



*The
Extra Mile*

United Community Banks, Inc.
2007 Annual Report

The road through 2007 had plenty of interesting twists, but throughout our travels, United Community Banks' 2,028 bankers remained focused on what makes our bank unique: unmatched personal customer service and dedication to our communities. Whether it's financing a large business

enterprise or organizing a coloring contest, our people are always there.

In these pages you'll encounter breathtaking landscapes, vibrant communities, and some of our very special employees. Join us on this journey and see how YOUR bank goes...

The Extra Mile



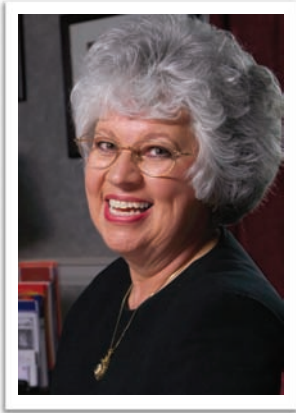




*The
Extra Mile*

Etowah >> Sylva >> Hayesville

Hayesville >>



Helping communities thrive requires the active involvement of United bankers like Glenda Cheeks. Glenda, who provides expert leadership and direction to agencies such as the Clay County Chamber of Commerce, Historical Arts Council, and Tri-County Community College Board of Trustees, takes this philosophy to heart.

Glenda Cheeks
City President
Hayesville, NC

United Communities

Even though the word 'bank' is in our name, what we're really about is 'United Communities.' Our bankers work both inside and outside our buildings to make their communities better places to live, and to create vibrant business environments.

This is one of many things that make United Community Bank unique. Our bankers know their cities, towns and counties. They know the markets. They know the business owners. And they know the people.

Partnerships

Hand-in-hand with knowing our communities is involvement in organizations and agencies that drive local business - chambers of commerce, economic development committees and small business associations. Throughout United's footprint, bankers at all levels of the organization not only serve on local chambers but also hit the pavement, meeting with businesses as chamber ambassadors and non-profit agency volunteers.

Building Blocks

The heartbeat of every town is its small businesses; the independent contractors, entrepreneurs, neighborhood stores, shops and restaurants. These small businesses are the lifeblood of an economy, and our bankers not only know most of the owners, but have helped many of them get their businesses off the ground. Our people also continue working with these business owners to provide the financial services they need to remain successful.

The largest economic engines in western North Carolina this past year were professional/business services and retail. These sectors alone accounted for more than 1,200 of the 2,700 jobs created in the region in 2007. Population in this region is expected to grow at about two percent per year - most will be affluent transplants from other parts of the country. This vibrant and growing economy - rooted in small business and residential growth - is a building block of growth for United Community Bank.

along the way



Angie Chastain, City President - Etowah (right), and her staff work very closely with Principal Mike Thorpe, and School Counselor Emily Ingram of Etowah Elementary School to provide materials, time and educational activities for students.

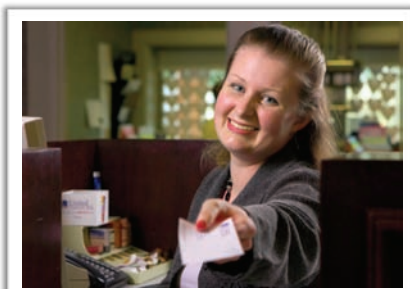
<< Etowah



Sylva >>

Building relationships with customers and small businesses is the bread and butter of community banking. Bogart's Restaurant serves much more than bread and butter, and Becky Chastain, City President - Sylva, works with owner Tim Hall to make sure that customer satisfaction and service are always on our menu.

Tim Hall | Owner, Bogart's Restaurant | Sylva, NC







*The
Extra Mile*

Kingston >> Athens >> Cleveland

Kingston >>



Achieving a company-wide customer satisfaction score of 92.76 percent doesn't happen by itself. It takes the dedication of employees like Sarah Stewart. She and all United bankers pride themselves on working hard to meet our customers' every financial service need.

Sarah Stewart
Customer Service Representative
Kingston, TN

The Growing Season

Spring is the time of year for new blossoms and buds. For United Community Bank, it's always the growing season. In May, green plants were abundant at each United location during the bank's annual Customer Appreciation Day. Again in 2007, 'Tomato Day' drew thousands of customers, community members and friends, with more than 250,000 plants distributed company wide.

Also sprouting from the ground in 2007 was a new permanent bank building in Cleveland, Tennessee. Last year, Cleveland's deposits grew by more than 79 percent during the year - nearly 60 percent in core deposits. In addition, the bank experienced impressive loan growth during the year, seeing its total loans increase more than 140 percent. Like Cleveland, all United Banks work each day to grow their business through increased deposits and by attracting new customers.

Growth like this doesn't occur automatically. Just like tomato plants, individual customer relationships require nurturing and attention to thrive.

Cultivating Our Next Generation

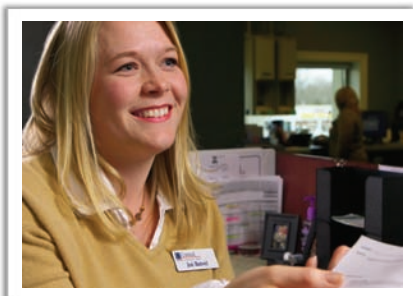
Growing our next generation of leaders, bankers and consumers is a priority for United. Through the 'Our School Bank' program, elementary school students have the opportunity to operate their own banks. Meanwhile, high school seniors put their business and volunteerism skills to work as part of our Junior Boards of Directors.

In Tennessee and throughout our footprint, United Community Bank is committed to growth - one customer at a time.

A Budding Region

The east Tennessee corridor from Chattanooga to Knoxville is one of the state's fastest-growing regions. The Cleveland/Bradley County area is home to 13 Fortune 500 manufacturing companies. Meanwhile, *Forbes* magazine this year rated Knoxville as #5 in their 'Best Places for Business and Careers' list. *Site Selection* magazine has rated the east Tennessee region as the fifth 'Best Overall Business Climate' in the U.S. Strong communities are key to United Community Bank's growth strategy.

along the way



Through programs like Adopt-A-School, and a new Junior Board of Directors, Athens bank manager Stan McKee (left) and his United team work directly with Athens Junior High School's principal Mike Simmons to mentor both staff and students.

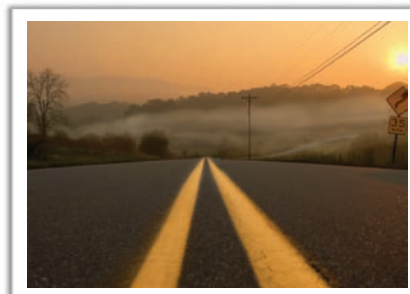
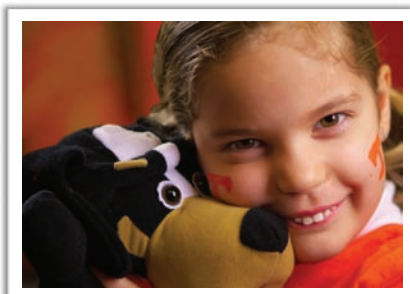
<< Athens



Cleveland >>

As one of our first customers in Cleveland, Dr. Sylvia Krueger appreciates the personal attention and individual service provided by Mickey Torbett, President, UCB - Cleveland and his team of local bankers. Commercial relationships can be the backbone of a new and growing bank. Cleveland is a perfect example of this with extraordinary growth in their first year.

Dr. Sylvia Krueger | Owner, Blue Ridge Medical Oncology | Cleveland, TN



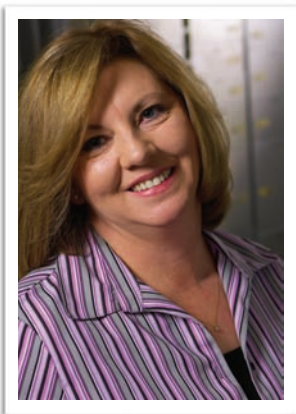




The Extra Mile

Cave Spring >> Blairsville >> Clayton

Cave Spring >>



'The Bank That SERVICE Built' is just a slogan until employees like Brenda Twilley bring it to life by anticipating the needs of our customers and providing the services and products that fit their specific needs.

Brenda Twilley
Customer Service Representative
Cave Spring, GA

For the Fun of It

Keeping our eye on the ball is a top priority. United Community Bank is also committed to saying 'thank you' to our many devoted customers, not only through Customer Appreciation Day, but also through sponsorship of community celebrations, participation in hometown parades and Christmas tree lightings. Bringing together bank leaders, community leaders, employees, directors and customers on a regular basis is one way that we remain a United family.

Curtain Call

Bank employees take to the stage each year for a community tradition known as 'The Bankers Hour.' Music, comedy and family entertainment are the order of the day as thousands flock to see our employees' talents on display.

Aside from entertaining customers, employees and neighbors, The Bankers Hour also raises money for non-profit and charitable organizations. In 2007, this event raised \$20,800 that was distributed throughout United's communities.

A Worldwide Stage

While the lights are on United employees in The Bankers Hour, the international cycling spotlight turns to Georgia each spring as cyclists from all over the world converge on the Peach State for the Tour de Georgia, North America's premier cycling event.

In 2007, United Community Bank was once again a Founding Sponsor of the Tour that traversed north Georgia and southeast Tennessee. Cyclists from 15 countries participated in the '07 Tour that passed through and stopped in several of our bank communities including Peachtree City, Fairburn, Rome, Summerville, Buford, as well as Towns, Union, Fannin and Gilmer counties before ending in Atlanta's Centennial Park.

Keeping cycling close to home, United Community Bank also sponsored an amateur cycling team that competed in 50 races in 2007. The team had an amazing year racing at events throughout the Southeast, and had 10 wins - more than any other amateur team in the state. Along the way, they traveled through many bank communities and waved the United flag throughout the region.

along the way



Behind every great bank is a great support system. Keeping United Community Bank humming 24/7 is a dedicated team of support and operations employees like Chris Uhrich (left) and Keith Bryant in Blairsville who make the hard work of banking transparent to our customers.

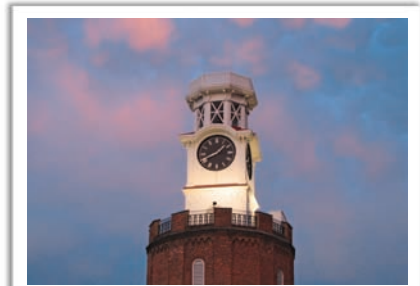
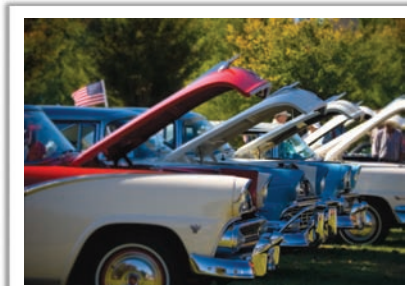
<< Blairsville

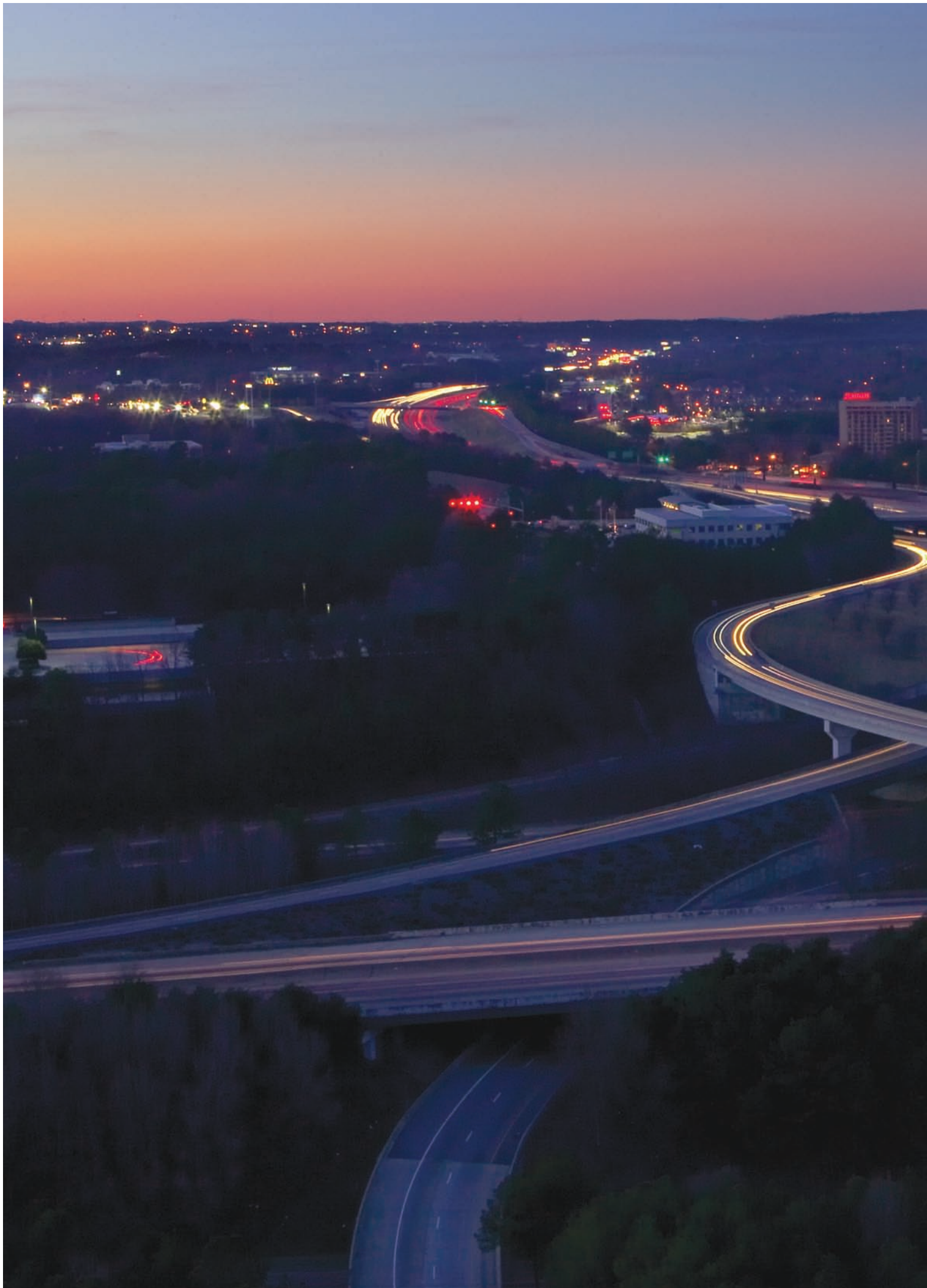


Clayton >>

United bankers like Juanita Shope, Lender in Clayton (left), help customers realize their dreams of business ownership everyday. Linda Benfield is one such business owner, and a loyal United Community Bank customer.

Linda Benfield | Owner, Wiley Tire and Automotive | Clayton, GA



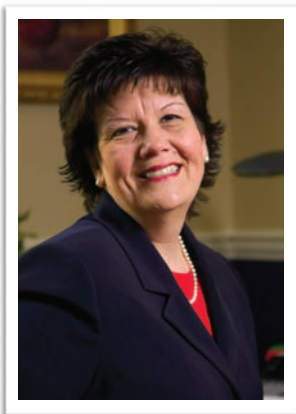




*The
Extra Mile*

Oakwood >> Duluth >> Monroe

Oakwood >>



Experience in banking and deep roots in our communities are what make United Community Bank so unique. It's not uncommon for bankers like Anne Wade to have years - and sometimes decades - of banking expertise in their local communities.

Anne Wade
Bank Manager and
Executive Vice President
Oakwood, GA

Right At Home...Strategically

United Community Bank calls more than 60 communities home, with 111 locations and 2,028 employees. Georgia, North Carolina and Tennessee are graced with hundreds of towns, villages and cities that anyone would be proud to call home. United has outlined a strategy identifying the most vibrant of these communities that hold the greatest promise of growth, stability and strength of business environment.

Room to Grow

Did you know that if Atlanta were a country, it would have the 28th largest gross domestic product in the world? Add the entire south-east U.S. to the mix, and it would be the sixth largest. Metro Atlanta also has the third-highest concentration of Fortune 500 headquarters in the country and attracts a steady flow of young families, urban professionals and new businesses - so many, in fact, that metro Atlanta is expected to add one million people by 2012.

Total bank deposits in greater Atlanta are currently \$113 billion, of which United Community Bank has two percent. Why is this important? Because we have significant room for future growth.

Footprint of Success

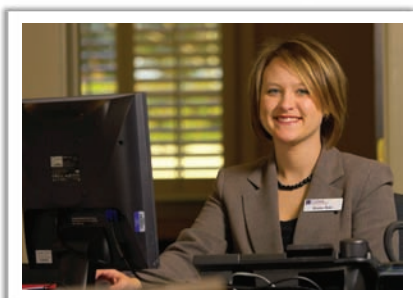
United Community Bank's footprint is the map of locations and regions where we do business. One of our key strengths over the years has been to strategically grow into lucrative markets that will offer our shareholders the highest rate of return. Starting in Union County, through most of north Georgia, coastal Georgia, east Tennessee, western North Carolina and now the perimeter of Atlanta, we have a strong presence in many of the country's most thriving areas.

A Mutually Beneficial Expansion

With the addition of First Bank of the South in mid-2007, we have now completed our strategy of totally encircling the city of Atlanta. This new partnership has also enhanced our leadership in metro Atlanta and added valuable expertise in commercial lending. This not only gives United Community Bank a new opportunity but also allows us to better diversify our loan portfolio.

Our ability to grow in Atlanta and other new markets is due to the performance of our banks and bankers in established markets. Meanwhile, our success in Atlanta helps to strengthen our bank overall.

along the way



The opening of a new United bank is always call for a celebration, and the folks in Monroe donned their poodle skirts and bobby sox for an old-fashioned grand opening last September. The Monroe office was one of five United Community Bank locations opened in 2007.

<< Monroe



Duluth >>

In June, we welcomed First Bank of the South and its team of experienced community bankers to the United family. Glenn White (left) and Steve Williams are pictured at the Gwinnett Arena - a symbol of the community's growth and financial vibrancy.

Glenn White | President, Atlanta Region | Steve Williams | President, Gwinnett





The Extra Mile

Savannah >> Brunswick >> Waycross



Waycross >>



When fires ravaged coastal Georgia in summer 2007, Pam Taylor did not stand by and watch her community suffer. She instead rallied the support of United employees from throughout the company. "The outpouring of donations was unbelievable," she said. "I was moved by the compassion that all our employees showed."

Pam Taylor
Vice President and Bank Manager
Waycross, GA

Port of Call

Most think of the beauty and history of coastal Georgia, but the region is also a thriving industrial and business community fueled by ports and large industry, as well as tourism. The region is also known for its very discriminating consumers – people who not only appreciate customer service, but expect it.

Unparalleled customer service is our cornerstone. This is one major reason why United Community Bank has created a niche in coastal Georgia. Our customer satisfaction ratings have historically been above 90 percent – well above the banking industry average of 77 percent. 2007 was a milestone year for United's customer satisfaction ratings with an average of 92.76 percent. In November, bank employees earned our highest ever company-wide customer satisfaction score: 95.32 percent.

Our banks in Savannah and the Brunswick area consistently lead the pack when it comes to customer satisfaction scores. For example, Waycross led the company with a 97.97 percent customer satisfaction rating ... a huge achievement in the banking industry.

Keeping Score

Customer service and satisfaction can be soft terms when judged by attitude, word of mouth or return business. United Community Bank, however, takes a data-based approach to measuring how our customers feel about the service they receive.

A very stringent set of criteria is provided to actual United customers who regularly visit each of our banks. They then assess the service they receive against these tough standards. The result is a monthly report that specifically details the customer satisfaction performance of each United bank location.

Treat Customers as We Expect to be Treated

This is United Community Bank's 'Golden Rule of Banking.' These are not just words found on posters or wall plaques. It is the very foundation for who we are ... and like our commitment to being the best community bank anywhere, it is a philosophy that will never change. In coastal Georgia and in banks throughout our footprint, it is our absolute dedication to our customers, shareholders and to the areas we call home that makes United Community Bank 'The Bank That SERVICE Built.'

along the way



In Brunswick, bank employees including Mark Westberry (left) and Dale McNabb rolled up their sleeves and donned aprons to smoke more than 200 Boston butts for distribution to customers during the holidays.

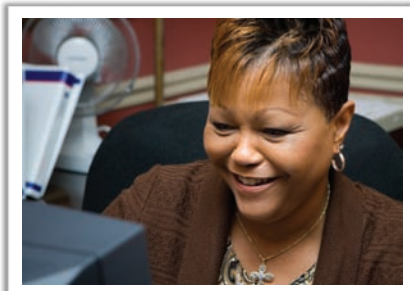
<< Brunswick



Savannah >>

Leadership in Energy and Environmental Design (LEED) promotes environmental sustainability in new construction projects. Real estate developer Martin Melaver is a champion of LEED construction in the Savannah area. UCB - Savannah supports green construction, and this year offered borrowers an incentive to build LEED-certified structures.

Martin Melaver | CEO, Melaver, Inc. and Savannah Board Member | Savannah, GA



Financial Highlights >> United Community Banks, Inc.

(in thousands, except per share data; taxable equivalent)	2007	2006	Percentage Change	Five Year CAGR
Operating Performance*				
Total operating revenue	\$ 299,534	\$ 272,375	10 %	18 %
Net operating income	68,991	68,815	-	16
Operating earnings per common share:				
Basic	1.50	1.70	(12)	8
Diluted	1.48	1.66	(11)	8
Return on tangible equity	14.23 %	17.52 %		
Return on assets	.89	1.09		
Efficiency ratio	56.53	56.35		
GAAP Performance				
Net income	\$ 57,993	\$ 68,815	(16)	12
Per common share:				
Basic earnings	1.26	1.70	(26)	4
Diluted earnings	1.24	1.66	(25)	5
Cash dividends declared	.36	.32	13	17
Book value (year-end)	17.73	14.37	23	21
As of Year-End				
Loans	\$ 5,929,263	\$ 5,376,538	10	20
Investment securities	1,356,846	1,107,153	23	19
Total assets	8,207,302	7,101,249	16	21
Deposits	6,075,951	5,772,886	5	21
Shareholders' equity	831,902	616,767	35	30
Common shares outstanding (thousands)	46,903	42,891		
Shareholders	15,200	12,000		
Employees	2,028	1,938		
Banking offices	111	101		

*Amounts and ratios are prepared on an operating basis, which excludes the special fraud-related loan loss provision in 2007.

To Our Shareholders >>

You have seen in this annual report that our banks are part of the most beautiful and friendly communities in the country. They are vibrant, growing areas proudly served by the 2,028 outstanding bankers who are United Community Bank.

As a shareholder, you have enjoyed steady, consistent double-digit growth in earnings per share for many, many years. This extraordinary performance has been the norm for our shareholders and the standard for our company. There are very few companies - inside or outside of banking - that can make this claim. The past year was overshadowed by factors that caused the price of our shares to fall by half:

- margin pressure
- credit issues
- the Penland fraud; and
- uncertainty of the economy.

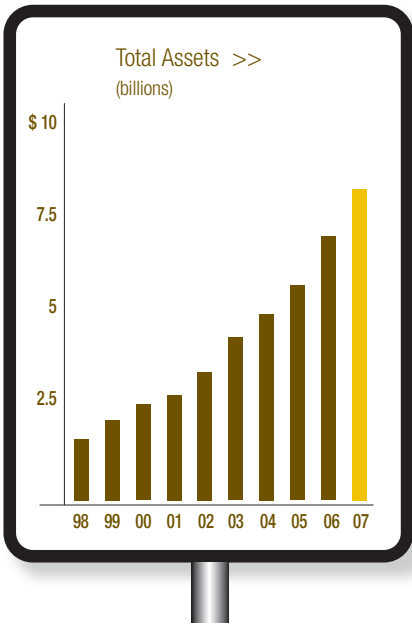
First, the cost of deposits, the bank's funding source, has become much more expensive. This coupled with the aggressive interest rate reductions by the Federal Reserve has lowered loan rates, which in the short term puts a squeeze on our margins.

Secondly, the bread and butter of our business has been real estate lending but the supply of homes and lots on the market greatly exceeds demand today. Therefore, the slowdown of home and property sales over the past year has resulted in a lower level of new loans for our bank and an increase in problem credits. Though our credit quality



Jimmy Tallent, President and Chief Executive Officer

“While there were challenges last year, I also am excited to report many successes. These accomplishments demonstrate that United’s philosophy and business model continue to work well and provide the foundation of our confidence and optimism about our future.”



indicators are below our target range, by those measures we still are outperforming our peer group of banks. Less loan volume means lower revenues but as the economy improves, so should our loan growth. Strategically, we see future loan growth coming from expansion of our small business offerings in metropolitan Atlanta.

Third, the Village of Penland was an elaborate and fraudulent lending scheme that victimized a dozen banks; unfortunately, we were one of them. We regret this and have taken aggressive steps to minimize the possibility of something like this happening again in the future. Having said this, it happened on my watch and I am fully accountable.

At the end of 2007, given the uncertainty of the economy, we made the decision to increase our loan loss reserve to the highest level in 10 years. This positions us in the best possible way as we move into 2008.

Finally, a significant contributor to our declining stock price was the national economy. The economic downturn has had a dramatic impact on financial and bank company stocks for the reasons mentioned above. And while we have been outperforming many of the publicly traded banks, the market has used a broad brush when it comes to stock valuation. We believe that the underlying strength of United Community Banks positions us well, once the economy begins to recover.

United Community Banks has a solid financial base, strong reserves and an outstanding reputation. Together we have carefully built this bank one customer at a time over the past 58 years. During that time we have certainly seen many cycles in the economy. We will not endanger all we have achieved with a knee-jerk reaction to a short-term condition. We are going to continue the 'blocking and tackling' -

19%

Total Assets >> Total assets exceeded \$8.2 billion, up 16 percent from \$7.1 billion at the end of 2006. The acquisition of First Bank of the South accounted for much of the increase and allowed us to achieve a long-term goal of completely encircling metro Atlanta. >> Ten Year CAGR - 19%

the fundamentals – that have made us ‘The Bank That SERVICE Built’: customer care, personal service and community involvement.

While there were challenges last year, I also am excited to report many successes. These accomplishments demonstrate that United’s philosophy and business model continue to work well and provide the foundation of our confidence and optimism about our future.

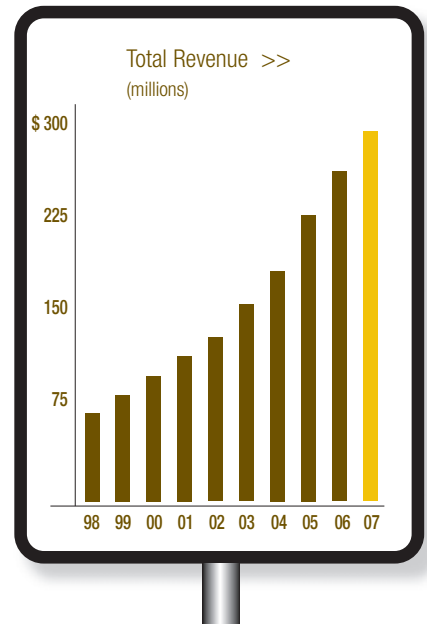
In 2007:

- Assets exceeded \$8 billion.
- Operating earnings per share was \$1.48; GAAP earnings was \$1.24.
- We opened five de novo offices, bringing the total number to 20 opened over the past three years. These 20 offices are cumulatively profitable and have contributed \$629 million in loans and \$443 million in deposits to the franchise.

- First Bank of the South joined the United family, becoming our 27th community bank. The bank’s five locations in Gwinnett, DeKalb and north Fulton counties have enabled us to encircle Atlanta.

- Customer satisfaction scores reached record highs, and we continued to see a steady increase in new accounts. These are excellent indicators that loan and deposit growth will resume when the economy improves.

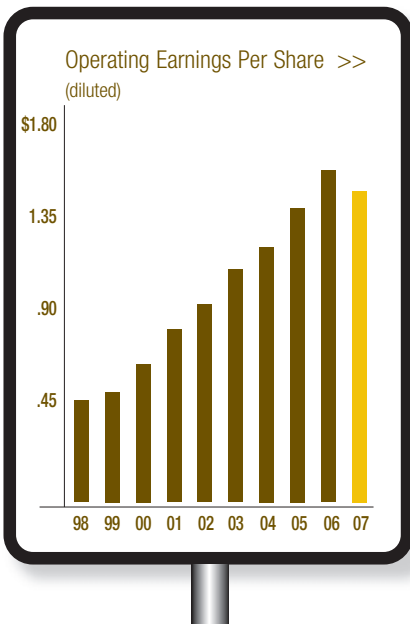
Further, our banking communities continue to grow. Population within the United footprint is expected to increase 13 percent in the next five years – more than twice the national average. For this and many other reasons our markets are among the best in the country, which means we have significant future opportunity for growth. As the economy rebounds your company is well positioned to take full advantage.



18%

Total Revenue >> Total revenue rose 10 percent to \$299.5 million despite a challenging operating environment and a significant increase in the provision for loan losses.

Growing revenue remains a top priority for United Community Banks. >> Ten Year CAGR - 18%



I am also very proud of the fact that our banks have not wavered from our commitment to community service - and they never will. United's commitment to our communities and their residents does not vary with economic cycles.

As a testament to this:

- United Community Banks was again a National Team Partner of The American Cancer Society Relay for Life. In the process, our bankers took to the tracks and raised a total of \$215,000 in the fight against cancer.
- Many communities in coastal Georgia were ravaged by wildfires, and United bankers from nearly all locations responded generously with monetary donations, clothing, household supplies and countless hours of volunteer time.
- Our bankers continue to devote a great deal of volunteer time to education. As one example, they teach elementary school children the importance of saving money through

'Our School Bank.' They also mentor our next generation of community bankers and leaders through the Junior Boards of Directors and many other programs.

The hard work of United bankers - in building both better communities and long-lasting relationships within them - makes me very proud. The value of these contributions may not be immediately apparent in our balance sheet. Our present and future customers notice it, though, and want to do business with a bank that is truly dedicated to its neighbors. My heartfelt thanks go to each and every United banker for representing the bank so selflessly and strengthening our positive reputation every day.

In addition, I want to recognize two outstanding board members who have announced their retirement: Thomas C. Gilliland and Clarence W. Mason, Sr. I offer my thanks for their dedication and

12%

Operating Earnings Per Share >> For the year, diluted operating earnings per share was \$1.48, down from the \$1.66 we reported for 2006, reflecting a more challenging business environment. Despite lower earnings per share in 2007, we remain committed to our primary financial goal of double-digit earnings per share growth. >> Ten Year CAGR - 12%

many years of service to our bank. I know I speak for all employees and shareholders in offering Tom and Junior my warmest wishes for a long and healthy retirement.

The past year presented many challenges to the United family, and given the uncertainty of the residential construction and the housing markets, we realize that 2008 will be demanding as well. I am confident, however, that with our experienced, professional and skilled bankers leading the way, United Community Banks will continue to go 'the extra mile' no matter the challenges.

We will go the extra mile in attracting and retaining highly motivated bankers who have a passion for service in their hearts.

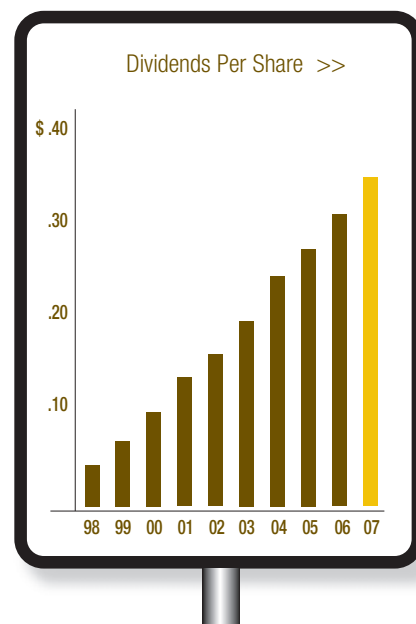
We will go the extra mile in ensuring that each customer who walks through our doors has the United Community Bank experience of genuinely caring service.

We will go the extra mile to create value for our shareholders who have not only invested their money in our company, but also their confidence and trust.

Franklin Roosevelt said, "The only limit to our realization of tomorrow will be our doubts of today." The events and environment of 2007 have given us reason to pause today, but there is much to be realized tomorrow. Our vision is sharp, our business model is strong, our bank is secure and our people are the best in the business. I know there is no limit to what our bankers can achieve.



Jimmy Tallent
President and Chief Executive Officer



27%

Dividends Per Share >> In 2007, we paid cash dividends of \$.36 per share, an increase of \$.04 per share or 13 percent, over the annual cash dividend for 2006. We believe that dividends are an important way to deliver value to our shareholders, balanced with our need to retain capital to support business growth. >> Ten Year CAGR - 27%

For the Years Ended December 31 (in thousands, except per share data; taxable equivalent)

	2007	2006
Income Summary		
Net interest revenue	\$ 274,483	\$ 237,880
Provision for loan losses ⁽¹⁾	37,600	14,600
Fee revenue	62,651	49,095
Total revenue	299,534	272,375
Operating expenses ⁽¹⁾	190,061	162,070
Income before income taxes	109,473	110,305
Income taxes	40,482	41,490
Net operating income	68,991	68,815
Fraud loss provision, net of tax	10,998	-
Merger-related charges, net of tax	-	-
Net income	<u>\$ 57,993</u>	<u>\$ 68,815</u>
Operating Performance		
Earnings per common share:		
Basic	\$ 1.50	\$ 1.70
Diluted	1.48	1.66
Return on tangible equity ⁽²⁾	14.23 %	17.52 %
Return on assets	.89	1.09
Efficiency ratio	56.53	56.35
Dividend payout ratio	24.00	18.82
GAAP Performance		
Per common share:		
Basic earnings	\$ 1.26	\$ 1.70
Diluted earnings	1.24	1.66
Cash dividends declared (rounded)	.36	.32
Book value	17.73	14.37
Tangible book value ⁽²⁾	10.94	10.57
Key performance ratios:		
Return on equity	7.79 %	13.28 %
Return on assets	.75	1.09
Net interest margin	3.88	4.05
Dividend payout ratio	28.57	18.82
Equity to assets (average)	9.61	8.06
Tangible equity to assets (average) ⁽²⁾	6.63	6.32
Asset Quality		
Allowance for loan losses	\$ 89,423	\$ 66,566
Non-performing assets	46,258	13,654
Net charge-offs	39,834	5,524
Allowance for loan losses to loans	1.51 %	1.24 %
Non-performing assets to total assets	.56	.19
Net charge-offs to average loans	.69	.12
Average Balances		
Loans	\$ 5,734,608	\$ 4,800,981
Investment securities	1,277,935	1,041,897
Earning assets	7,070,900	5,877,483
Total assets	7,730,530	6,287,148
Deposits	6,028,625	5,017,435
Shareholders' equity	742,771	506,946
Common shares - Basic	45,893	40,393
Common shares - Diluted	46,593	41,575
As of Year-End		
Loans	\$ 5,929,263	\$ 5,376,538
Investment securities	1,356,846	1,107,153
Total assets	8,207,302	7,101,249
Deposits	6,075,951	5,772,886
Shareholders' equity	831,902	616,767
Common shares outstanding	46,903	42,891

(1) Excludes pre-tax provision for fraud-related loan losses of \$18 million, or \$.24 per diluted common share, recorded in 2007 and pre-tax merger-related charges totaling \$.9 million, or \$.02 per diluted common share, recorded in 2004 and \$2.1 million, or \$.04 per diluted common share, recorded in 2003.

2005	2004	2003	2002	Five Year CAGR ⁽²⁾
\$ 196,799	\$ 152,998	\$ 128,089	\$ 109,141	20 %
12,100	7,600	6,300	6,900	
46,148	39,539	38,184	30,734	15
<u>230,847</u>	<u>184,937</u>	<u>159,973</u>	<u>132,975</u>	18
140,808	110,974	97,251	80,690	19
90,039	73,963	62,722	52,285	16
33,297	26,807	23,247	19,505	
<u>56,742</u>	<u>47,156</u>	<u>39,475</u>	<u>32,780</u>	16
-	-	-	-	
-	565	1,357	-	
<u>\$ 56,742</u>	<u>\$ 46,591</u>	<u>\$ 38,118</u>	<u>\$ 32,780</u>	12
\$ 1.47	\$ 1.31	\$ 1.15	\$ 1.02	8
1.43	1.27	1.12	.99	8
18.99 %	19.74 %	19.24 %	17.88 %	
1.04	1.07	1.06	1.11	
57.77	57.65	58.39	57.72	
19.05	18.32	17.39	16.34	
\$ 1.47	\$ 1.29	\$ 1.11	\$ 1.02	4
1.43	1.25	1.08	.99	5
.28	.24	.20	.17	17
11.80	10.39	8.47	6.89	21
8.94	7.34	6.52	6.49	11
13.46 %	14.39 %	14.79 %	16.54 %	
1.04	1.05	1.02	1.11	
3.85	3.71	3.68	3.95	
19.05	18.60	18.02	16.34	
7.63	7.45	7.21	7.01	
5.64	5.78	6.02	6.60	
\$ 53,595	\$ 47,196	\$ 38,655	\$ 30,914	
12,995	8,725	7,589	8,019	
5,701	3,617	4,097	3,111	
1.22 %	1.26 %	1.28 %	1.30 %	
.22	.17	.19	.25	
.14	.11	.15	.14	
\$ 4,061,091	\$ 3,322,916	\$ 2,753,451	\$ 2,239,875	21
989,201	734,577	667,211	464,468	22
5,109,053	4,119,327	3,476,030	2,761,265	21
5,472,200	4,416,835	3,721,284	2,959,295	21
4,003,084	3,247,612	2,743,087	2,311,717	21
417,309	329,225	268,446	207,312	29
38,477	36,071	34,132	32,062	
39,721	37,273	35,252	33,241	
\$ 4,398,286	\$ 3,734,905	\$ 3,015,997	\$ 2,381,798	20
990,687	879,978	659,891	559,390	19
5,865,756	5,087,702	4,068,834	3,211,344	21
4,477,600	3,680,516	2,857,449	2,385,239	21
472,686	397,088	299,373	221,579	30
40,020	38,168	35,289	31,895	8

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

(3) Compound annual growth rate.

Consolidated Statement of Income >> United Community Banks, Inc.

For the Years Ended December 31 (in thousands, except per share data)

	2007	2006	2005
Interest Revenue			
Loans, including fees	\$ 482,333	\$ 394,907	\$ 279,397
Investment securities:			
Taxable	64,377	47,149	40,195
Tax exempt	1,718	1,969	2,086
Federal funds sold and deposits in banks	608	802	911
Total interest revenue	<u>549,036</u>	<u>444,827</u>	<u>322,589</u>
Interest Expense			
Deposits:			
NOW	45,142	30,549	16,390
Money market	15,396	7,496	2,804
Savings	1,653	928	791
Time	<u>167,400</u>	<u>130,324</u>	<u>66,968</u>
Total deposit interest expense	229,591	169,297	86,953
Federal funds purchased, repurchase agreements and other short-term borrowings	16,236	7,319	5,304
Federal Home Loan Bank advances	22,013	23,514	26,633
Long-term debt	<u>8,594</u>	<u>8,685</u>	<u>8,536</u>
Total interest expense	<u>276,434</u>	<u>208,815</u>	<u>127,426</u>
Net interest revenue	272,602	236,012	195,163
Provision for loan losses	<u>55,600</u>	<u>14,600</u>	<u>12,100</u>
Net interest revenue after provision for loan losses	<u>217,002</u>	<u>221,412</u>	<u>183,063</u>
Fee Revenue			
Service charges and fees	31,433	27,159	25,137
Mortgage loan and other related fees	8,537	7,303	7,330
Consulting fees	8,946	7,291	6,609
Brokerage fees	4,095	3,083	2,570
Securities gains (losses), net	3,182	(643)	(809)
Losses on prepayment of borrowings	(2,242)	(636)	-
Other	<u>8,700</u>	<u>5,538</u>	<u>5,311</u>
Total fee revenue	<u>62,651</u>	<u>49,095</u>	<u>46,148</u>
Total revenue	<u>279,653</u>	<u>270,507</u>	<u>229,211</u>
Operating Expenses			
Salaries and employee benefits	115,153	100,964	84,854
Communications and equipment	15,483	15,071	13,157
Occupancy	13,613	11,632	10,835
Advertising and public relations	7,524	7,623	6,733
Postage, printing and supplies	6,365	5,748	5,501
Professional fees	7,218	4,442	4,306
Amortization of intangibles	2,739	2,032	2,012
Other	<u>21,966</u>	<u>14,558</u>	<u>13,410</u>
Total operating expenses	<u>190,061</u>	<u>162,070</u>	<u>140,808</u>
Income before income taxes	89,592	108,437	88,403
Income taxes	<u>31,599</u>	<u>39,622</u>	<u>31,661</u>
Net income	<u>\$ 57,993</u>	<u>\$ 68,815</u>	<u>\$ 56,742</u>
Earnings Per Common Share:			
Basic	\$ 1.26	\$ 1.70	\$ 1.47
Diluted	1.24	1.66	1.43
Dividends per common share	.36	.32	.28
Average common shares outstanding: (in thousands)			
Basic	45,893	40,393	38,477
Diluted	46,593	41,575	39,721

Consolidated Balance Sheet >> United Community Banks, Inc.

For the Years Ended December 31 (in thousands, except per share data)

2007

2006

Assets

Cash and due from banks	\$ 157,549	\$ 158,348
Interest-bearing deposits in banks	62,074	12,936
Cash and cash equivalents	219,623	171,284
Investment securities available for sale	1,356,846	1,107,153
Mortgage loans held for sale	28,004	35,325
Loans, net of unearned income	5,929,263	5,376,538
Less allowance for loan losses	89,423	66,566
Loans, net	5,839,840	5,309,972
Premises and equipment, net	180,088	139,716
Accrued interest receivable	62,828	58,291
Goodwill and other intangible assets	325,305	167,058
Other assets	194,768	112,450
Total assets	<u>\$ 8,207,302</u>	<u>\$ 7,101,249</u>

Liabilities and Shareholders' Equity

Liabilities:

Deposits:		
Demand	\$ 700,941	\$ 659,892
NOW	1,474,818	1,307,654
Money market	452,917	255,862
Savings	186,392	175,631
Time		
Less than \$100,000	1,573,604	1,650,906
Greater than \$100,000	1,364,763	1,397,245
Brokered	322,516	325,696
Total deposits	6,075,951	5,772,886
Federal funds purchased, repurchase agreements and other short-term borrowings	638,462	65,884
Federal Home Loan Bank advances	519,782	489,084
Long-term debt	107,996	113,151
Accrued expenses and other liabilities	33,209	43,477
Total liabilities	<u>7,375,400</u>	<u>6,484,482</u>

Shareholders' equity:

Preferred stock, \$1 par value; \$10 stated value; 10,000,000 shares authorized; 25,800 and 32,200 shares issued and outstanding	258	322
Common stock, \$1 par value; 100,000,000 shares authorized; 48,809,301 and 42,890,863 shares issued	48,809	42,891
Common stock issuable, 73,250 and 29,821 shares	2,100	862
Capital surplus	462,881	270,383
Retained earnings	347,391	306,261
Treasury stock; 1,905,921 shares, at cost	(43,798)	-
Accumulated other comprehensive income (loss)	14,261	(3,952)
Total shareholders' equity	<u>831,902</u>	<u>616,767</u>
Total liabilities and shareholders' equity	<u>\$ 8,207,302</u>	<u>\$ 7,101,249</u>

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

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

Jimmy C. Tallent
President and Chief
Executive Officer

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Partner, Bennett, Davidson &
Associates, LLP

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

Guy W. Freeman
Executive Vice President and
Chief Operating Officer

Thomas C. Gilliland
Executive Vice President,
Secretary and General Counsel

Charles E. Hill
Real Estate Investor

Hoyt O. Holloway
Owner, H and H Farms

Clarence W. Mason, Sr.
Owner, Mason Lawn and
Garden

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

John D. Stephens
Partner, Stephens MDS, LP

Tim Wallis
President and
Chief Executive Officer
Wallis Printing Company

Executive Officers

Jimmy C. Tallent
President and Chief Executive
Officer

Guy W. Freeman
Executive Vice President,
Chief Operating Officer

Thomas C. Gilliland
Executive Vice President,
Secretary and General Counsel

Rex S. Schuette
Executive Vice President,
Chief Financial Officer

David Shearrow
Executive Vice President,
Chief Risk Officer

Craig Metz
Executive Vice President,
Marketing

Bill M. Gilbert
Senior Vice President,
Retail Banking

Glenn S. White
President,
Atlanta Region

Corporate Officers

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Chief Credit Officer –
North Region

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Senior Vice President,
Chief Compliance Officer

Carol J. Clark
Senior Vice President,
SBA Lending

Robert L. Cochran
Senior Vice President,
Community Banking

Lawrence F. DesPres
Senior Vice President,
Technology

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Senior Vice President,
Human Resources

Chris Jones
Senior Vice President,
Chief Credit Officer –
South Region

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Senior Vice President,
Controller

Stephen W. McCoy
Senior Vice President,
Chief Information Officer

Brad Miller
Senior Vice President,
Legal Counsel

Jim Stewart
Senior Vice President,
Chief Technology Officer

David T. Sutton
Senior Vice President,
General Auditor

Union County

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Board
Jimmy C. Tallent, Chairman
Billy M. Decker
Dr. G. David Gowder, III
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Jack C. Lance, Sr.
W.C. Nelson, Jr.
Paul B. Owenby

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Robert Dudley Barton, IV
Donna Howren
Robert M. Painter
Norman Parker
Jim Pinkard

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Norman E. Kaye
Larry Lance
Harold W. O'Dell
Patricia M. Pittman

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Gene Haskins, President

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Mark Bearden
Pat H. Cooper
Carlton DeVoght
Bruce Dixon
Guy W. Freeman
Russell Mentzer
Rick Smith
William Stembler

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109 Scranton Connector
Brunswick, Georgia 31525
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2001 Commercial Drive S.
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2461 Demere Road
St. Simons Island, Georgia 31522
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1010 Plant Avenue
Waycross, Georgia 31501
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Cherokee County

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and Chairman

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Bill M. Gilbert
Linda N. Hasty
Dr. J. Thomas Isherwood
Christopher M. McCurry
James H. Turner
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and Chairman

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John B. Harwell
Bill Hutson
G. Conley Ingram
Jimmy W. Jones
Dr. Timothy S. Mescon
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Ted Bearden
Dwight Gilleland
Deborah Pelfrey
Robert Polatty
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Jackie Townley
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Palmetto, Georgia 30268
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101 Devant Street
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Roger London
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Helen, Georgia 30545
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60 U.S. Highway 64 E.
Cashiers, North Carolina 28717
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257 E. Main Street
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2520 Chimney Rock Road
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North Carolina 28792
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200 Linville Street
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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

211 Gill Street
Alcoa, Tennessee 37701
(865) 980-0300

1087 Hunters Crossing
Alcoa, Tennessee 37701
(865) 982-4400

123 Washington Avenue W.
Athens, Tennessee 37303
(423) 745-2442

223 N. Third Street
Kingston, Tennessee 37763
(865) 717-1400

11134 Kingston Pike
Knoxville, Tennessee 37922
(865) 671-1600

1366 Highway 72 N.
Loudon, Tennessee 37774
(865) 458-1300

202 Chota Road
Tellico Village
Loudon, Tennessee 37774
(865) 458-1600

4519 Highway 411
Madisonville, Tennessee 37354
(423) 442-5484

Cleveland

2525 Keith Street N.W.
Cleveland, Tennessee 37312
(423) 559-2696
Mickey Torbett, President and
Chairman

Board
Greg Calfee
Joseph (Joe) E. Cate
Chad Eslinger
Bill M. Gilbert
DeWayne Morrow
W. Jerry Stout

4425 North Ocoee Street
Cleveland, Tennessee 37312
(423) 559-2696

Brintech, Inc.

609 Castle Ridge Road
Suite 205
Austin, Texas 78746
(800) 929-2746
Hal Oswald, President and CEO

Board
Rex S. Schuette, Chairman
Sean Clark
Geri Forehand
L. T. (Tom) Hall
John Matheny
Craig Metz
Ken Proctor



Bank Locations >> United Community Banks, Inc.

- Banking Office
- ▲ Commercial Loan Office
- Drive-Thru Only



*The
Extra Mile*

Corporate Headquarters

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

Financial Information

Analysts and investors seeking financial information about United Community Banks, 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 or by contacting: Shareholder Relations Officer Lois Rich at (866) 270-5900 or 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.

Dividend Payment Dates

Subject to the approval of the Board of Directors, quarterly dividend payments are made on the first business day of January, April, July and October.

Electronic Deposit of Dividends

Shareholders may request dividends to be deposited electronically to a designated financial institution and credited to their account on the dividend payment date, free of charge. To request this service, contact Shareholder Relations.

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 2007 and 2006 are provided in the following table.

Quarter	2007				2006			
	High	Low	Close	Average Daily Volume	High	Low	Close	Average Daily Volume
1st	\$34.98	\$30.81	\$32.79	232,269	\$29.64	\$26.02	\$28.15	59,252
2nd	33.03	25.80	25.89	266,682	31.26	27.02	30.44	92,937
3rd	27.50	22.16	24.52	346,596	33.10	27.51	30.05	86,495
4th	25.73	15.13	15.80	421,910	33.37	29.03	32.32	87,626

Dividend Reinvestment and Share Purchase Plan

Shareholders can reinvest all or a portion of their cash dividends in additional shares or purchase shares directly from United without commissions or fees through United's Dividend Reinvestment and Share Purchase Plan. To find out more about how to participate or to obtain a prospectus, visit United's website or contact Shareholder Relations.

Account Consolidation and Elimination of Duplicate Mailings

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.

Annual Meeting

Annual Meeting of Shareholders will be held:
Wednesday, April 30, 2008, 2:00 p.m.
Brasstown Valley Resort
Young Harris, Georgia

Transfer Agent and Registrar

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 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.

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The Bank That **SERVICE** Built.