand to $279 thousand from the $207 thousand reported for the same period in 1995. Management considers the size and character of the loan portfolio, changes in nonperforming and past due loans, historical loan loss experience, the existing risk of individual loans, concentrations of loans to specific borrowers and existing and prospective economic conditions when determining the adequacy of the allowance for loan losses. The allowance for loan losses at March 31, 1996 was $6.9 million compared to $6.5 million at December 31, 1995. The ratio of the allowance for loan losses to loans outstanding at March 31, 1996 was 1.45 percent compared to 1.43 percent at December 31, 1995. It is management s belief that the allowance for loan losses is adequate to absorb probable loss in the portfolio.

NONPERFORMING ASSETS AND PAST DUE LOANS
Nonperforming assets, comprised of nonaccrual loans and other real estate owned, totaled $1.45 million at March 31, 1996 compared to $2.2 million at December 31, 1995. Nonperforming assets as a percentage of total loans and other real estate owned was 0.31 percent at March 31, 1996 and 0.48 percent at December 31, 1995.

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

At March 31, 1996, management was unaware of any known trends, events or uncertainties that will have or that are reasonably likely to have a material effect on United's liquidity, capital resources or operations.

FINANCIAL CONDITION

OVERVIEW
Total assets at March 31, 1996 were $683 million representing a $23 million or a 3.5 percent increase from December 31, 1995 and a $192 million or a 39 percent increase from March 31, 1995.

ASSETS AND FUNDING
At March 31, 1995, earning assets totaled $634 million, an increase of $23 million from December 31, 1995. The mix of earning assets remained relatively the same during the first three months of 1996. Loans comprised 75 percent of total earning assets, while the percentage of earning assets represented by total investment securities was 23 percent at March 31, 1996 and December 31, 1995.

Interest bearing deposits at March 31, 1996 increased $19 million from December 31, 1995, while non-interest bearing deposits increased over $1.6 million since December 31, 1995. At March 31, 1996, deposits accounted for 90 percent of United s funding, unchanged from year end.

LIQUIDITY AND CAPITAL RESOURCES
Net cash provided by operating activities totaled $4.4 million for the three months ended March 31, 1996. For the first quarters of 1996, net cash used by investing activities of $22 million consisted of proceeds from maturities of investments securities of $17.2 million, proceeds from sales of investment securities of $2.5 million offset by cash outflows of $20.9 million in investment security purchases, a $20.8 million increase in loans outstanding and purchases of bank premises and equipment of $176 thousand. Net cash provided by financing activities consisted largely of the $20.8 million increase in deposit and time accounts and were offset slightly by payments of $337 thousand on United s long-term debt and FHLB repayments.

LIQUIDITY AND CAPITAL RESOURCES (Continued)

Total stockholders' equity at March 31, 1996, was 6.64 percent of total assets compared to 6.67 percent at December 31, 1996. The slight decrease since year end 1996 reflects the asset growth of $23 million and the change of $595 thousand in the unrealized loss in United s available for sale investment portfolio offset by retained net earnings from the first quarter.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings - None

Item 2. Changes in Securities - None

Item 3. Defaults Upon Senior Securities - None

Item 4. Submission of Matters to a Vote of Security Holders - None

Item 5. Other Information - None

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits - Exhibit 27 - Financial Data Schedule
(b) Reports on Form 8-K - None

SIGNATURES

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

UNITED COMMUNITY BANKS, INC.

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

Date: May 10, 1996

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

Date: May 10, 1996

9
1,000
3-MOS
DEC-31-1996
JAN-31-1996
MAR-31-1996
19,389
0
15,405
0
65,112
79,260
80,509
474,649
6,884
682,739
611,373
8,947
5,065
12,026
0
0
6,260
39,067
682,739
12,058
2,321
0
14,379
7,124
7,487
6,893
278
31
1,613
2,583
2,583
0
0
1,673
0.267
0.267
9.26
1,043
184
0
0
6,545
46
107
6,884
6,884
0
6,884