



For Immediate Release

For more information:

Rex S. Schuette

Chief Financial Officer

(706) 781-2266

Rex.Schuette@ucbi.com

**UNITED COMMUNITY BANKS, INC. REPORTS
NET OPERATING LOSS FOR FIRST QUARTER 2009**

- Provision for loan losses of \$65 million exceeded charge-offs by \$22 million
- Allowance-to-loans ratio of 2.56 percent, up from 2.14 percent last quarter
- Non-cash goodwill impairment charge of \$70 million, or \$1.45 per diluted share, primarily due to stock price decline
- Severance costs of \$2.9 million, or 4 cents per diluted share, related to reduction in work force
- Margin improvement of 38 basis points this quarter to 3.08 percent
- Capital levels remain strong

BLAIRSVILLE, GA – April 23, 2009 – United Community Banks, Inc. (NASDAQ: UCBI) today reported a net operating loss of \$32 million, or 71 cents per diluted share, for the first quarter of 2009. The net operating loss was primarily driven by higher credit costs, including the \$22 million build-up in the allowance for loan losses. Net operating loss does not reflect a \$70 million non-cash charge for impairment of goodwill and \$2.9 million in severance costs relating to a reduction in work force, both of which are considered non-recurring expenses and therefore excluded from operating earnings. Including these non-recurring expenses the net loss for the quarter was \$103.8 million, or \$2.20 per diluted share.

“The \$70 million goodwill impairment charge is a non-cash accounting adjustment to the company’s balance sheet that does not affect cash flow or liquidity and has no impact on our regulatory or tangible capital ratios,” stated Jimmy Tallent, president and chief executive officer. “During the fourth quarter our stock price traded well above tangible book value, and our

goodwill test indicated no impairment at year-end. However, our stock price declined sharply during the first quarter, as did those of most financial services companies. When we updated our impairment test as of March 31, 2009, we had impairment of \$70 million driven primarily by the stock price decline.”

“The recession and its effect on the housing and construction markets, particularly in Atlanta, continued to drive credit quality issues in our loan portfolio,” added Tallent. “A rise in the level of classified and non-performing assets, and deterioration in property valuations, led us to increase our allowance by \$22 million over net charge-offs. While we remain committed to moving through this credit cycle as quickly as possible, our efforts have been hindered by this difficult environment.”

Loans were \$5.6 billion at quarter end, down \$335 million from a year ago and down \$72 million on a linked-quarter basis, reflecting the company’s continued efforts to reduce exposure to the residential construction market. At March 31, 2009, residential construction loans were \$1.4 billion, or 25 percent of total loans, a decrease of \$361 million from a year ago and \$49 million from the fourth quarter of 2008.

Taxable equivalent net interest revenue of \$57.4 million reflected an increase of \$5.5 million from last quarter and a decrease of \$8.9 million from a year ago. The taxable equivalent net interest margin was 3.08 percent compared with 2.70 percent for the fourth quarter of 2008, and 3.55 percent for the first quarter of 2008.

“In the latter part of the fourth quarter, we were able to take several steps that contributed to the expansion in our first quarter margin,” stated Tallent. “We improved our loan pricing and credit spreads, decreased deposit interest rates and, with an overall improvement in liquidity, we were able to let higher-cost time deposits and brokered deposits run off. We will continue to actively pursue strategies to improve our margin, while balancing liquidity needs with our goal of maximizing pre-tax, pre-provision earnings.”

“Core deposits, excluding public funds, increased in every category this quarter reflective of our new initiatives and programs for customer referrals and cross selling,” stated Tallent. “We added 21,918 new services this quarter, an annual growth rate of 11 percent, that expanded customer relationships and we opened 3,585 net new customer accounts.”

The first quarter provision for loan losses was \$65 million, compared with \$85 million for the fourth quarter of 2008. Net charge-offs for the first quarter were \$43.3 million compared with \$74 million for the fourth quarter of 2008. At quarter-end, non-performing assets totaled \$334.5 million compared with \$250.5 million at December 31, 2008. The ratio of non-performing assets to total assets at the end of the first and fourth quarters was 4.11 percent and 2.94 percent, respectively. The allowance for loan losses to total loans was 2.56 percent and 2.14 percent.

“The recession continued to negatively affect our credit quality, particularly within our Atlanta residential construction portfolio,” Tallent said. “Although we have seen some deterioration in other loan categories and markets, our principal challenge remains in the residential construction portfolio. The rise in non-performing assets was driven primarily by continued weakness in the Atlanta housing and construction markets, and to softened demand from buyers. We expect the challenges to continue in 2009 and the level of charge-offs and non-performing assets to be elevated over historical levels. However, we will aggressively work through our problem credits and pursue the best economic outcome for our company in each instance.”

Fee revenue of \$12.8 million was up \$2.1 million from the fourth quarter, but down \$1.4 million from the first quarter of 2008. Service charges and fees on deposit accounts of \$7.0 million reflected a \$779,000 decrease from a year ago due to lower activity and fewer transaction charges. Consulting fees were down \$786,000 from last year primarily due to the consulting assistance provided to United for a company-wide initiative to improve efficiency and profitability. Consulting fees were further affected by weakness in the financial services industry that hindered sales efforts and delayed consulting contracts. Mortgage loan fees of \$2.7 million were up \$688,000 due to a record high level of refinancing activity.

Operating expenses, before the recognition of goodwill impairment and severance costs, were \$52.6 million reflecting an increase of \$5.0 million from the first quarter of 2008 and at the same level as the fourth quarter of 2008. The increase year over year was primarily due to higher foreclosed property costs of \$3.4 million and an increase in FDIC insurance premiums of \$1.4 million. For the first quarter of 2009, salaries and employee benefit costs of \$28.8 million were at the same level as a year ago. First quarter 2009 staff costs did not reflect the reduction in work force of 191 staff, since most of the reduction in work force occurred at the end of the quarter with the remainder transitioning through the year-end. Severance and related benefit costs of \$2.9 million were related to the reduction in staff.

“The decision to reduce staff was among the most difficult in my 25 years at United,” commented Tallent. “Unfortunately, their departure came as a result of economic conditions that were not within our control, but had a powerful influence on our business decision for the reduction in staff. We expect to save \$10 million in annual staff and benefit costs. Also, we have completed a company-wide performance improvement project with fee revenue enhancements and expense savings of \$7 million annually that should be fully implemented by year-end. We expect to realize over half of the \$17 million of annual savings this year.”

The effective tax rate for the first quarter of 2009 was 14 percent, compared to 35.5 percent for the first quarter of 2008. “The tax rate was lower this quarter because goodwill and the related impairment charge are not recognized, nor deductible, for tax reporting purposes,” stated Tallent. “Also affecting the first quarter tax rate was a \$2.3 million net reserve for deferred tax assets relating to state tax credits that are expected to expire unused. The projected effective tax rate for the balance of 2009 is 38 percent.”

United continues to maintain a strong capital position. At March 31, 2008, the company’s regulatory capital ratios were as follows: Tier I Risk-Based Capital of 10.9 percent; Leverage of 7.9 percent; and, Total Risk-Based of 13.6 percent. Also, the average tangible equity to assets ratio was 8.3 percent and the average tangible common equity to assets ratio was 6.1 percent.

“While we continue to aggressively dispose of problem credits and improve our margin, we have been pursuing ways to build on the growth opportunities identified throughout our markets,” Tallent said. “A key part of this plan was recently launched with the reorganization of our Atlanta region that enables us to more efficiently pursue, and better meet the needs of, small business and commercial customers. This new structure and redeployed team will not only increase and deepen our current customer relationships, but also expand our commercial and small business lending capabilities. Also, they will contribute to additional core deposits as well as further rebalance our loan portfolio, while reducing our exposure to any one segment of the market. Even though we will be using considerable resources to address the credit challenges for the remainder of the year, we will continue to plan ahead and position ourselves to capitalize on new opportunities across our footprint as the economy improves.”

Conference Call

United Community Banks will hold a conference call today, Thursday, April 23, 2009, at 11 a.m. ET to discuss the contents of this news release and to share business highlights for the quarter. The telephone number for the conference call is (877) 741-4240 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 at www.ucbi.com.

About United Community Banks, Inc.

Headquartered in Blairsville, United Community Banks is the third-largest bank holding company in Georgia. United Community Banks has assets of \$8.1 billion and operates 27 community banks with 107 banking offices located throughout north Georgia, the Atlanta region, coastal Georgia, western North Carolina and east Tennessee. The company specializes in providing personalized community banking services to individuals and small to mid-size businesses. United Community Banks also offers the convenience of 24-hour access through a network of ATMs, telephone and on-line banking. United Community Banks common stock is listed on the Nasdaq Global Select Market under the symbol UCBI. Additional information may be found at the company's web site at www.ucbi.com.

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 some 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 3 of United Community Banks, Inc.’s annual report filed on Form 10-K with the Securities and Exchange Commission.

#

(Tables Follow)

UNITED COMMUNITY BANKS, INC.
Financial Highlights
Selected Financial Information

| | 2009 | 2008 | | | | First Quarter 2009-2008 Change |
|--|---------------------|--------------------|--------------------|-------------------|------------------|---|
| | First Quarter | Fourth Quarter | Third Quarter | Second Quarter | First Quarter | |
| <i>(in thousands, except per share data; taxable equivalent)</i> | | | | | | |
| INCOME SUMMARY | | | | | | |
| Interest revenue | \$ 103,562 | \$ 108,434 | \$ 112,510 | \$ 116,984 | \$ 129,041 | |
| Interest expense | 46,150 | 56,561 | 53,719 | 55,231 | 62,754 | |
| Net interest revenue | 57,412 | 51,873 | 58,791 | 61,753 | 66,287 | (13) % |
| Provision for loan losses | 65,000 | 85,000 | 76,000 | 15,500 | 7,500 | |
| Fee revenue | 12,846 | 10,718 | 13,121 | 15,105 | 14,197 | (10) |
| Total revenue | 5,258 | (22,409) | (4,088) | 61,358 | 72,984 | NM |
| Operating expenses ⁽¹⁾ | 52,569 | 52,439 | 56,970 | 49,761 | 47,529 | 11 |
| Operating (loss) income before taxes | (47,311) | (74,848) | (61,058) | 11,597 | 25,455 | NM |
| Income tax (benefit) expense | (15,335) | (28,101) | (21,184) | 4,504 | 9,377 | |
| Net operating (loss) income ⁽¹⁾ | (31,976) | (46,747) | (39,874) | 7,093 | 16,078 | NM |
| Noncash goodwill impairment charge | 70,000 | - | - | - | - | |
| Severance costs, net of tax benefit | 1,797 | - | - | - | - | |
| Net (loss) income | (103,773) | (46,747) | (39,874) | 7,093 | 16,078 | NM |
| Preferred dividends | 2,554 | 712 | 4 | 4 | 4 | |
| Net (loss) income available to common shareholders | \$ (106,327) | \$ (47,459) | \$ (39,878) | \$ 7,089 | \$ 16,074 | NM |
| PERFORMANCE MEASURES | | | | | | |
| Per common share: | | | | | | |
| Diluted operating (loss) earnings ⁽¹⁾ | \$ (.71) | \$ (.99) | \$ (.84) | \$.15 | \$.34 | NM |
| Per share impact of goodwill impairment charge | (1.45) | - | - | - | - | |
| Per share impact of severance costs | (.04) | - | - | - | - | |
| Diluted (loss) earnings | (2.20) | (.99) | (.84) | .15 | .34 | NM |
| Cash dividends declared | - | - | - | .09 | .09 | |
| Stock dividends declared ⁽⁵⁾ | 1 for 130 | 1 for 130 | 1 for 130 | - | - | |
| Book value | 14.70 | 16.95 | 17.12 | 17.75 | 18.50 | (21) |
| Tangible book value ⁽³⁾ | 9.65 | 10.39 | 10.48 | 11.03 | 11.76 | (18) |
| Key performance ratios: | | | | | | |
| Return on tangible equity ⁽²⁾⁽³⁾ | NM % | NM % | NM % | 5.86 % | 13.16 % | |
| Return on equity ⁽²⁾⁽⁴⁾ | NM | NM | NM | 3.41 | 7.85 | |
| Return on assets ⁽⁴⁾ | NM | NM | NM | .34 | .78 | |
| Net interest margin ⁽⁴⁾ | 3.08 | 2.70 | 3.17 | 3.32 | 3.55 | |
| Operating efficiency ratio ⁽³⁾ | 79.29 | 81.34 | 79.35 | 65.05 | 59.03 | |
| Equity to assets | 11.64 | 10.08 | 10.28 | 10.33 | 10.30 | |
| Tangible equity to assets ⁽³⁾ | 8.30 | 6.59 | 6.65 | 6.77 | 6.73 | |
| Tangible common equity to assets ⁽³⁾ | 6.13 | 6.23 | 6.65 | 6.77 | 6.73 | |
| ASSET QUALITY | | | | | | |
| Net charge-offs | \$ 43,281 | \$ 74,028 | \$ 55,736 | \$ 14,313 | \$ 7,075 | |
| Non-performing loans (NPLs) | 259,155 | 190,723 | 139,266 | 123,786 | 67,728 | |
| Foreclosed properties | 75,383 | 59,768 | 38,438 | 28,378 | 22,136 | |
| Total non-performing assets (NPAs) | 334,538 | 250,491 | 177,704 | 152,164 | 89,864 | |
| Allowance for loan losses | 143,990 | 122,271 | 111,299 | 91,035 | 89,848 | |
| Allowance for loan losses to loans | 2.56 % | 2.14 % | 1.91 % | 1.53 % | 1.51 % | |
| Net charge-offs to average loans ⁽⁴⁾ | 3.09 | 5.09 | 3.77 | .97 | .48 | |
| NPAs to loans and foreclosed properties | 5.86 | 4.35 | 3.03 | 2.55 | 1.50 | |
| NPAs to total assets | 4.11 | 2.94 | 2.20 | 1.84 | 1.07 | |
| AVERAGE BALANCES | | | | | | |
| Loans | \$ 5,675,054 | \$ 5,784,139 | \$ 5,889,168 | \$ 5,933,143 | \$ 5,958,296 | (5) |
| Investment securities | 1,712,654 | 1,508,808 | 1,454,740 | 1,507,240 | 1,485,515 | 15 |
| Earning assets | 7,530,230 | 7,662,536 | 7,384,287 | 7,478,018 | 7,491,480 | 1 |
| Total assets | 8,312,648 | 8,449,097 | 8,146,880 | 8,295,748 | 8,305,621 | - |
| Deposits | 6,780,531 | 6,982,229 | 6,597,339 | 6,461,361 | 6,051,069 | 12 |
| Shareholders' equity | 967,505 | 851,956 | 837,487 | 856,727 | 855,659 | 13 |
| Common shares - basic | 48,324 | 47,844 | 47,417 | 47,158 | 47,052 | |
| Common shares - diluted | 48,324 | 47,844 | 47,417 | 47,249 | 47,272 | |
| AT PERIOD END | | | | | | |
| Loans | \$ 5,632,705 | \$ 5,704,861 | \$ 5,829,937 | \$ 5,933,141 | \$ 5,967,839 | (6) |
| Investment securities | 1,719,033 | 1,617,187 | 1,400,827 | 1,430,588 | 1,508,402 | 14 |
| Total assets | 8,140,909 | 8,520,765 | 8,072,543 | 8,264,051 | 8,386,255 | (3) |
| Deposits | 6,616,488 | 7,003,624 | 6,689,335 | 6,696,456 | 6,175,769 | 7 |
| Shareholders' equity | 888,853 | 989,382 | 816,880 | 837,890 | 871,452 | 2 |
| Common shares outstanding | 48,487 | 48,009 | 47,596 | 47,096 | 47,004 | |

(1) Excludes the non-recurring goodwill impairment charge of \$70 million and severance costs of \$2.9 million, net of income tax benefit of \$1.1 million in the first quarter of 2009. (2) Net income available to common shareholders, which excludes preferred stock dividends, divided by average realized common equity, which excludes accumulated other comprehensive income (loss). (3) Excludes effect of acquisition related intangibles and associated amortization. (4) Annualized. (5) Number of new shares issued for shares currently held. NM - Not meaningful.

UNITED COMMUNITY BANKS, INC.
Financial Highlights
Loan Portfolio Composition at Period-End

| | 2009 | 2008 | | | | Linked | Year over |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------------|-------------|
| (in millions) | First | Fourth | Third | Second | First | Quarter | Year |
| | Quarter | Quarter | Quarter | Quarter | Quarter | Change ⁽¹⁾ | Change |
| LOANS BY CATEGORY | | | | | | | |
| Commercial (sec. by RE) | \$ 1,779 | \$ 1,627 | \$ 1,604 | \$ 1,584 | \$ 1,526 | 37 % | 17 % |
| Commercial construction | 377 | 500 | 509 | 522 | 548 | (98) | (31) |
| Commercial & industrial | 387 | 410 | 425 | 417 | 437 | (22) | (11) |
| Total commercial | 2,543 | 2,537 | 2,538 | 2,523 | 2,511 | 1 | 1 |
| Residential construction | 1,430 | 1,479 | 1,596 | 1,745 | 1,791 | (13) | (20) |
| Residential mortgage | 1,504 | 1,526 | 1,528 | 1,494 | 1,491 | (6) | 1 |
| Consumer / installment | 156 | 163 | 168 | 171 | 175 | (17) | (11) |
| Total loans | \$ 5,633 | \$ 5,705 | \$ 5,830 | \$ 5,933 | \$ 5,968 | (5) | (6) |
| LOANS BY MARKET | | | | | | | |
| Atlanta MSA | \$ 1,660 | \$ 1,706 | \$ 1,800 | \$ 1,934 | \$ 1,978 | (11) % | (16) % |
| Gainesville MSA | 422 | 420 | 426 | 422 | 415 | 2 | 2 |
| North Georgia | 2,014 | 2,040 | 2,066 | 2,065 | 2,071 | (5) | (3) |
| Western North Carolina | 808 | 810 | 815 | 819 | 816 | (1) | (1) |
| Coastal Georgia | 460 | 464 | 458 | 436 | 439 | (3) | 5 |
| East Tennessee | 269 | 265 | 265 | 257 | 249 | 6 | 8 |
| Total loans | \$ 5,633 | \$ 5,705 | \$ 5,830 | \$ 5,933 | \$ 5,968 | (5) | (6) |
| RESIDENTIAL CONSTRUCTION | | | | | | | |
| Dirt loans | | | | | | | |
| Acquisition & development | \$ 445 | \$ 484 | \$ 516 | \$ 569 | \$ 583 | (32) % | (24) % |
| Land loans | 155 | 153 | 142 | 139 | 130 | 5 | 19 |
| Lot loans | 390 | 358 | 385 | 401 | 406 | 36 | (4) |
| Total | 990 | 995 | 1,043 | 1,109 | 1,119 | (2) | (12) |
| House loans | | | | | | | |
| Spec | 317 | 347 | 393 | 450 | 460 | (35) % | (31) % |
| Sold | 123 | 137 | 160 | 186 | 212 | (41) | (42) |
| Total | 440 | 484 | 553 | 636 | 672 | (36) | (35) |
| Total residential construction | \$ 1,430 | \$ 1,479 | \$ 1,596 | \$ 1,745 | \$ 1,791 | (13) | (20) |
| RESIDENTIAL CONSTRUCTION - ATLANTA MSA | | | | | | | |
| Dirt loans | | | | | | | |
| Acquisition & development | \$ 148 | \$ 167 | \$ 185 | \$ 232 | \$ 252 | (46) % | (41) % |
| Land loans | 52 | 56 | 47 | 50 | 50 | (29) | 4 |
| Lot loans | 98 | 86 | 103 | 117 | 117 | 56 | (16) |
| Total | 298 | 309 | 335 | 399 | 419 | (14) | (29) |
| House loans | | | | | | | |
| Spec | 164 | 189 | 227 | 271 | 271 | (53) % | (39) % |
| Sold | 33 | 40 | 49 | 58 | 71 | (70) | (54) |
| Total | 197 | 229 | 276 | 329 | 342 | (56) | (42) |
| Total residential construction | \$ 495 | \$ 538 | \$ 611 | \$ 728 | \$ 761 | (32) | (35) |

⁽¹⁾ Annualized.

UNITED COMMUNITY BANKS, INC.
Financial Highlights
Credit Quality

| <i>(in thousands)</i> | First Quarter 2009 | | | Fourth Quarter 2008 | | | Third Quarter 2008 | | |
|--------------------------|---------------------|------------------|-------------------|---------------------|------------------|-------------------|---------------------|------------------|-------------------|
| | Nonaccrual Loans | OREO | Total NPAs | Nonaccrual Loans | OREO | Total NPAs | Nonaccrual Loans | OREO | Total NPAs |
| NPAs BY CATEGORY | | | | | | | | | |
| Commercial (sec. by RE) | \$ 18,188 | \$ 3,811 | \$ 21,999 | \$ 15,188 | \$ 2,427 | \$ 17,615 | \$ 9,961 | \$ 854 | \$ 10,815 |
| Commercial construction | 6,449 | 2,948 | 9,397 | 1,513 | 2,333 | 3,846 | 2,924 | 375 | 3,299 |
| Commercial & industrial | 12,066 | - | 12,066 | 1,920 | - | 1,920 | 1,556 | - | 1,556 |
| Total commercial | 36,703 | 6,759 | 43,462 | 18,621 | 4,760 | 23,381 | 14,441 | 1,229 | 15,670 |
| Residential construction | 187,656 | 58,327 | 245,983 | 144,836 | 48,572 | 193,408 | 102,095 | 32,453 | 134,548 |
| Residential mortgage | 33,148 | 10,297 | 43,445 | 25,574 | 6,436 | 32,010 | 21,335 | 4,756 | 26,091 |
| Consumer / installment | 1,648 | - | 1,648 | 1,692 | - | 1,692 | 1,395 | - | 1,395 |
| Total NPAs | \$ 259,155 | \$ 75,383 | \$ 334,538 | \$ 190,723 | \$ 59,768 | \$ 250,491 | \$ 139,266 | \$ 38,438 | \$ 177,704 |

NPAs BY MARKET

| | | | | | | | | | |
|------------------------|-------------------|------------------|-------------------|-------------------|------------------|-------------------|-------------------|------------------|-------------------|
| Atlanta MSA | \$ 131,020 | \$ 48,574 | \$ 179,594 | \$ 105,476 | \$ 42,336 | \$ 147,812 | \$ 80,805 | \$ 27,011 | \$ 107,816 |
| Gainesville MSA | 17,448 | 694 | 18,142 | 16,208 | 1,110 | 17,318 | 15,105 | 648 | 15,753 |
| North Georgia | 66,875 | 20,811 | 87,686 | 31,631 | 12,785 | 44,416 | 20,812 | 8,337 | 29,149 |
| Western North Carolina | 21,240 | 3,067 | 24,307 | 18,509 | 2,986 | 21,495 | 13,432 | 1,509 | 14,941 |
| Coastal Georgia | 15,699 | 1,286 | 16,985 | 11,863 | 138 | 12,001 | 3,682 | 601 | 4,283 |
| East Tennessee | 6,873 | 951 | 7,824 | 7,036 | 413 | 7,449 | 5,430 | 332 | 5,762 |
| Total NPAs | \$ 259,155 | \$ 75,383 | \$ 334,538 | \$ 190,723 | \$ 59,768 | \$ 250,491 | \$ 139,266 | \$ 38,438 | \$ 177,704 |

| <i>(in thousands)</i> | First Quarter 2009 | | Fourth Quarter 2008 | | Third Quarter 2008 | |
|------------------------------------|--------------------|---|---------------------|---|--------------------|---|
| | Net Charge-Offs | Net Charge- Offs to Average Loans ⁽¹⁾ | Net Charge-Offs | Net Charge- Offs to Average Loans ⁽¹⁾ | Net Charge-Offs | Net Charge- Offs to Average Loans ⁽¹⁾ |
| NET CHARGE-OFFS BY CATEGORY | | | | | | |
| Commercial (sec. by RE) | \$ 826 | .20 % | \$ 4,460 | 1.10 % | \$ 257 | .06 % |
| Commercial construction | 54 | .05 | 1,442 | 1.14 | 225 | .17 |
| Commercial & industrial | 873 | .89 | 3,416 | 3.24 | 1,018 | .96 |
| Total commercial | 1,753 | .28 | 9,318 | 1.46 | 1,500 | .24 |
| Residential construction | 37,762 | 10.52 | 57,882 | 14.93 | 50,228 | 11.94 |
| Residential mortgage | 2,984 | .80 | 5,852 | 1.52 | 3,332 | .88 |
| Consumer / installment | 782 | 1.99 | 976 | 2.34 | 676 | 1.58 |
| Total | \$ 43,281 | 3.09 | \$ 74,028 | 5.09 | \$ 55,736 | 3.77 |

NET CHARGE-OFFS BY MARKET

| | | | | | | |
|------------------------|------------------|-------------|------------------|-------------|------------------|-------------|
| Atlanta MSA | \$ 26,228 | 6.16 % | \$ 49,309 | 10.80 % | \$ 48,313 | 10.08 % |
| Gainesville MSA | 1,105 | 1.18 | 7,994 | 8.60 | 1,470 | 1.49 |
| North Georgia | 8,208 | 1.64 | 9,872 | 1.91 | 4,567 | .88 |
| Western North Carolina | 3,669 | 1.83 | 2,371 | 1.16 | 855 | .42 |
| Coastal Georgia | 3,229 | 2.84 | 3,150 | 2.70 | 249 | .22 |
| East Tennessee | 842 | 1.28 | 1,332 | 2.02 | 282 | .43 |
| Total | \$ 43,281 | 3.09 | \$ 74,028 | 5.09 | \$ 55,736 | 3.77 |

⁽¹⁾ Annualized.

UNITED COMMUNITY BANKS, INC.
Consolidated Statement of Income (Unaudited)

| <i>(in thousands, except per share data)</i> | Three Months Ended March 31, | |
|--|---|------------------|
| | 2009 | 2008 |
| Interest revenue: | | |
| Loans, including fees | \$ 81,880 | \$ 109,266 |
| Investment securities, including tax exempt of \$319 and \$394 | 20,752 | 19,022 |
| Federal funds sold, commercial paper and deposits in banks | 442 | 222 |
| Total interest revenue | 103,074 | 128,510 |
| Interest expense: | | |
| Deposits: | | |
| NOW | 3,337 | 8,587 |
| Money market | 2,237 | 2,913 |
| Savings | 127 | 227 |
| Time | 36,053 | 38,884 |
| Total deposit interest expense | 41,754 | 50,611 |
| Federal funds purchased, repurchase agreements and other short-term borrowings | 553 | 4,318 |
| Federal Home Loan Bank advances | 1,074 | 5,745 |
| Long-term debt | 2,769 | 2,080 |
| Total interest expense | 46,150 | 62,754 |
| Net interest revenue | 56,924 | 65,756 |
| Provision for loan losses | 65,000 | 7,500 |
| Net interest revenue after provision for loan losses | (8,076) | 58,256 |
| Fee revenue: | | |
| Service charges and fees | 7,034 | 7,813 |
| Mortgage loan and other related fees | 2,651 | 1,963 |
| Consulting fees | 1,021 | 1,807 |
| Brokerage fees | 689 | 1,093 |
| Securities gains, net | 303 | - |
| Other | 1,148 | 1,521 |
| Total fee revenue | 12,846 | 14,197 |
| Total revenue | 4,770 | 72,453 |
| Operating expenses: | | |
| Salaries and employee benefits | 28,839 | 28,754 |
| Communications and equipment | 3,729 | 3,832 |
| Occupancy | 3,807 | 3,716 |
| Advertising and public relations | 1,109 | 1,351 |
| Postage, printing and supplies | 1,182 | 1,592 |
| Professional fees | 2,293 | 1,921 |
| Foreclosed preoperty | 4,319 | 911 |
| FDIC assessments and other regulatory charges | 2,682 | 1,266 |
| Amortization of intangibles | 739 | 767 |
| Other | 3,870 | 3,419 |
| Goodwill impairment | 70,000 | - |
| Severance costs | 2,898 | - |
| Total operating expenses | 125,467 | 47,529 |
| (Loss) income before income taxes | (120,697) | 24,924 |
| Income tax (benefit) expense | (16,924) | 8,846 |
| Net (loss) income | (103,773) | 16,078 |
| Preferred stock dividends | 2,554 | 4 |
| Net (loss) income available to common shareholders | \$ (106,327) | \$ 16,074 |
| (Loss) earnings per common share: | | |
| Basic | \$ (2.20) | \$.34 |
| Diluted | (2.20) | .34 |
| Weighted average common shares outstanding: | | |
| Basic | 48,324 | 47,052 |
| Diluted | 48,324 | 47,272 |

UNITED COMMUNITY BANKS, INC.
Consolidated Balance Sheet

| | March 31, 2009 (unaudited) | December 31, 2008 (audited) | March 31, 2008 (unaudited) |
|---|----------------------------------|-----------------------------------|----------------------------------|
| <i>(in thousands, except share and per share data)</i> | | | |
| ASSETS | | | |
| Cash and due from banks | \$ 103,707 | \$ 116,395 | \$ 169,538 |
| Interest-bearing deposits in banks | 5,792 | 8,417 | 13,417 |
| Federal funds sold, commercial paper and short-term investments | 24,983 | 368,609 | - |
| Cash and cash equivalents | 134,482 | 493,421 | 182,955 |
| Securities available for sale | 1,719,033 | 1,617,187 | 1,508,402 |
| Mortgage loans held for sale | 43,161 | 20,334 | 28,451 |
| Loans, net of unearned income | 5,632,705 | 5,704,861 | 5,967,839 |
| Less allowance for loan losses | 143,990 | 122,271 | 89,848 |
| Loans, net | 5,488,715 | 5,582,590 | 5,877,991 |
| Premises and equipment, net | 178,980 | 179,160 | 180,746 |
| Accrued interest receivable | 45,514 | 46,088 | 59,585 |
| Goodwill and other intangible assets | 251,060 | 321,798 | 324,041 |
| Other assets | 279,964 | 260,187 | 224,084 |
| Total assets | \$ 8,140,909 | \$ 8,520,765 | \$ 8,386,255 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | |
| Liabilities: | | | |
| Deposits: | | | |
| Demand | \$ 665,447 | \$ 654,036 | \$ 690,028 |
| NOW | 1,284,791 | 1,543,385 | 1,523,942 |
| Money market | 500,261 | 466,750 | 431,623 |
| Savings | 177,001 | 170,275 | 187,911 |
| Time: | | | |
| Less than \$100,000 | 1,911,627 | 1,953,235 | 1,535,742 |
| Greater than \$100,000 | 1,350,190 | 1,422,974 | 1,375,000 |
| Brokered | 727,171 | 792,969 | 431,523 |
| Total deposits | 6,616,488 | 7,003,624 | 6,175,769 |
| Federal funds purchased, repurchase agreements, and other short-term borrowings | 158,690 | 108,411 | 532,896 |
| Federal Home Loan Bank advances | 260,125 | 235,321 | 615,324 |
| Long-term debt | 151,006 | 150,986 | 107,996 |
| Accrued expenses and other liabilities | 65,747 | 33,041 | 82,818 |
| Total liabilities | 7,252,056 | 7,531,383 | 7,514,803 |
| Shareholders' equity: | | | |
| Preferred stock, \$1 par value; 10,000,000 shares authorized; | | | |
| Series A; \$10 stated value; 25,800 shares issued and outstanding | 258 | 258 | 258 |
| Series B; \$1,000 stated value; 180,000 shares issued and outstanding | 173,480 | 173,180 | - |
| Common stock, \$1 par value; 100,000,000 shares authorized; | | | |
| 48,809,301 shares issued | 48,809 | 48,809 | 48,809 |
| Common stock issuable; 161,807, 129,304 and 90,505 shares | 3,270 | 2,908 | 2,410 |
| Capital surplus | 452,277 | 460,708 | 463,095 |
| Retained earnings | 158,201 | 265,405 | 359,248 |
| Treasury stock; 322,603, 799,892 and 1,805,078 shares, at cost | (5,992) | (16,465) | (41,351) |
| Accumulated other comprehensive income | 58,550 | 54,579 | 38,983 |
| Total shareholders' equity | 888,853 | 989,382 | 871,452 |
| Total liabilities and shareholders' equity | \$ 8,140,909 | \$ 8,520,765 | \$ 8,386,255 |

UNITED COMMUNITY BANKS, INC.
Average Consolidated Balance Sheets and Net Interest Analysis

For the Three Months Ended March 31,

| | 2009 | | | 2008 | | |
|--|--------------------|------------------|---------------|--------------------|------------------|---------------|
| | Average Balance | Interest | Avg. Rate | Average Balance | Interest | Avg. Rate |
| <i>(dollars in thousands, taxable equivalent)</i> | | | | | | |
| Assets: | | | | | | |
| Interest-earning assets: | | | | | | |
| Loans, net of unearned income ⁽¹⁾⁽²⁾ | \$5,675,054 | \$ 81,749 | 5.84 % | \$5,958,296 | \$109,252 | 7.37 % |
| Taxable securities ⁽³⁾ | 1,682,603 | 20,433 | 4.86 | 1,448,224 | 18,628 | 5.15 |
| Tax-exempt securities ⁽¹⁾⁽³⁾ | 30,051 | 522 | 6.95 | 37,291 | 648 | 6.95 |
| Federal funds sold and other interest-earning assets | 142,522 | 858 | 2.41 | 47,669 | 513 | 4.30 |
| Total interest-earning assets | 7,530,230 | 103,562 | 5.56 | 7,491,480 | 129,041 | 6.92 |
| Non-interest-earning assets: | | | | | | |
| Allowance for loan losses | (128,798) | | | (92,025) | | |
| Cash and due from banks | 104,411 | | | 154,706 | | |
| Premises and equipment | 179,495 | | | 181,355 | | |
| Other assets ⁽³⁾ | 627,310 | | | 570,105 | | |
| Total assets | \$8,312,648 | | | \$8,305,621 | | |
| Liabilities and Shareholders' Equity: | | | | | | |
| Interest-bearing liabilities: | | | | | | |
| Interest-bearing deposits: | | | | | | |
| NOW | \$1,358,149 | \$ 3,337 | 1.00 | \$1,462,116 | \$ 8,587 | 2.36 |
| Money market | 477,325 | 2,237 | 1.90 | 439,049 | 2,913 | 2.67 |
| Savings | 172,708 | 127 | .30 | 184,812 | 227 | .49 |
| Time less than \$100,000 | 1,942,897 | 17,217 | 3.59 | 1,553,313 | 18,223 | 4.72 |
| Time greater than \$100,000 | 1,393,188 | 12,825 | 3.73 | 1,365,307 | 16,370 | 4.82 |
| Brokered | 786,171 | 6,011 | 3.10 | 374,402 | 4,291 | 4.61 |
| Total interest-bearing deposits | 6,130,438 | 41,754 | 2.76 | 5,378,999 | 50,611 | 3.78 |
| Federal funds purchased and other borrowings | 150,517 | 553 | 1.49 | 551,812 | 4,318 | 3.15 |
| Federal Home Loan Bank advances | 204,941 | 1,074 | 2.13 | 661,498 | 5,745 | 3.49 |
| Long-term debt | 150,997 | 2,769 | 7.44 | 107,996 | 2,080 | 7.75 |
| Total borrowed funds | 506,455 | 4,396 | 3.52 | 1,321,306 | 12,143 | 3.70 |
| Total interest-bearing liabilities | 6,636,893 | 46,150 | 2.82 | 6,700,305 | 62,754 | 3.77 |
| Non-interest-bearing liabilities: | | | | | | |
| Non-interest-bearing deposits | 650,093 | | | 672,070 | | |
| Other liabilities | 58,157 | | | 77,587 | | |
| Total liabilities | 7,345,143 | | | 7,449,962 | | |
| Shareholders' equity | 967,505 | | | 855,659 | | |
| Total liabilities and shareholders' equity | \$8,312,648 | | | \$8,305,621 | | |
| Net interest revenue | | \$ 57,412 | | | \$ 66,287 | |
| Net interest-rate spread | | | 2.74 % | | | 3.15 % |
| Net interest margin ⁽⁴⁾ | | | 3.08 % | | | 3.55 % |

⁽¹⁾ Interest revenue on tax-exempt securities and loans has been increased to reflect comparable interest on taxable securities and loans. The rate used was 39%, reflecting the statutory federal income tax rate and the federal tax adjusted state income tax rate.

⁽²⁾ Included in the average balance of loans outstanding are loans where the accrual of interest has been discontinued.

⁽³⁾ Securities available for sale are shown at amortized cost. Pretax unrealized gains of \$10.6 million in 2009 and \$15.9 million in 2008 are included in other assets for purposes of this presentation.

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