Table of Contents

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

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

Date of Report (Date of earliest event reported):
July 26, 2005

United Community Banks, Inc.
(Exact name of registrant as specified in its charter)

Georgia	No. 0-21656	No. 58-180-7304
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

63 Highway 515, P.O. Box 398
Blairsville, Georgia 30512
(Address of principal executive offices)

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

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

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

o Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

o Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

o Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240-13e-4(c))

TABLE OF CONTENTS

Table of Contents

Item 2.02 Results of Operation and Financial Condition

On July 26, 2005, United Community Banks, Inc. (the “Registrant”) issued a news release announcing its financial results for the second quarter ended June 30, 2005 (the “News Release”). The News Release, including financial schedules, is attached as Exhibit 99.1 to this report. In connection with issuing the News Release, on July 26, 2005 at 11:00 a.m. EST, the Registrant intends to hold a conference call/webcast to discuss the News Release.

The News Release contains a description of the Registrant’s earnings excluding merger-related expenses (referred to as “Operating Earnings”, “Net Operating Income”, “Diluted Operating Earnings Per Share”) related to the June 1, 2004 acquisition of Fairbanco Holding Company, Inc., headquartered in Fairburn, Georgia; the November 1, 2004 acquisition of Eagle National Bank, headquartered in Stockbridge, Georgia; and the December 1, 2004 acquisition of Liberty National Bancshares, Inc., headquartered in Conyers, Georgia. Management believes that a presentation of the Registrant’s earnings excluding merger-related expenses as a financial measure provides useful information to investors because it provides information about the Registrant’s financial performance from its ongoing business operations. The merger-related expenses are principally related to equipment lease termination, legal and other professional fees and systems conversion costs.

Item 9.01 Financial Statements and Exhibits

(a) Financial statements: None

(b) Pro forma financial information: None

(c) Exhibits:

99.1 Press Release, dated July 26, 2005

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

	/s/ Rex S. Schuette
	Rex S. Schuette
July 26, 2005	Executive Vice President and Chief Financial Officer

EXHIBIT 99.1

[UNITED COMMUNITY BANKS LOGO]

For Immediate Release

For more information:
Rex S. Schuette
Chief Financial Officer
(706) 781-2265
Rex_Schuette@ucbi.com

UNITED COMMUNITY BANKS, INC. REPORTS 13% GAIN IN DILUTED EARNINGS PER SHARE FOR SECOND QUARTER 2005

HIGHLIGHTS:

- - Record Second Quarter Earnings

  Diluted Operating Earnings Per Share of 35 Cents - Up 13%

  Net Operating Income of $13.8 Million - Up 21%

  Return on Tangible Equity of 19.21%

- - Strong Loan Demand and Rise in Net Interest Margin and Fee Revenue Drove Performance

- - Significant Entry into The Gainesville MSA Expands Franchise

BLAIRSVILLE, GA, July 26, 2005 - United Community Banks, Inc. (Nasdaq: UCBI), Georgia's third largest bank holding company, today announced record second quarter 2005 results that included a 21% rise in net operating income, a 13% gain in diluted operating earnings per share and a 29% increase in total revenue from the second quarter of 2004.

For the quarter, net operating income rose to $13.8 million from $11.4 million a year earlier. Diluted operating earnings per share of $.35 increased $.04 from $.31 a year ago. Total revenue, on a taxable equivalent basis, was $60.6 million compared with $47.1 million for the second quarter of 2004. Return on tangible equity was 19.21% and return on assets was 1.03%, compared with 19.70% and 1.07%, respectively, a year ago.

"Our financial performance in the second quarter of 2005 was outstanding by all measures," said Jimmy Tallent, President and Chief Executive Officer. "Total assets at quarter-end surpassed $5.5 billion, an increase of more than $1 billion, or 22%, from a year ago. Loan growth continued at a record pace, increasing $195 million during the quarter, or 20% on an annualized basis, which helped drive the increase in net interest revenue. Our net interest margin rose to 4.12%, up 17 basis points from a year ago as increasing short-term interest rates positively affected our slightly asset-sensitive balance sheet. Fee revenue increased in every category and was up 26% over 2004. With this growth in revenue and operating earnings, United Community Banks remains on track to meet our performance goals of double-digit earnings per share growth and a return on tangible equity above 18% for 2005."

For the six months, net operating income of $27.2 million increased $4.9 million, or 22%, from $22.3 million for the first half of 2004. Diluted operating earnings per share of $.69 increased $.08, or 13%, from $.61 for the first six months of 2004. Total revenue, on a taxable equivalent basis, totaled $116.7 million, up 26% from $92.4 million a year ago. Return on tangible equity was 19.52% and return on assets was 1.04%, compared with 19.79% and 1.07%, respectively, a year ago.

Net operating income excludes pre-tax merger-related charges in 2004. For the second quarter of 2004 and for the first six months of 2004, merger-related charges were $464 thousand resulting from the acquisition of 1st Community Bank, completed on June 1, 2004. Including these merger-related charges for the second quarter and first six months of 2004, reported net income was $11.0 million and $22.0 million, respectively; reported diluted earnings per share was $.30 and $.60, respectively; and, reported return on equity 14.40% and 14.63%, respectively.

At June 30, 2005, total loans were $4.1 billion, up $735 million, or 22%, from a year ago. Organic growth, excluding acquisitions, was $528 million, or 16%. "Loan demand has remained consistent across all our markets, providing significant growth opportunities," Tallent said. "Organic loan growth, accomplished through disciplined step-by-step execution and accompanied by an uncompromising focus on sound credit quality, is essential to our balanced growth strategy."

"This strategy also includes focused expansion with the right people through de novo offices," Tallent explained. "An excellent example of this strategy was our May entry into the Gainesville market. In May, we partnered with three experienced local banking executives to form a de novo bank, United Community Bank - Hall County. This new bank is managed by Chairman Rich White, CEO Dick Valentine, and President Burton Stephens - all of whom are long-time bankers in the Gainesville market. Shortly after joining, they hired 55 experienced bankers from this market and by the end of the second quarter the bank had grown to more than $90 million in loans and $50 million in new deposits. Our current plans include opening a main office location in downtown Gainesville within 90 days and two banking offices in the surrounding Gainesville MSA within the next 30 days. We also plan to open two additional banking offices in this market in early 2006. "The Gainesville MSA, which encompasses all of Hall County, is the 7th fastest growing MSA in the country with over 100,000 in population," Tallent added. "It's a testimony to the success and strength of our existing franchise that we were able to absorb such a significant de novo undertaking and still deliver on our primary financial goals of double digit earnings per share growth and a return on tangible equity above 18%."

Taxable equivalent net interest revenue of $51.3 million for the second quarter rose $12.0 million, or 31%, from the same period a year ago. Recent acquisitions added approximately $3.8 million to net interest revenue, resulting in a core growth rate of 21%. Taxable equivalent net interest margin for the second quarter was 4.12% as compared with 3.95% a year ago and 4.05% last quarter. "We have maintained our net interest margin near the 4% level for the past 11 quarters and expect it to remain at that level through 2005," Tallent said. "Our balance sheet is slightly asset sensitive, which is allowing us to benefit modestly from a rising interest rate environment."

The second quarter provision for loan losses was $2.8 million and was up $1 million from a year earlier and increased $400,000 from the first quarter of 2005. Net charge-offs to average loans were 14 basis points for the second quarter, compared with 12 basis points for the first quarter of 2005 and 10 basis points for the second quarter of 2004. At quarter-end, non-performing assets totaled $13.5 million compared with $13.7 million at the end of the first quarter of 2005 and $8.8

million a year ago. Non-performing assets as a percentage of total assets were 24 basis points at quarter-end, compared with 26 basis points at March 31, 2005 and 19 basis points at June 30, 2004.

Commenting on asset quality, Tallent said, "Our level of nonperforming assets compares very favorably with our peer banks and is well within our tolerance level. At this low level, we expect volatility in comparisons to prior periods, even while our credit quality remains sound. Strong credit quality remains essential to our high performance and growth. United's credit quality success is rooted in our bedrock strategy of securing loans with hard assets."

Fee revenue of $12.2 million rose $2.5 million, or 26%, from $9.6 million a year ago with strong growth in every category. "We increased fee revenue by growing deposits through our core deposit program and cross-selling other products and services," Tallent said. "We also experienced healthy increases in consulting, mortgage and brokerage fees." Service charges and fees on deposit accounts increased $968,000 to $6.3 million, primarily due to growth in transactions and new accounts resulting from the core deposit program. Consulting fees of $1.7 million rose $283,000, or 20%, due to continued growth in risk management and financial-service practices as well as strong growth across existing consulting services. Brokerage fees of $768,000 increased $253,000, or 49%, due to strong market activity. Other fee revenue of $1.7 million was up $873,000, due primarily to $530,000 in gains on the sale of two former banking office locations and $235,000 in gains on the sale of SBA loans.

"We remain sharply focused on growing core deposits and related fee revenue," Tallent said. "We continued to promote our very successful `Refer-a-Friend' core deposit program that rewards our many satisfied customers for referring their friends and family members to us. Our relentless focus on providing the highest level of customer service has generated customer satisfaction scores that continue to exceed 90%, well above the comparable industry average of 75%. Our high level of customer satisfaction helps us build our deposit base through customer referrals while also maintaining long-term relationships with existing customers. During the quarter, our core deposit program, along with other initiatives, added 12,000 accounts and $75 million in balances."

Operating expenses increased $9.4 million, or 32%, to $38.8 million from the second quarter of 2004. Nearly $5.3 million of this increase related to operating expenses of the three banks acquired in 2004 that were not included in last year's results and the operating costs of the de novo expansion into Gainesville during the quarter. Salaries and employee benefit costs of $25.3 million increased $6.6 million, or 35%, with approximately $3.9 million resulting from acquisitions and the recent de novo expansion. The balance of the increase was due to an increase in staff to support business growth and related hiring costs and higher commissions related to the increase in mortgage and brokerage fee revenue. Communications and equipment expenses of $3.1 million increased $438,000, or 16%, due to the acquisitions and investments in technology equipment to support business growth. Advertising and marketing expense of $1.7 million rose $708,000, reflecting the higher program costs of initiatives to raise core deposits and marketing campaigns to generate brand recognition in new markets. Occupancy expense of $2.7 million increased $445,000 reflecting the cost of operating additional banking offices added through acquisitions and de novo expansion. Professional fees of $1.1 million were up $276,000, due to higher costs related to the volume of new loans generated and overall business growth. The increase in all other operating expense categories was related to the recent acquisitions and business growth. "Our operating efficiency ratio of 61.18% for the quarter was slightly above our long-term efficiency goal of 58% to 60%, reflecting the higher operating costs of our recent de novo expansion into Gainesville," Tallent said.

"Looking forward, we believe United Community Banks is on target to achieve operating earnings per share growth during 2005 within our long-term goal of 12% to 15%, and will likely remain at the lower end of the range this year due to the significant expansion in the Gainesville market," Tallent said. "We anticipate core loan growth will continue slightly above the high end of our targeted range of 10% to 14% and net interest margin will come down slightly from our current level, but remain above 4% for 2005. Our outlook is based on a continued, stable economic environment in our markets combined with maintaining strong credit quality. We are well positioned for additional increases in short-term interest rates and should benefit modestly if, and when, they occur."

"We remain committed to excellent customer service, superior operating performance and solid credit quality as we continue to grow our franchise," Tallent added. "Pursuing a balanced- growth strategy focused on strong internal growth in existing markets, complemented by selective de novo offices and mergers in other attractive markets, will remain the foundation on which we continue to build superior performance and long-term shareholder value."

Conference Call

United Community Banks will hold a conference call on Tuesday, July 26, 2005, at 11:00 a.m. ET to discuss the contents of this news release, as well as business highlights for the quarter and the financial outlook for the remainder of the year. The telephone number for the conference call is (800) 659-1966 and the pass code is "UCBI." The conference call will also be available by web cast within the Investor Relations section of the company's web site.

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 $5.5 billion and operates 24 community banks with 85 banking offices located throughout north Georgia, metro Atlanta, 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 in its markets. United Community Banks also offers the convenience of 24-hour access to its services through a network of ATMs, telephone and on-line banking. United Community Banks common stock is listed on the Nasdaq National Market under the symbol UCBI. Additional information may be found at the company's web site, ucbi.com.

Safe Harbor

This news release contains forward-looking statements, as defined by Federal Securities Laws, including statements about financial 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 in such statements. Any such statements are based on current expectations and involve a number of risks and uncertainties. For a discussion of factors that may cause such forward-looking statements to differ materially from actual results, please refer to the section entitled "Forward Looking Statements" on page 4 of United Community Banks, Inc. annual report filed on Form 10-K with the Securities and Exchange Commission.

(Tables Follow)

UNITED COMMUNITY BANKS, INC.
SELECTED FINANCIAL INFORMATION
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2005

(in thousands, except per share data; taxable equivalent)	2005 SECOND QUARTER	2005 FIRST QUARTER	2004 FOURTH QUARTER	2004 THIRD QUARTER	2004 SECOND QUARTER	SECOND QUARTER 2005-2004 CHANGE
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	
INCOME SUMMARY						
Interest revenue	$ 80,701	$ 73,649	$ 66,761	$ 61,358	$ 56,680	
Interest expense	29,450	25,367	21,448	19,142	17,432	
Net interest revenue	51,251	48,282	45,313	42,216	39,248	31%
Provision for loan losses	2,800	2,400	2,000	2,000	1,800	
Fee revenue	12,179	10,200	10,757	9,857	9,647	26
TOTAL REVENUE	60,630	56,082	54,070	50,073	47,095	29
Operating expenses (1)	38,808	34,779	33,733	31,296	29,363	32
Income before taxes	21,822	21,303	20,337	18,777	17,732	23
Income taxes	8,049	7,862	7,427	6,822	6,379	
NET OPERATING INCOME	13,773	13,441	12,910	11,955	11,353	21
Merger-related charges, net of tax	-	-	261	-	304	
NET INCOME	$ 13,773	$ 13,441	$ 12,649	$ 11,955	$ 11,049	25
OPERATING PERFORMANCE (1)						
Earnings per common share:						
Basic	$ .36	$ .35	$ .35	$ .33	$ .32	13
Diluted	.35	.34	.34	.32	.31	13
Return on tangible equity (3)	19.21%	19.86%	19.96%	19.41%	19.70%	
Return on assets	1.03	1.06	1.07	1.05	1.07	
Efficiency ratio	61.18	59.47	60.20	60.11	60.05	
Dividend payout ratio	19.44	20.00	17.14	18.18	18.75	
GAAP PERFORMANCE						
Per common share:						
Basic earnings	$ .36	$ .35	$ .34	$ .33	$ .31	16
Diluted earnings	.35	.34	.33	.32	.30	17
Cash dividends declared	.07	.07	.06	.06	.06	17
Book value	10.86	10.42	10.39	9.58	9.10	19
Tangible book value (3)	7.85	7.40	7.34	7.28	6.77	16
Key performance ratios:						
Return on equity (2)	13.46%	13.68%	14.15%	14.20%	14.40%	
Return on assets	1.03	1.06	1.05	1.05	1.04	
Net interest margin	4.12	4.05	4.05	3.99	3.95	
Dividend payout ratio	19.44	20.00	17.65	18.18	19.35	
Equity to assets	7.65	7.71	7.54	7.50	7.30	
Tangible equity to assets (3)	5.62	5.58	5.75	5.76	5.74	
ASSET QUALITY						
Allowance for loan losses	$ 49,873	$ 48,453	$ 47,196	$ 43,548	$ 42,558	
Non-performing assets	13,495	13,676	8,725	10,527	8,812	
Net charge-offs	1,380	1,143	1,183	1,010	789	
Allowance for loan losses to loans	1.22%	1.25%	1.26%	1.27%	1.27%	
Non-performing assets to total assets	.24	.26	.17	.23	.19	
Net charge-offs to average loans	.14	.12	.13	.12	.10	
AVERAGE BALANCES						
Loans	$ 3,942,077	$ 3,797,479	$ 3,572,824	$ 3,384,281	$ 3,235,262	22
Investment securities	996,096	946,194	805,766	762,994	715,586	39
Earning assets	4,986,339	4,819,961	4,456,403	4,215,472	3,991,797	25
Total assets	5,338,398	5,164,464	4,781,018	4,521,842	4,274,442	25
Deposits	3,853,884	3,717,916	3,500,842	3,351,188	3,178,776	21
Stockholders' equity	408,352	398,164	360,668	338,913	311,942	31
Common shares outstanding:						
Basic	38,270	38,198	37,056	36,254	35,633	
Diluted	39,436	39,388	38,329	37,432	36,827	
AT PERIOD END						
Loans	$ 4,072,811	$ 3,877,575	$ 3,734,905	$ 3,438,417	$ 3,338,309	22
Investment securities	990,500	928,328	879,978	726,734	739,667	34
Earning assets	5,161,067	4,907,743	4,738,389	4,280,643	4,172,049	24
Total assets	5,540,242	5,265,771	5,087,702	4,592,655	4,525,446	22
Deposits	3,959,226	3,780,521	3,680,516	3,341,525	3,339,848	19

Stockholders' equity	415,994	398,886	397,088	347,795	330,458	26
Common shares outstanding	38,283	38,249	38,168	36,255	36,246	

(in thousands, except per share data; taxable equivalent)	FOR THE SIX MONTHS ENDED 2005	2004	YTD 2005-2004 CHANGE
	(Unaudited)	(Unaudited)	
INCOME SUMMARY			
Interest revenue	$ 154,350	$ 111,267	
Interest expense	54,817	34,204	
Net interest revenue	99,533	77,063	29%
Provision for loan losses	5,200	3,600	
Fee revenue	22,379	18,925	18
TOTAL REVENUE	116,712	92,388	26
Operating expenses (1)	73,587	57,539	28
Income before taxes	43,125	34,849	24
Income taxes	15,911	12,558	
NET OPERATING INCOME	27,214	22,291	22
Merger-related charges, net of tax	-	304	
NET INCOME	$ 27,214	$ 21,987	24
OPERATING PERFORMANCE (1)			
Earnings per common share:			
Basic	$ .71	$ .63	13
Diluted	.69	.61	13
Return on tangible equity (3)	19.52%	19.79%	
Return on assets	1.04	1.07	
Efficiency ratio	60.36	59.94	
Dividend payout ratio	19.72	19.05	
GAAP PERFORMANCE			
Per common share:			
Basic earnings	$ .71	$ .62	15
Diluted earnings	.69	.60	15
Cash dividends declared	.14	.12	17
Book value	10.86	9.10	19
Tangible book value (3)	7.85	6.77	16
Key performance ratios:			
Return on equity (2)	13.57%	14.63%	
Return on assets	1.04	1.06	
Net interest margin	4.09	3.97	
Dividend payout ratio	19.72	19.35	
Equity to assets	7.68	7.38	
Tangible equity to assets (3)	5.60	5.81	
ASSET QUALITY			
Allowance for loan losses	$ 49,873	$ 42,558	
Non-performing assets	13,495	8,812	
Net charge-offs	2,523	1,424	
Allowance for loan losses to loans	1.22%	1.27	
Non-performing assets to total assets	.24	.19	
Net charge-offs to average loans	.13	.09	
AVERAGE BALANCES			
Loans	$ 3,870,177	$ 3,165,569	22
Investment securities	971,283	684,226	42
Earning assets	4,903,610	3,900,337	26
Total assets	5,251,913	4,179,664	26
Deposits	3,786,276	3,067,251	23
Stockholders' equity	403,286	308,434	31
Common shares outstanding:			
Basic	38,234	35,477	
Diluted	39,412	36,655	
AT PERIOD END			
Loans	$ 4,072,811	$ 3,338,309	22
Investment securities	990,500	739,667	34
Earning assets	5,161,067	4,172,049	24
Total assets	5,540,242	4,525,446	22
Deposits	3,959,226	3,339,848	19
Stockholders' equity	415,994	330,458	26
Common shares outstanding	38,283	36,246	

(1) Excludes pre-tax merger-related charges totaling $406,000 or $.01 per diluted common share and $464,000 or $.01 per diluted common share in the fourth and second quarters, respectively, of 2004.

(2) Net income available to common stockholders divided by average realized common equity which excludes accumulated other comprehensive income.

(3) Excludes effect of acquisition related intangibles and associated amortization.

(4) Annualized.

UNITED COMMUNITY BANKS, INC.
CONSOLIDATED STATEMENT OF INCOME
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2005 AND 2004

(in thousands, except per share data)	THREE MONTHS ENDED JUNE 30, 2005	THREE MONTHS ENDED JUNE 30, 2004	SIX MONTHS ENDED JUNE 30, 2005	SIX MONTHS ENDED JUNE 30, 2004
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
INTEREST REVENUE:				
Loans, including fees	$ 69,446	$ 49,326	$ 132,913	$ 96,748
Federal funds sold and deposits in banks	150	66	409	177
Investment securities:				
Taxable	10,190	6,339	19,204	12,408
Tax exempt	528	545	1,053	1,111
Total interest revenue	80,314	56,276	153,579	110,444
INTEREST EXPENSE:				
Deposits:				
Demand	4,379	1,920	7,906	3,714
Savings	174	93	342	176
Time	15,019	9,773	28,027	19,070
Federal funds purchased	1,106	499	1,977	770
Other borrowings	8,772	5,147	16,565	10,474
Total interest expense	29,450	17,432	54,817	34,204
Net interest revenue	50,864	38,844	98,762	76,240
Provision for loan losses	2,800	1,800	5,200	3,600
Net interest revenue after provision for loan losses	48,064	37,044	93,562	72,640
FEE REVENUE:				
Service charges and fees	6,280	5,312	11,894	10,335
Mortgage loan and other related fees	1,742	1,585	3,225	2,865
Consulting fees	1,685	1,402	3,167	2,529
Brokerage fees	768	515	1,210	1,223
Securities losses, net	(2)	-	(2)	(4)
Other	1,706	833	2,885	1,977
Total fee revenue	12,179	9,647	22,379	18,925
TOTAL REVENUE	60,243	46,691	115,941	91,565
OPERATING EXPENSES:				
Salaries and employee benefits	25,274	18,662	47,509	36,788
Occupancy	2,718	2,273	5,386	4,555
Communications and equipment	3,115	2,677	6,097	5,224
Postage, printing and supplies	1,369	1,068	2,720	2,210
Professional fees	1,071	795	2,109	1,632
Advertising and public relations	1,699	991	3,062	1,755
Amortization of intangibles	503	395	1,006	766
Merger-related charges	-	464	-	464
Other	3,059	2,502	5,698	4,609
Total operating expenses	38,808	29,827	73,587	58,003
Income before income taxes	21,435	16,864	42,354	33,562
Income taxes	7,662	5,815	15,140	11,575
NET INCOME	$ 13,773	$ 11,049	$ 27,214	$ 21,987
Net income available to common stockholders	$ 13,767	$ 11,048	$ 27,201	$ 21,970
Earnings per common share:				
Basic	$ .36	$ .31	$ .71	$ .62
Diluted	.35	.30	.69	.60
Weighted average common shares outstanding (in thousands):				
Basic	38,270	35,633	38,234	35,477
Diluted	39,436	36,827	39,412	36,655

UNITED COMMUNITY BANKS, INC.
CONSOLIDATED BALANCE SHEET
FOR THE PERIOD ENDED

($ in thousands)	JUNE 30, 2005	DECEMBER 31, 2004	JUNE 30, 2004
	(Unaudited)	(Audited)	(Unaudited)
ASSETS			
Cash and due from banks	$ 117,478	$ 99,742	$ 147,793
Interest-bearing deposits in banks	17,451	35,098	39,186
Cash and cash equivalents	134,929	134,840	186,979
Securities available for sale	990,500	879,978	739,667
Mortgage loans held for sale	34,095	37,094	18,610
Loans, net of unearned income	4,072,811	3,734,905	3,338,309
Less - allowance for loan losses	49,873	47,196	42,558
Loans, net	4,022,938	3,687,709	3,295,751
Premises and equipment, net	105,469	103,679	92,497
Interest receivable	31,909	27,923	23,150
Intangible assets	119,617	121,207	87,657
Other assets	100,785	95,272	81,135
TOTAL ASSETS	$ 5,540,242	$ 5,087,702	$ 4,525,446
LIABILITIES AND STOCKHOLDERS' EQUITY			
Liabilities:			
Deposits:			
Demand	$ 590,306	$ 532,879	$ 479,439
Interest-bearing demand	1,141,115	1,055,192	935,489
Savings	177,822	171,898	160,550
Time	2,049,983	1,920,547	1,764,370
Total deposits	3,959,226	3,680,516	3,339,848
Federal funds purchased and repurchase agreements	213,148	130,921	181,439
Federal Home Loan Bank advances	800,316	737,947	535,343
Other borrowings	117,939	113,879	113,877
Accrued expenses and other liabilities	33,619	27,351	24,481
TOTAL LIABILITIES	5,124,248	4,690,614	4,194,988
Stockholders' equity:			
Preferred stock, $1 par value; $10 stated value; 10,000,000 shares authorized; 48,300, 55,900 and 65,500 shares issued and outstanding	372	448	483
Common stock, $1 par value; 100,000,000 shares authorized; 36,620,754, 35,706,573 and 35,706,573 shares issued	38,408	38,408	36,621
Capital surplus	154,480	155,076	116,129
Retained earnings	226,546	204,709	184,572
Treasury stock; 374,362, 417,525 and 739,581 shares, at cost	(2,517)	(4,413)	(6,393)
Accumulated other comprehensive (loss) income	(1,295)	2,860	(954)
TOTAL STOCKHOLDERS' EQUITY	415,994	397,088	330,458
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 5,540,242	$ 5,087,702	$ 4,525,446