

For Immediate Release

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UNITED COMMUNITY BANKS, INC. REPORTS EARNINGS OF \$7.6 MILLION OR EIGHT CENTS PER SHARE FOR SECOND QUARTER 2011

- Profitable quarter driven by core earnings and lower credit losses
- Nonperforming assets continue to improve; down \$19 million, or 14 percent, from last quarter to 1.60 percent of assets
- Allowance for loan losses remains strong at 3.07 percent of loans
- Core transaction deposits up 10 percent on an annualized basis
- Completed conversion of preferred stock to common and reverse stock split

BLAIRSVILLE, GA – July 28, 2011 – United Community Banks, Inc. (NASDAQ: UCBI) today reported net income of \$7.6 million, or 8 cents per diluted share, for the second quarter of 2011. The year-to-date net loss of \$135 million reflects the significant credit losses in the first quarter incurred in connection with the Problem Asset Disposition Plan which was announced last quarter in conjunction with the raising of \$380 million in new capital.

"The de-risking of our balance sheet and capital transaction, coupled with the execution of the Problem Asset Disposition Plan in the first quarter allowed us to return to profitability much sooner than would have otherwise been feasible," stated Jimmy Tallent, president and chief executive officer. "While we still have work to do in this difficult economic environment, our credit trends show improvement by every measure and we expect that positive trend to continue." Total loans were \$4.2 billion at quarter-end, down \$31 million from the end of the first quarter and \$710 million from a year earlier. "The \$31 million decrease from last quarter is actually a very encouraging sign in that it is the smallest quarterly decrease in loan balances since the first quarter of 2008," stated Tallent. "We believe the slowing attrition in the loan portfolio marks the approach of an inflection point upon which we can once again begin to grow our loan portfolio. We were pleased with our new loans made during the second quarter that included \$136 million of loan commitments with \$105 million funded of which the majority were commercial loans. Our pipeline of new business continues to gain momentum and we continue to add commercial lenders to our metro markets across our footprint. I'm encouraged by the direction in which we are heading. I can't overemphasize the importance of restoring modest growth to our loan portfolio and growing net interest revenue."

Taxable equivalent net interest revenue of \$58.9 million was up \$2.6 million from the first quarter due mostly to the impact last quarter of a \$2 million interest reversal on the performing classified loans that were included in the bulk loan sale. Compared with the second quarter of 2010, net interest revenue was \$2.7 million lower, primarily due to the \$745 million reduction in average loan balances that was offset partially by lower rates on our deposits. Net interest margin was 3.41 percent for the second quarter of 2011, down 19 basis points from a year ago and equal to the first quarter after adding back the \$2 million interest reversal in the bulk loan sale.

"Growing loans and deposits is the key to building core earnings," Tallent commented. "We are making steady progress on the lending side and grew core transaction deposits in the second quarter by \$69 million, or 10 percent, on an annualized basis. This was the tenth consecutive quarter of core deposit growth."

Operating fee revenue was \$13.9 million in the second quarter of 2011, compared to \$11.6 million a year ago and \$11.8 million last quarter. Service charges and fees were \$7.6 million, down \$385,000 from a year ago, due primarily to lower overdraft fees resulting from regulatory changes last year that required customers to provide consent

before using overdraft services. Partially offsetting this reduction in overdraft fees was an increase in ATM and debit card usage fees. Service charges and fees were up \$888,000 from last quarter due to the increase in ATM and debit card usage fees. Mortgage fees of \$952,000 were down \$649,000 from a year ago and down \$542,000 from last quarter due to the lower level of refinancing activities. Other fee revenue of \$4.7 million reflected an increase of \$3.3 million from a year ago and \$1.8 million from the first quarter primarily due to the accelerated recognition of deferred gains relating to the ineffectiveness of terminated cash flow hedges on certain prime-based loans. Gains recognized in the second quarter were \$2.8 million compared with \$1.3 million in the first quarter of 2011 and \$239,000 in the second quarter of 2010.

Excluding foreclosed property costs and the loss on sale of nonperforming assets in 2010, the second quarter operating expenses were \$46.8 million, flat with the first quarter and \$3.1 million higher than a year ago. Salary and benefit costs totaled \$26.4 million and increased \$2.8 million from last year and \$1.5 million from first quarter. Severance costs for eliminated staff positions account for \$1.2 million of the increase from both periods. Also contributing to the increase from a year ago were \$717,000 in higher incentive costs, lower deferred direct loan origination costs of \$518,000 and a \$288,000 change in the value of our deferred compensation liability.

Foreclosed property costs for the second quarter of 2011 were \$1.9 million as compared to \$64.9 million last quarter and \$14.5 million a year ago. For the second quarter of 2011, these costs were for maintenance of foreclosed properties. For the first quarter of 2011, foreclosed property costs included \$60.6 million of write downs and losses on accelerated sales related to the asset disposition plan and \$4.3 million of maintenance costs. Second quarter 2010 included \$11.2 million of write downs and losses and \$3.3 million for maintenance costs.

The effective tax rate for the second quarter of 2011 was 40 percent, equal to the first quarter of 2011. The effective tax rate for the balance of 2011 will continue in the 40

percent range due to year-to-date net losses and will return to a normal range of 35 to 36 percent with expected profitability for 2012.

As of June 30, 2011, the capital ratios for United were as follows: Tier 1 Risk Based of 13.9 percent; Tier 1 Leverage of 8.7 percent; and, Total Risk Based of 16.4 percent. The quarterly average tangible equity-to-assets ratio was 11.1 percent. As of quarter-end, tangible common equity-to-assets ratio was 8.9 percent compared to the quarterly average of 4.8 percent which was distorted by the late-quarter timing of the conversion of the mandatorily convertible preferred stock that occurred late in the quarter. The quarter-end tangible common equity to assets ratio of 8.9 percent is more representative of United's current capital strength.

"It is of course good to once again report positive earnings," Tallent said. "The last three years have been extremely challenging in our industry, and challenges remain as the economy continues to struggle. We have laid out our strategy and now we are about the business of implementation. Our company has completed the capital transaction, derisked our balance sheet through the Problem Asset Disposition Plan, executed the reverse stock split, and achieved profitability. We are on the right track but by no means satisfied; there is more work to do on credit quality, commercial loans, core deposits, customer service, and organic growth. We are moving forward with determination and optimism."

Conference Call

United Community Banks will hold a conference call today, Thursday, July 28, 2011, at 11 a.m. ET to discuss the contents of this news release and to share business highlights for the quarter. To access the call, dial (877) 380-5665 and use the conference number 78907241. The conference call also will be webcast and can be accessed by selecting 'Calendar of Events' within the Investor Relations section of the company's website 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 \$7.4 billion and operates 27 community banks with 106 banking offices 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 United's 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 anticipated 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 "Risk Factors" of United Community Banks, Inc.'s annual report filed on Form 10-K with the Securities and Exchange Commission. Forward-looking statements speak only as of the date they are made, and we undertake no obligation to update or revise forward-looking statements.

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UNITED COMMUNITY BANKS, INC. Financial Highlights Selected Financial Information

	2	011		2010		Second Quarter	For	the Six	YTD
(in thousands, except per share	Second	First	Fourth	Third	Second	2011-2010		hs Ended	2011-201
data; taxable equivalent)	Quarter	Quarter	Quarter	Quarter	Quarter	Change	2011	2010	Change
INCOME SUMMARY									
Interest revenue	\$ 76,931	\$ 75,965	\$ 81,215	\$ 84,360	\$ 87,699		\$ 152,896	\$ 177,548	
Interest expense	17,985	19,573	21,083	24,346	26,072		37,558	54,642	
Net interest revenue	58,946	56,392	60,132	60,014	61,627	(4) %	115,338	122,906	(6) %
Operating provision for loan losses (1)	11,000	190,000	47,750	50,500	61,500		201,000	136,500	
Fee revenue ⁽²⁾	13,905	11,838	12,442	12,861	11,579	20	25,743	23,245	11
Total operating revenue (1)(2)	61,851	(121,770)	24,824	22,375	11,706		(59,919)	9,651	
Operating expenses ⁽³⁾	48,728	115,271	64,918	64,906	58,308	(16)	163,999	113,128	45
Loss on sale of nonperforming assets	-	-	-	-	45,349		-	45,349	
Operating income (loss) from continuing operations									
before income taxes	13,123	(237,041)	(40,094)	(42,531)	(91,951)	114	(223,918)	(148,826)	
Operating income tax expense (benefit)	5,506	(94,555)	(16,520)	(16,706)	(32,419)		(89,049)	(54,836)	
Net operating income (loss) from continuing									
operations ⁽¹⁾⁽²⁾⁽³⁾	7,617	(142,486)	(23,574)	(25,825)	(59,532)	113	(134,869)	(93,990)	(43)
Noncash goodwill impairment charges	-	-	-	(210,590)	-		-	-	
Partial reversal of fraud loss provision, net of income tax	-	-	7,179	-	-		-	- (101)	
Loss from discontinued operations, net of income tax	-	-	-	-	-		-	(101)	
Gain from sale of subsidiary, net income tax Net income (loss)	7,617	(142,486)	(16,395)	(236,415)	(59,532)	113	(134,869)	1,266 (92,825)	(45)
Preferred dividends and discount accretion	3,016	(142,486) 2,778	(16,395) 2,586	(236,415) 2,581	(59,532) 2,577	113	(134,869) 5,794	(92,825) 5,149	(43)
Net income (loss) available to common shareholders	\$ 4,601	\$ (145,264)	\$ (18,981)	\$ (238,996)	\$ (62,109)		\$ (140,663)	\$ (97,974)	
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PERFORMANCE MEASURES									
Per common share:									
Diluted operating income (loss) from continuing									
operations ⁽¹⁾⁽²⁾⁽³⁾	\$.08	\$ (7.87)	\$ (1.38)	\$ (1.50)	\$ (3.29)	102	\$ (6.40)	\$ (5.25)	(22)
Diluted income (loss) from continuing operations	.08	(7.87)	(1.00)	(12.62)	(3.29)	102	(6.40)	(5.25)	(22)
Diluted income (loss)	.08	(7.87)	(1.00)	(12.62)	(3.29)	102	(6.40)	(5.19)	(23)
Book value	11.59	14.78	24.18	25.70	38.55	(70)	11.59	38.55	(70)
Tangible book value ⁽⁵⁾	11.47	14.44	23.78	25.26	26.95	(57)	11.47	26.95	(57)
Key performance ratios:									
Return on equity ⁽⁴⁾⁽⁶⁾	5.34	% (147.11) %	6 (17.16) 9	(148.04)	% (35.89) %	ó	(76.07) 9	% (27.87) %	6
Return on assets (6)	.40	(7.61)	(.89)	(12.47)	(3.10)		(3.57)	(2.39)	
Net interest margin ⁽⁶⁾	3.41	3.30	3.58	3.57	3.60		3.36	3.55	
Operating efficiency ratio from continuing operations (2)(3)	66.88	169.08	89.45	89.38	141.60		116.28	108.48	
Equity to assets	11.21	8.82	8.85	11.37	11.84		10.02	11.87	
Tangible equity to assets ⁽⁵⁾	11.13	8.73	8.75	9.19	9.26		9.94	9.32	
Tangible common equity to assets ⁽⁵⁾	4.79	5.51	6.35	6.78	6.91		5.15	7.02	
Tangible common equity to risk-weighted assets ⁽⁵⁾	14.26	6.40	9.05	9.60	9.97		14.26	9.97	
	11120	0.10	2100	2100	,,,,,		1.120		
ASSET QUALITY *	¢ 71.065	¢ 92.760	¢ 170.004	¢ 017.766	¢ 004 225		¢ 71.065	¢ 004 225	
Non-performing loans	\$ 71,065	\$ 83,769	\$ 179,094 142,208	\$ 217,766 129,964	\$ 224,335 123,910		\$ 71,065 47,584	\$ 224,335	
Foreclosed properties Total non-performing assets (NPAs)	47,584 118,649	54,378 138,147	142,208 321,302	347,730	348,245		118,649	123,910 348,245	
Allowance for loan losses		133,147	174,695				127,638	174,111	
Operating net charge-offs ⁽¹⁾	127,638			174,613	174,111				
	16,483	231,574	47,668	49,998	61,323 % 3.57 %	,	248,057	117,991	/
Allowance for loan losses to loans	3.07					D	3.07 9		0
Operating net charge-offs to average loans ⁽¹⁾⁽⁶⁾	1.58	20.71	4.03	4.12	4.98		11.46	4.75	
NPAs to loans and foreclosed properties	2.82	3.25	6.77	7.11	6.97		2.82	6.97	
NPAs to total assets	1.60	1.73	4.32	4.96	4.55		1.60	4.55	
AVERAGE BALANCES (\$ in millions)									
Loans	\$ 4,266	\$ 4,599	\$ 4,768	\$ 4,896	\$ 5,011	(15)	\$ 4,432	\$ 5,091	(13)
Investment securities	2,074	1,625	1,354	1,411	1,532	35	1,851	1,525	21
Earning assets	6,924	6,902	6,680	6,676	6,854	1	6,913	6,969	(1)
Total assets	7,624	7,595	7,338	7,522	7,704	(1)	7,609	7,825	(3)
Deposits	6,372	6,560	6,294	6,257	6,375	-	6,465	6,472	-
Shareholders' equity	854	670	649	855	912	(6)	763	929	(18)
Common shares - basic (thousands)	25,427	18,466	18,984	18,936	18,905		21,965	18,891	
Common shares - diluted (thousands)	57,543	18,466	18,984	18,936	18,905		21,965	18,891	
AT PERIOD END (\$ in millions)									
Loans *	\$ 4,163	\$ 4,194	\$ 4,604	\$ 4,760	\$ 4,873	(15)	\$ 4,163	\$ 4,873	(15)
Investment securities	2,188	1,884	1,490	1,310	1,488	47	2,188	1,488	47
Total assets	7,410	7,974	7,443	7,013	7,652	(3)	7,410	7,652	(3)
Deposits	6,183	6,598	6,469	5,999	6,330	(2)	6,183	6,330	(2)
Shareholders' equity	860	850	636	662	904	(5)	860	904	(5)
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⁽¹⁾ Excludes the partial reversal of a previously established provision for fraud-related loan losses of \$11.8 million, net of tax expense of \$4.6 million in the fourth quarter of 2010. Operating charge-offs also exclude the \$11.8 million related partial recovery of the previously charged off amount.⁽²⁾ Excludes revenue generated by discontinued operations in the first quarter of 2010. ⁽³⁾ Excludes the goodwill impairment charge of \$211 million in the third quarter of 2010 and expenses relating to discontinued operations in the first quarter of 2010. ⁽⁴⁾ Net loss available to common shareholders, which is net of preferred stock dividends, divided by average realized common equity, which excludes accumulated other comprehensive income (loss). ⁽⁵⁾ Excludes effect of acquisition related intangibles and associated amortization. ⁽⁶⁾ Annualized.

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

Operating Earnings to GAAP Earnings Reconciliation

Selected Financial Information

)11 Fired		2010	6	E 4 6 1	4 4h - F 4
in thousands, except per share ata; taxable equivalent)	Second Quarter	First Quarter	Fourth Quarter	Third Quarter	Second Ouarter	For the Six M 2011	Months Endec 2010
-	Quarter	Quarter	Quarter	Quarter	Quarter	2011	2010
terest revenue - taxable equivalent	\$ 76,931	\$ 75,965	\$ 81,215	\$ 84,360	\$ 87,699	\$ 152,896	\$ 177,548
xable equivalent adjustment	(429)	(435)	(497)	(511)	(500)	(864)	(993
Interest revenue (GAAP)	\$ 76,502	\$ 75,530	\$ 80,718	\$ 83,849	\$ 87,199	\$ 152,032	\$ 176,555
t interest revenue reconciliation							
t interest revenue - taxable equivalent	\$ 58,946	\$ 56,392	\$ 60,132	\$ 60,014	\$ 61,627	\$ 115,338	\$ 122,906
xable equivalent adjustment	(429)	(435)	(497)	(511)	(500)	(864)	(993
Net interest revenue (GAAP)	\$ 58,517	\$ 55,957	\$ 59,635	\$ 59,503	\$ 61,127	\$ 114,474	\$ 121,913
ovision for loan losses reconciliation							
perating provision for loan losses	\$ 11,000	\$ 190,000	\$ 47,750	\$ 50,500	\$ 61,500	\$ 201,000	\$ 136,500
rtial reversal of special fraud-related provision for loan loss	-	-	(11,750)	-	-	-	-
Provision for loan losses (GAAP)	\$ 11,000	\$ 190,000	\$ 36,000	\$ 50,500	\$ 61,500	\$ 201,000	\$ 136,500
tal revenue reconciliation							
tal operating revenue	\$ 61,851	\$ (121,770)	\$ 24,824	\$ 22,375	\$ 11,706	\$ (59,919)	\$ 9,65
xable equivalent adjustment	(429)	(435)	(497) 11,750	(511)	(500)	(864)	(99)
rtial reversal of special fraud-related provision for loan loss Total revenue (GAAP)	\$ 61,422	\$ (122,205)	\$ 36,077	\$ 21,864	\$ 11,206	\$ (60,783)	\$ 8,658
	ф 01,122	\$ (122,200)	\$ 20,077	¢ 21,001	ф 11 <u>,200</u>	\$ (00,700)	\$ 0,000
spense reconciliation	\$ 48.728	\$ 115.071	\$ 61010	\$ 61.002	\$ 102 657	\$ 162,000	\$ 150 17'
perating expense procash goodwill impairment charge	\$ 48,728	\$ 115,271	\$ 64,918 -	\$ 64,906 210,590	\$ 103,657	\$ 163,999 -	\$ 158,477
Operating expense (GAAP)	\$ 48,728	\$ 115,271	\$ 64,918	\$ 275,496	\$ 103,657	\$ 163,999	\$ 158,47
nome (loss) from continuing operations before taxes reconciliation							
come (loss) from continuing operations before taxes reconciliation berating income (loss) from continuing operations before taxes	\$ 13,123	\$ (237,041)	\$ (40,094)	\$ (42,531)	\$ (91,951)	\$ (223,918)	\$ (148,826
xable equivalent adjustment	(429)	(435)	(497)	(511)	(500)	(864)	(99)
ncash goodwill impairment charge	-	-	-	(210,590)	-	-	-
rtial reversal of special fraud-related provision for loan loss	-	-	11,750	-	-	-	-
Income (loss) from continuing operations before taxes (GAAP)	\$ 12,694	\$ (237,476)	\$ (28,841)	\$ (253,632)	\$ (92,451)	\$ (224,782)	\$ (149,81
come tax expense (benefit) reconciliation							
erating income tax expense (benefit)	\$ 5,506	\$ (94,555)	\$ (16,520)	\$ (16,706)	\$ (32,419)	\$ (89,049)	\$ (54,83
xable equivalent adjustment	(429)	(435)	(497)	(511)	(500)	(864)	(99)
rtial reversal of special fraud-related provision for loan loss Income tax expense (benefit) (GAAP)	\$ 5,077	\$ (94,990)	4,571	\$ (17,217)	\$ (32,919)	\$ (89,913)	\$ (55,829
-		¢ () (,) ()	¢ (12,110)	ф (17,217)	¢ (02,717)	\$ (0),10)	\$ (00,0 <u>2</u>)
luted earnings (loss) from continuing operations per common share reconcilia luted operating earnings (loss) from continuing operations per common share	s .08	\$ (7.87)	\$ (1.38)	\$ (1.50)	\$ (3.29)	\$ (6.40)	\$ (5.25
ncash goodwill impairment charge	φ .08 -	\$ (7.87) -	\$ (1.56) -	(11.12)	\$ (3.29) -	\$ (0.40) -	\$ (J.2. -
rtial reversal of special fraud-related provision for loan loss	-	-	.38	-	-	-	-
Diluted earnings (loss) from continuing operations per common share (GAAP)	\$.08	\$ (7.87)	\$ (1.00)	\$ (12.62)	\$ (3.29)	\$ (6.40)	\$ (5.25
ok value per common share reconciliation							
ngible book value per common share	\$ 11.47	\$ 14.44	\$ 23.78	\$ 25.26	\$ 26.95	\$ 11.47	\$ 26.9
fect of goodwill and other intangibles	.12	.34	.40	.44	11.60	.12	11.6
Book value per common share (GAAP)	\$ 11.59	\$ 14.78	\$ 24.18	\$ 25.70	\$ 38.55	\$ 11.59	\$ 38.55
ficiency ratio from continuing operations reconciliation							
perating efficiency ratio from continuing operations	66.88	% 169.08	% 89.45 %		% 141.60 9	% 116.28 9	% 108.48
ncash goodwill impairment charge	-	-	-	290.00	-	-	-
Efficiency ratio from continuing operations (GAAP)	66.88	% 169.08	% 89.45 %	% 379.38	% 141.60	% 116.28	% 108.4
erage equity to assets reconciliation							
ngible common equity to assets	4.79						
ect of preferred equity Fangible equity to assets	6.34	3.22 8.73	2.40 8.75	2.41 9.19	2.35	4.79 9.94	2.3
fect of goodwill and other intangibles	.08	.09	.10	2.18	2.58	.08	2.5
Equity to assets (GAAP)		8.82					
tual tangible common equity to risk-weighted assets reconciliation							
ngible common equity to risk-weighted assets reconcination	14.26	% 6.40 9	% 9.05 %	% 9.60	% 9.97 9	% 14.26 9	% 9.9
ect of other comprehensive income	(.65)	(.58)	(.62)	(.81)	(.87)	(.65)	(.8
ect of deferred tax limitation	(5.04)	(5.10)	(3.34)	(2.94)	(2.47)	(5.04)	(2.4
ect of trust preferred	1.14	1.12	1.06	1.06	1.03	1.14	1.0
ect of preferred equity Fier I capital ratio (Regulatory)	4.17	5.97 % 7.81	3.52 % 9.67 9	<u>3.51</u> 6 10.42	% <u>3.41</u> % <u>11.07</u>	<u>4.17</u> % 13.88 9	× 3.4 11.0
	15.00	/.01	<u> </u>	10.42		15.00	11.0
t charge-offs reconciliation	\$ 16,483	\$ 231,574	\$ 47,668	\$ 49,998	\$ 61,323	\$ 248,057	\$ 117,99
erating net charge-offs bsequent partial recovery of fraud-related charge-off	φ 10,465 -	φ 201,0/4 -	\$ 47,008 (11,750)	ф 47,770 -	φ 01,323 -	φ 240,007 -	φ 117,99 -
Net charge-offs (GAAP)	\$ 16,483	\$ 231,574	\$ 35,918	\$ 49,998	\$ 61,323	\$ 248,057	\$ 117,99
t charge-offs to average loans reconciliation	<u> </u>				<u> </u>		
perating net charge-offs to average loans	1.58	% 20.71	% 4.03 %	6 4.12	% 4.98 9	% 11.46 9	% 4.75
						/	
bsequent partial recovery of fraud-related charge-off	-	-	(1.00)	-	-	-	-

UNITED COMMUNITY BANKS, INC. Financial Highlights Loan Portfolio Composition at Period-End⁽¹⁾

	20	011		2010		Linked	Year over
	Second	First	Fourth	Third	Second	Quarter	Year
(in millions)	Quarter	Quarter	Quarter	Quarter	Quarter	Change	Change
LOANS BY CATEGORY							
Commercial (sec. by RE)	\$ 1,742	\$ 1,692	\$ 1,761	\$ 1,781	\$ 1,780	\$ 50	\$ (38)
Commercial construction	195	213	297	310	342	(18)	(147)
Commercial & industrial	428	431	441	456	441	(3)	(13)
Total commercial	2,365	2,336	2,499	2,547	2,563	29	(198)
Residential construction	502	550	695	764	820	(48)	(318)
Residential mortgage	1,177	1,187	1,279	1,316	1,356	(10)	(179)
Consumer / installment	119	121	131	133	134	(2)	(15)
Total loans	\$ 4,163	\$ 4,194	\$ 4,604	\$ 4,760	\$ 4,873	(31)	(710)
LOANS BY MARKET							
Atlanta MSA	\$ 1,188	\$ 1,179	\$ 1,310	\$ 1,365	\$ 1,373	9	(185)
Gainesville MSA	275	282	312	316	343	(7)	(68)
North Georgia	1,500	1,531	1,689	1,755	1,808	(31)	(308)
Western North Carolina	626	640	702	719	738	(14)	(112)
Coastal Georgia	325	312	335	345	356	13	(31)
East Tennessee	249	250	256	260	255	(1)	(6)
Total loans	\$ 4,163	\$ 4,194	\$ 4,604	\$ 4,760	\$ 4,873	(31)	(710)
RESIDENTIAL CONSTRUCT Dirt loans	ION						
Acquisition & development	\$ 105	\$ 116	\$ 174	\$ 190	\$ 214	(11)	(109)
Land loans	¢ 105 62	¢ 110 69	¢ 1/4 99	φ 190 104	φ 214 110	(11)	(48)
Lot loans	218	228	275	303	311	(10)	(93)
Total	385	413	548	597	635	(28)	(250)
House loans							
Spec	74	88	97	109	125	(14)	(51)
Sold	43	49	50	58	60	(6)	(17)
Total	<u> </u>	137	147	167	185	(20)	(68)
Total residential construction	\$ 502	\$ 550	\$ 695	\$ 764	\$ 820	(48)	(318)
RESIDENTIAL CONSTRUCT	ION - ATLAN	ГА MSA					
Dirt loans							
Acquisition & development	\$ 20	\$ 22	\$ 30	\$ 34	\$ 40	(2)	(20)
Land loans	16	19	23	27	32	(3)	(16)
Lot loans	22	24	32	45	39	(2)	(17)
Total	58	65	85	106	111	(7)	(53)
House loans							
Spec	30	34	38	42	48	(4)	(18)
Sold	9		10	<u> </u>	10	(2)	(1)
Total Total residential construction	<u>39</u> \$ 97	45 \$ 110	<u>48</u> \$ 133	53 \$ 159	<u>58</u> \$ 169	(6) (13)	(19) (72)
i otal residential construction	\$ 9/	φ 110	φ 155	φ 139	φ 109	(13)	(72)

⁽¹⁾ Excludes total loans of \$70.8 million, \$63.3 million, \$68.2 million, \$75.2 million and \$80.8 million as of June 30, 2011, March 31, 2011, December 31, 2010, September 30, 2010 and June 30, 2010, respectively, that are covered by the loss-sharing agreement with the FDIC, related to the acquisition of Southern Community Bank.

		:	Second	Quarter 201	L			I	First Q	uarter 2011 (2))]	Fourth	Quarter 2010)	
	Non-	performing	Fo	reclosed		Total	Non	performing	Fo	reclosed		Total	Non-	performing	Fo	oreclosed		Total
(in thousands)		Loans	Pr	operties		NPAs		Loans	Pr	operties		NPAs		Loans	P	roperties		NPAs
NPAs BY CATEGORY																		
Commercial (sec. by RE)	\$	17,764	\$	6,796	\$	24,560	\$	20,648	\$	7,886	\$	28,534	\$	44,927	\$	23,659	\$	68,586
Commercial construction		2,782		6,764		9,546		3,701		11,568		15,269		21,374		17,808		39,182
Commercial & industrial		1,998		-		1,998		2,198		-		2,198		5,611		-		5,611
Total commercial		22,544		13,560		36,104		26,547		19,454		46,001		71,912		41,467		113,379
Residential construction		22,643		24,968		47,611		32,038		25,807		57,845		54,505		78,231		132,736
Residential mortgage		24,809		9,056		33,865		23,711		9,117		32,828		51,083		22,510		73,593
Consumer / installment		1,069		-		1,069		1,473		-		1,473		1,594		-		1,594
Total NPAs	\$	71,065	\$	47,584	\$	118,649	\$	83,769	\$	54,378	\$	138,147	\$	179,094	\$	142,208	\$	321,302
Balance as a % of																		
Unpaid Principal		64.5%		32.6%		46.3%		57.3%		30.3%		42.4%		67.2%		64.4%		65.9%
NPAs BY MARKET																		
Atlanta MSA	\$	14,700	\$	11,239	\$	25,939	\$	21,501	\$	16,913	\$	38,414	\$	48,289	\$	41,154	\$	89,443
Gainesville MSA		4,505		3,174		7,679		4,332		2,157		6,489		5,171		9,273		14,444
North Georgia		28,117		21,278		49,395		30,214		23,094		53,308		83,551		66,211		149,762
Western North Carolina		15,153		8,953		24,106		18,849		7,802		26,651		25,832		11,553		37,385
Coastal Georgia		5,357		2,564		7,921		5,847		3,781		9,628		11,145		11,901		23,046
East Tennessee		3,233		376		3,609		3,026		631		3,657		5,106		2,116		7,222
Total NPAs	\$	71,065	\$	47,584	\$	118,649	\$	83,769	\$	54,378	\$	138,147	\$	179,094	\$	142,208	\$	321,302
NPA ACTIVITY																		
Beginning Balance	\$	83,769	\$	54,378	\$	138,147	\$	179,094	\$	142,208	\$	321,302	\$	217,766	\$	129,964	\$	347,730
Loans placed on non-accrual		35,911		-		35,911		54,730		-		54,730		81,023		-		81,023
Payments received		(7,702)		-		(7,702)		(3,550)		-		(3,550)		(7,250)		-		(7,250)
Loan charge-offs		(18,888)		-		(18,888)		(43,969)		-		(43,969)		(47,913)		-		(47,913)
Foreclosures		(22,025)		22,025		-		(17,052)		17,052		-		(61,432)		61,432		-
Capitalized costs		-		20		20		-		270		270		-		170		170
Note / property sales		-		(28,939)		(28,939)		(11,400)		(44,547)		(55,947)		(3,100)		(33,509)		(36,609)
Loans held for sale		-		-		-		(74,084)		-		(74,084)		-		-		-
Write downs		-		(3,118)		(3,118)		-		(48,585)		(48,585)		-		(8,031)		(8,031)
Net losses on sales		-		3,218		3,218		-		(12,020)		(12,020)		-		(7,818)		(7,818)
Ending Balance	\$	71,065	\$	47,584	\$	118,649	\$	83,769	\$	54,378	\$	138,147	\$	179,094	\$	142,208	\$	321,302

		Second Quar	rter 2011 ⁽³⁾		First Quart	ter 2011 ⁽³⁾			Fourth Qua	rter 2010 ⁽⁴⁾	J
	-		Net Charge-			Net Char	ge-			Net Cha	irge-
			Offs to			Offs to)			Offs	to
		Net	Average		Net	Averag			Net	Avera	
(in thousands)	Cha	arge-Offs	Loans ⁽⁵⁾	Ch	arge-Offs	Loans	5)	Cha	arge-Offs	Loans	s ⁽⁵⁾
NET CHARGE-OFFS BY	CATEGO	ORY									
Commercial (sec. by RE)	\$	3,259	.76 %	\$	48,607	11.07	%	\$	6,493	1.45	%
Commercial construction		869	1.70		49,715	76.95			3,924	5.12	
Commercial & industrial		523	.49		4,040	3.64			2,891	2.54	
Total commercial		4,651	.79		102,362	16.66			13,308	2.09	
Residential construction		6,629	5.04		92,138	58.20			24,497	13.28	
Residential mortgage		4,589	1.55		36,383	11.62			9,176	2.80	
Consumer / installment		614	2.04		691	2.16			687	2.06	
Total	\$	16,483	1.58	\$	231,574	20.71		\$	47,668	4.03	
NET CHARGE-OFFS BY	MARKE	Т									
Atlanta MSA	\$	2,920	.99 %	\$	56,489	17.86	%	\$	15,222	4.48	%
Gainesville MSA		2,318	3.36		8,616	11.93			3,434	4.37	
North Georgia		6,575	1.72		123,305	29.66			18,537	4.26	
Western North Carolina		3,522	2.21		26,447	15.61			5,154	2.87	
Coastal Georgia		815	1.02		12,003	14.80			3,670	4.27	
East Tennessee		333	.54		4,714	7.47			1,651	2.53	
Total	\$	16,483	1.58	\$	231,574	20.71		\$	47,668	4.03	

(1) Excludes non-performing loans and foreclosed properties covered by the loss-sharing agreement with the FDIC, related to the acquisition of Southern Community Bank.

(2) The NPA activity shown for the first quarter of 2011 is presented with all activity related to loans transferred to the loans held for sale classification on one line as if those loans were transferred to held for sale at the beginning of the period.

(a) Includes charge-offs on loans related to United's previously announced asset disposition plan. Such charge-offs severely distorted charge off rates for the first and second quarters of 2011. A separate schedule has been included in this earnings release presenting the components of net charge-offs by loan category and geographic market for the first and second quarters of 2011.
 (4) North Carolina residential construction net charge-offs for the fourth quarter of 2010 exclude a \$11.8 million partial recovery of a 2007 fraud-related charge-off.

(5) Annualized.

UNITED COMMUNITY BANKS, INC. Financial Highlights Net Charge-Off Summary ⁽¹⁾

	 Se		Quarter 20	11]	Quarter 201	1		 Fi	 x Months 2	011	
		Dis	roblem Asset position				Problem Asset sposition		_		Problem Asset isposition		_
(in thousands)	 Other		Plan		Total	 Other	 Plan		Total	 Other	 Plan		Total
BY CATEGORY													
Commercial (sec. by RE)	\$ 4,972	\$	(1,713)	\$	3,259	\$ 2,842	\$ 45,765	\$	48,607	\$ 7,814	\$ 44,052	\$	51,866
Commercial construction	2,201		(1,332)		869	1,146	48,569		49,715	3,347	47,237		50,584
Commercial & industrial	639		(116)		523	513	3,527		4,040	1,152	3,411		4,563
Total commercial	7,812		(3,161)		4,651	4,501	97,861		102,362	12,313	 94,700		107,013
Residential construction	9,471		(2,842)		6,629	10,643	81,495		92,138	20,114	78,653		98,767
Residential mortgage	5,844		(1,255)		4,589	4,989	31,394		36,383	10,833	30,139		40,972
Consumer / installment	625		(11)		614	383	308		691	1,008	297		1,305
Total	\$ 23,752	\$	(7,269)	\$	16,483	\$ 20,516	\$ 211,058	\$	231,574	\$ 44,268	\$ 203,789	\$	248,057
BY MARKET													
Atlanta MSA	\$ 4,875	\$	(1,955)	\$	2,920	\$ 3,296	\$ 53,193	\$	56,489	\$ 8,171	\$ 51,238	\$	59,409
Gainesville MSA	2,576		(258)		2,318	954	7,662		8,616	3,530	7,404		10,934
North Georgia	10,360		(3,785)		6,575	8,544	114,761		123,305	18,904	110,976		129,880
Western North Carolina	4,263		(741)		3,522	6,749	19,698		26,447	11,012	18,957		29,969
Coastal Georgia	1,206		(391)		815	341	11,662		12,003	1,547	11,271		12,818
East Tennessee	472		(139)		333	632	4,082		4,714	1,104	3,943		5,047
Total	\$ 23,752	\$	(7,269)	\$	16,483	\$ 20,516	\$ 211,058	\$	231,574	\$ 44,268	\$ 203,789	\$	248,057

⁽¹⁾ This schedule presents net charge-offs by loan type and geographic market separated between those charge offs related to United's first quarter 2011 Problem Asset Disposition Plar including losses on loans sold in the bulk loan sale transaction that closed on April 18, 2011 and all other charge-offs. The charge-offs on the bulk loan sale recognized in the first quarter were estimated based on indicative bids from prospective buyers. Actual losses were less than estimated resulting in an adjustment to the loss in the second quarter.

Consolidated Statement of Operations (Unaudited)

June 30, June 30, June 30, June 30, Interest revenue: 2011 2010 2010 2010 Lons, including fees 5 60.958 \$ 70.611 \$ 122.055 \$ 142.855 Interest revenue: 76.502 75.799 152.015 \$ 162.855 Total interest revenue 76.502 75.799 152.015 16555 NW 1,036 1,745 2.360 3.599 Mosy market 1,499 1,715 2.2007 37.916 Trad diposit interset repease 110.955 17.718 2.277 37.916 Trad diposit interset repease 110.955 17.718 2.277 37.916 Trad diposit interset repease 110.955 17.718 2.277 37.916 Trad diposit interset repease 12.935 2.8677 42.937 12.917 12.917 12.917 12.917 12.917 12.917 12.917 12.917 12.917 12.917 12.917 12.917 12.917 12.917 12.917 12.917 12.917<		Three Mo	nths Ended	Six Mon	ths Ended
Dimensionals, except per there data; 2011 2010 2011 2010 Lorens, including fes Investment securities, including tax exempt of \$251, \$295, \$510 and \$606 14.792 15.819 12.035 5 142.805 Investment securities, including tax exempt of \$251, \$295, \$510 and \$606 14.792 15.819 12.035 1.697 Total interest revenue 76.502 87.199 152.032 17.6555 Interest exempts 1.036 1.785 2.1375 2.5277 3.599 Morey market 1.499 1.820 2.1375 2.5275 4.5204 True 1.036 1.781 2.2272 3.7991 Federal funds houses 1.099 1.718 2.2272 3.7991 Tare 1.0991 1.718 2.2272 3.7991 Ioney true data bank obsances 1.0993 1.7178 2.2277 3.7916 Ioney true data bank obsances 1.7993 2.1677 1.1460 1.991 Ioney true data bank obsances 1.7995 2.6077 5.732 5.8517 Ioney true					
Loam, including fes \$ 0.038 \$ 70,611 \$ 12,205 \$ 14,232 Investment sequenties, including av exempt of \$251, \$205, \$510 and \$606 75.2 759 1.571 1.697 Total interest revenue 76,502 $87,199$ 152,002 176,553 Interest expense: 20,303 1.697 1.697 1.697 NOW 1.036 1.745 2.2602 3.599 Marge market 1.499 1.829 3.527 3.586 Savings 64 83 1.41 1.07 Total deposit interest expense 100,095 17,718 2.87,75 45,208 Federal Innot purchase greements and other short-term horrowings 1.074 1.056 2,2147 2,667 5,522 5,522 5,222 1.061 1.915 1.036 1.14,474 12,1913 Provision for total losses 47,517 (41,60 1.951 1.036 1.42,856 1.444 12,1913 Provision for total losses 11,000 61,207 114,474 12,1913 Provision for total losses 47,517 (43,73) 0.04,244 3.080 1.0368 1.036 1.153	(in thousands, except per share data)				,
Investment scuritics, including tax exempt of \$251, \$295, \$310 and \$606 14,792 15,829 28,396 22,032 Foderal funds soil, commercial paper and deposits in banks 76,502 87,199 152,032 176,555 Interset seques: 76,502 87,199 152,032 176,555 NOW 1,409 1,429 1,745 2,240 3,597 NOW 1,409 1,429 3,527 3,586 Sorrigs 10,995 177,178 22,227 5,701 Total deposit interest expense 10,995 177,178 22,227 5,701 Federal funds purchased, reprochase agreements and other short-term borrowings 570 9,74 1,66 2,116 2,044 Federal funds torchased, reprochase agreements and other short-term borrowings 571 9,74 1,24,77 5,220 Total deposit interest expense 12,2667 5,227 5,220 5,630 Net interest revense 12,2067 5,520 1,640 2,044 12,131 Proteinion for loan losses 11,000 61,127 11,4,474 <t< td=""><td>Interest revenue:</td><td></td><td></td><td></td><td></td></t<>	Interest revenue:				
Investment scurities, including tax exempt of \$251, \$295, \$210 and \$606 14,792 15,829 28,396 23.032 Federal funds sol, connercial paper and deposits in banks 76,502 87,199 152.032 176,555 Interest expanse: 76,502 87,199 152.032 176,555 Now 1,036 1,745 2,240 3,597 Now 1,039 1,718 22,227 3,591 Total deposits interest expense 10,995 177,18 22,227 3,7916 Total deposit interest expense 10,995 177,18 22,227 5,239 Federal funds purchased, reprochase agreements and other short-term borrowings 10,995 2,116 2,094 Federal funds purchased, reprochase agreements and other short-term borrowings 10,000 61,127 114,471 12,121 Federal funds expanse 2,007 5,327 5,329 5,444 3,417 12,915 5,4442 Net interest revense 10,000 61,202 14,363 14,520 14,447 12,191 Prevenuet 5,440 5,441	Loans, including fees	\$ 60,958	\$ 70,611	\$ 122,065	\$ 142,826
Federal funds sold, commercial paper and deposits in banks 752 759 1,571 1,763 Interest expense 76,502 87,199 152,032 176,555 Deposits: 1,036 1,745 2,360 3,599 Mow market 1,046 1,745 2,360 3,599 Money market 1,036 1,745 2,360 3,599 Time 10,995 17,718 22,727 37,916 Total deposit interest expense 10,744 21,375 24,725 45,208 Federal flunds purchased, repurchase agreements and other short-term borrowings 1,074 1,066 2,116 2,094 Total interest expense 2,747 2,667 5,522 5,522 Total interest expense 11,000 61,500 20,000 13,6304 Net interest revenue after provision for loan losses 47,517 (373) (48,526) (14,877) Fee revenue 592 1,601 2,444 3,080 1,366 1,364 1,364 1,366 Nortigue lana and other related fees </td <td></td> <td></td> <td>15,829</td> <td>28,396</td> <td></td>			15,829	28,396	
Total interest revenue 76,502 87,199 152,032 176,555 Interest reprise: NOW 1,036 1,745 2,360 3,599 MORY market 1,409 1,829 3,527 3,586 Savings 64 83 141 167 Total deposit interest expense 13,594 21,718 22,227 37,916 Federal Inde Loan Bank advances 570 974 1,160 1,955 2,116 2,094 Federal Inde bots purchased, repurchase agreements and other short-term borrowings 10,095 2,116 2,094 1,457 28,755 5,232 5,232 75,382 5,242 1,474 1,2191 1,005 2,116 2,094 1,457 1,4147 1,2191 1,005 2,116 2,094 1,458 5,464 1,010 61,500 20,1000 13,6500 14,458 1,4474 1,2191 1,000 61,500 20,1000 13,6500 1,41474 1,2191 1,000 61,602,811 61 1,3505 1,41474 1,2191 <					
Deposite: 1.036 1.745 2.360 3.599 Now more market 1.409 18.29 3.527 3.886 Savings 64 83 141 167 Time 10.995 17.718 22.727 37.916 Federal funds purchased, repurchase agreements and other short-tern borrowings 1.074 1.056 2.116 2.094 Federal funde Loan Bank advances 570 9.94 1.100 1.956 2.116 2.094 Iong-term debt 2.247 2.667 5.527 5.249 5.249 1.036 1.1474 1.121,113 Provision for loan losses 11.000 61.500 201.000 116.500 201.000 116.500 Ner interest revenue after provision for loan losses 7.608 7.993 14.328 15.440 Morgage loan and other related fees 9.92 1.601 4.446 3.080 Securities grins, net 7.83 8.86 10 1.067 1.999 7.554 3.511 Total cervenue 13.905 1					176,555
Deposite: 1.036 1.745 2.360 3.599 Now more market 1.409 18.29 3.527 3.886 Savings 64 83 141 167 Time 10.995 17.718 22.727 37.916 Federal funds purchased, repurchase agreements and other short-tern borrowings 1.074 1.056 2.116 2.094 Federal funde Loan Bank advances 570 9.94 1.100 1.956 2.116 2.094 Iong-term debt 2.247 2.667 5.527 5.249 5.249 1.036 1.1474 1.121,113 Provision for loan losses 11.000 61.500 201.000 116.500 201.000 116.500 Ner interest revenue after provision for loan losses 7.608 7.993 14.328 15.440 Morgage loan and other related fees 9.92 1.601 4.446 3.080 Securities grins, net 7.83 8.86 10 1.067 1.999 7.554 3.511 Total cervenue 13.905 1	Interest expense:				
$\begin{array}{c c c c c c c c c c c c c c c c c c c $	-				
$\begin{array}{c c c c c c c c c c c c c c c c c c c $	*	1,036	1,745	2,360	3,599
Savings 64 83 141 167 Time 10.995 17.718 22.727 37.916 Foldal diposit interest expense 13.594 21.7375 22.757 5.229 Federal Home Loan Bank advances 570 27.71 22.667 5.527 5.229 Total interest expense 17.985 20.072 37.585 54.642 Net interest expense 11.60 1.27 114.474 121.913 Provision for loan losses 11.000 61.500 201.000 136.600 Net interest revenue after provision for loan losses 47.517 C373 C48.5200 (14.887) Fee revenue 76.08 7.993 14.328 15.440 Mortgage loan and other related fees 962 1.601 2.446 3.080 Service charges and fees 76.08 7.993 14.328 15.400 Loss from programent of debt (791) - 7.511 - 838 61 Ohier 4.662 1.399 7.554 3.511	Money market				
Total deposit interest expense 13.594 21.375 28.755 45.268 Federal Home Loan Bank advances 570 974 1.160 1.951 Long-term debt 2,747 2,667 5.527 5.329 Total interest expense 17.088 2.007 37.558 54.642 Net interest expense 17.088 2.007 37.558 54.642 Provision for loan losses 11.000 61.500 201.000 136,500 Net interest revenue after provision for loan losses 47.517 (373) (86.526) (14.587) Fer revenue: 5 691 546 1.308 1.544 Service charges and fees 691 546 1.308 1.513 Cost form prepayment of debt (791) - (791) - Ober 4,662 1.399 7.554 3.511 Total revenue 13.005 11.579 25.743 23.245 Total revenue 13.005 3.378 7.83 2.613 2.204 Operatin	•	64	83	141	
Federal funds purchased, repurchase agreements and other short-term borrowings 1.074 1.056 2.116 2.094 Federal Home Loan Bank advances 2.747 2.667 5.527 5.329 Total interset expense 17.085 2.0072 37.558 54.642 Not interset revenue 58.517 61.127 114.474 12.1913 Provision for loan losses 11.000 61.500 201.000 136.500 Not interest revenue after provision for loan losses 47.517 (373) (36.526) (14.537) Fee revenue 58.517 6.11.579 7.544 3.080 Brokerage fees 952 1.601 2.446 3.080 Securities gain, net 783 - 838 61 1.056 1.579 7.554 3.511 Total revenue 13.005 11.579 7.554 3.511 7.014 7.920 4.662 1.399 7.554 3.511 Total revenue 13.005 11.579 2.527.4 2.3141 2.3424 2.3424 2.3424 2.3424 2.3424 2.3424 2.3424 2.3455 2.3591 5.1360	Time	10,995	17,718	22,727	37,916
5709741.1601.921Long-term debt 2.747 2.667 5.527 5.329 Total interest expense 17.985 26.072 37.558 54.642 Net interest revenue 58.517 61.127 114.474 121.913 Provision for loan losses 11.000 61.500 201.000 136.500 Net interest revenue after provision for loan losses 47.517 (373) (865.26) (14.587) Fer evenue:Service charges and fees 9.52 $1,601$ 2.446 3.080 Brokerage fees 952 $1,601$ 2.446 3.080 Scourties gains, net 7.608 7.993 14.328 15.440 Loss from prepayment of debt (791) $ (791)$ $-$ Other 4.662 1.399 7.554 3.511 Total revenue 13.905 11.579 25.743 23.214 Ordan employee benefits 26.436 23.590 51.360 47.950 Communications and equipment 3.378 3.511 $6,722$ $6,790$ Cocupacy 3.365 7.650 4.121 1.900 Professional fees 2.330 2.178 5.680 4.121 Foreclosed property 1.895 765 2.203 1.990 Professional fees 2.330 2.178 5.680 4.121 Foreclosed property 4.662 4.162 1.6849 7.992 Fo	Total deposit interest expense	13,594	21,375	28,755	45,268
$ \begin{array}{c c c c c c c c c c c c c c c c c c c $	Federal funds purchased, repurchase agreements and other short-term borrowings	1,074	1,056	2,116	2,094
$\begin{array}{c c c c c c c c c c c c c c c c c c c $	Federal Home Loan Bank advances	570	974	1,160	1,951
Net interest revenue $\overline{58,517}$ $\overline{61,127}$ $\overline{114,474}$ $\overline{121,913}$ Provision for loan losses $\overline{41,517}$ $\overline{61,500}$ $201,000$ $\overline{136,500}$ Net interest revenue after provision for loan losses $\overline{47,517}$ $\overline{61,303}$ $\overline{686,5260}$ $\overline{114,4871}$ Service charges and fees $7,608$ $7,993$ $\overline{14,328}$ $\overline{15,440}$ Mortgage loan and other related fees 952 $1,601$ $2,446$ $3,080$ Brokerage fees 691 586 $1,368$ $1,153$ Securities gains, net 783 $ 838$ 61 Loss from prepayment of debt (791) $ (791)$ $-$ Total fee revenue $\overline{13,905}$ $\overline{11,579}$ $\overline{25,743}$ $\overline{23,245}$ Operating expenses: $\overline{26,436}$ $23,590$ $51,360$ $47,950$ Salaries and employee benefits $26,436$ $23,590$ $51,360$ $47,950$ Communications and equipment $3,378$ $3,356$ $7,879$ $7,650$ A	Long-term debt	2,747	2,667	5,527	5,329
Provision for loan losses 11,000 $61,500$ $201,000$ $136,5200$ Net interest revenue after provision for loan losses $7,608$ $7,993$ $14,328$ $15,440$ Mortgage loan and other related fees 952 1.601 $2,446$ 3080 Brokerage fees 952 1.601 $2,446$ 3080 Securities gains, net 783 $ 888$ 61 Loss from prepayment of debt (791) $ 783$ $ 888$ 61 Other 4.662 1.399 7.554 3.511 $60,723$ 23.245 Total revenue 13.905 11.579 25.743 23.245 Sularies and employee benefits $26,436$ 23.590 $51,360$ 47.950 Communications and equipment 3.378 3.511 $6,722$ $6,784$ Occupancy 3.803 7.857 2.303 1.990 Professional fees 2.350 2.178 5.680 41.21 Foreclosed property 1.891 14.540 $66,790$ 25.353	Total interest expense		26,072	37,558	54,642
Net interest revenue after provision for loan losses $47,517$ (373) $(86,526)$ $(14,587)$ Fee revenue: Service charges and fees $7,608$ $7,993$ $14,328$ $15,440$ Mortgage loan and other related fees 952 $1,601$ $2,446$ 3080 Brokerage fees 952 $1,601$ $2,446$ 3080 Brokerage fees 952 $1,601$ $2,446$ 3080 Securities gains, net 783 -888 61 Loss from prepayment of debt (791) $-(791)$ $-(791)$ Total revenue $13,905$ $11,579$ $25,743$ $23,245$ Total revenue $64,222$ $11,200$ $(60,783)$ $8,658$ Operating expenses: $26,436$ $23,590$ $51,360$ $47,950$ Communications and equipment $3,378$ $3,511$ $6,722$ $6,789$ Ocuparey $3,805$ $3,836$ $7,850$ $22,350$ $21,785$ 660 $47,950$ Communications and equipment <	Net interest revenue	58,517		114,474	121,913
Fee revenue: 7,008 7,993 14,328 15,440 Mortgage loan and other related fees 952 1,601 2,446 3,080 Brokerage fees 691 586 1,368 1,153 Securities gains, net 783 888 61 Loss from prepayment of debt (791) (791) (791) Other 4,662 1,399 7,554 3,511 Total fee revenue 13,005 11,579 25,743 23,245 Operating expenses: 51,360 47,950 8,658 8,836 7,879 7,650 Advertising and public relations 1,377 1,352 2,295 2,395 Postage, printing and supplies 1,187 1,352 2,995 2,395 Postage, printing and supplies 1,085 765 2,203 1,990 25,343 1,44540 66,700 2,295 2,395 Postage, printing and supplies 1,864 3,566 9,057 7,192 Anortization of intaglibles 60 700 22,331 1,990	Provision for loan losses				
Service charges and fees7,6087,99314,32815,440Mortgage loan and other related fees9521,6012,4463,080Brokerage fees6915861,3581,153Securities gains, net783-83861Loss from prepayment of debt(791)-(791)-Other4,6621,3997,5543,511Total fee revenue13,90511,57925,74323,245Total revenue13,90511,57925,74325,245Communications and equipment3,3783,8367,8797,650Advertising and public relations1,3171,3522,2952,395Postage, printing and supplies1,1871,3522,2952,353FDC assessments and other regulatory charges3,6443,5669,0577,192Amorization of intagibles7607941,5221,596Other4,0624,17610,4918,097Loss on sale of nonperforming assets-45,349-45,349Total operations before income taxes12,694(02,451)(14,869)(03,990)Loss on sale of nonperforming assets(100)Gain from sale of subsidiary, net of income taxes(101)Gain from sale of subsidiary, net of income taxes(101)Gain from sale of subsidiary, net of income taxes(100)Income (loss) from conti	Net interest revenue after provision for loan losses	47,517	(373)	(86,526)	(14,587)
$\begin{array}{c c c c c c c c c c c c c c c c c c c $	Fee revenue:				
Brokerage fees6915861,3681,153Securities gains, net783-83861Loss from prepayment of debt(791)-(791)-Other $4,662$ 1,3997,5543,511Total fee revenue13,90511,57925,74322,245Salaries and employee benefits $61,422$ 11,206(60,783)8,658Operating expenses: $3,378$ 3,5116,7226,784Ocupancy3,8053,8367,8797,650Advertising and public relations1,3171,3522,2952,395Postage, printing and supplies1,08576652,2031,990Professional fees2,3502,1785,6804,121Foreclosed property1,89114,54066,79022,333FDIC assessments and other regulatory charges3,6443,5669,0577,192Amorization of intangibles7607941,5221,596Other4,0624,17610,4918,097Loss on sale of nonperforming assets45,349-Total operating expenses12,694(92,451)(224,782)(149,819)Income (loss) from continuing operations before income taxes(100)Gain from sale of subsidiary, net of income taxes(101)Gain from sale of subsidiary, net of income taxes and selling costs(126)Net income (loss) from continuing operati	Service charges and fees	7,608	7,993	14,328	15,440
Securities gains, net 783 - 838 61 Loss from prepayment of debt (791) -	Mortgage loan and other related fees	952	1,601	2,446	3,080
Loss from prepayment of debt (791) - (791) - Other 4.662 1.399 7.554 3.511 Total revenue 61.422 11.206 (60,783) 8.658 Operating expenses: - - 61.422 11.206 (60,783) 8.658 Communications and equipment 3.378 3.511 6.722 6.784 Occupancy 3.805 3.836 7.879 7.650 Advertising and public relations 1.317 1.352 2.295 2.395 Postage, printing and supplies 1.085 765 2.203 1.990 Professional fees 2.350 2.178 5.680 4.121 FDIC assessments and other regulatory charges 3.644 3.566 9.057 7.192 Amortization of intangibles 760 794 1.522 1.596 Other 4.8728 103.657 163.999 158.477 Income (loss) from continuing operations 5.077 (52.299) (89.913) (55.829) Net income (loss) from continuing operations - - - (101)	Brokerage fees	691	586	1,368	1,153
Other $4,662$ $1,399$ $7,554$ $3,511$ Total fee revenue $13,905$ $11,579$ $22,743$ $23,245$ Operating expenses: $61,422$ $11,206$ $(60,783)$ $8,658$ Salaries and employee benefits $26,436$ $23,590$ $51,360$ $47,950$ Corupancy $3,305$ $3,378$ $3,511$ $6,722$ $6,784$ Occupancy $3,805$ $3,836$ $7,870$ $7,650$ Advertising and supplies $1,317$ $1,352$ 2.295 2.395 Postage, printing and supplies $1,085$ 765 2.031 1990 Professional fees $2,350$ $2,178$ $5,680$ $4,121$ Foreclosed property $1,891$ $14,540$ $66,790$ $25,353$ FDIC assessments and other regulatory charges $3,644$ $3,566$ $9,057$ $7,192$ Amortization of intangibles $-645,349$ $-645,349$ $-645,349$ $-645,349$ $-645,349$ $-645,349$ $-645,349$ $-645,349$ </td <td>Securities gains, net</td> <td>783</td> <td>-</td> <td>838</td> <td>61</td>	Securities gains, net	783	-	838	61
Total fee revenue $13,905$ $11,579$ $25,743$ $23,245$ Total revenue $61,422$ $11,206$ $(60,783)$ $8,658$ Operating expenses: $61,422$ $11,206$ $(60,783)$ $8,658$ Salaries and employee benefits $26,436$ $23,590$ $51,360$ $47,950$ Communications and equipment $3,378$ $3,511$ $6,722$ $6,784$ Occupancy $3,805$ $3,836$ $7,879$ $7,650$ Advertising and public relations $1,317$ 1.352 2.295 2.395 Postage, printing and supplies $1,085$ 765 2.203 1.990 Profeesional fees $2,350$ $2,178$ $5,680$ 4.121 Foreclosed property $1,891$ $14,540$ $66,790$ $25,333$ FDIC assessments and other regulatory charges $3,644$ $3,566$ $9,057$ $7,192$ Amortization of intangibles 760 794 $1,522$ 1.596 Other $4,062$ 4.176 $10,491$ 8.097 Loss on sale of nonperforming assets $ 45,349$ $ 45,349$ Total operating expenses $7,617$ $(52,913)$ $(18,913)$ $(58,827)$ Income (loss) from continuing operations $5,077$ (532) $(134,869)$ $(92,825)$ Net income (loss)rom continuing operations, net of income taxes $ (101)$ Gain from sale of subcidary, net of income taxes 5 1.8 $3(3.29)$ $§$ (6.40) $§$ (52.57) </td <td>Loss from prepayment of debt</td> <td>(791)</td> <td>-</td> <td>(791)</td> <td>-</td>	Loss from prepayment of debt	(791)	-	(791)	-
Total revenue $61,422$ $11,206$ $(60,783)$ $8,658$ Operating expenses: Salaries and employee benefits $26,436$ $23,590$ $51,360$ $47,950$ Communications and equipment $3,378$ $3,511$ $6,722$ $6,784$ Occupancy $3,805$ $3,836$ $7,879$ $7,650$ Advertising and public relations $1,317$ $1,352$ $2,295$ $2,395$ Postage, printing and supplies $1,085$ 765 $2,203$ $1,990$ Professional fees $2,350$ $2,178$ $5,680$ $4,121$ Foreclosed property $1,891$ $14,540$ $66,790$ $25,353$ FDIC assessments and other regulatory charges $3,644$ $3,566$ $9,057$ $7,192$ Amortization of intangibles 760 794 $1,522$ 1.596 Other $4,062$ $4,176$ $10,491$ $8,097$ Loss on sale of nonperforming assets $ 45,349$ $ 45,349$ Total operating expenses $12,694$ $(92,451)$ $(224,782)$ $(149,819)$ Income (loss) from continuing operations before income taxes $ (101)$ Gain from sale of subsidiary, net of income taxes $ (24,782)$ Net income (loss)from continuing operations ex continue and selling costs $ -$ Net income (loss)from continuing operations per common share - Basic 5 1.8 (3.29) (6.40) (5.25) Prefered stock dividends and discount accretion $3,016$	Other	4,662	1,399		3,511
Operating expenses: Z6,436 23,590 51,360 47,950 Salaries and employee benefits 3,378 3,511 6,722 6,784 Occupancy 3,805 3,836 7,879 7,650 Advertising and public relations 1,317 1,352 2,295 2,395 Postage, printing and supplies 1,085 765 2,203 1,990 Professional fees 2,350 2,178 5,680 4,121 Foreclosed property 1,891 14,540 66,790 25,353 FDIC assessments and other regulatory charges 3,644 3,566 9,057 7,192 Amortization of intangibles 760 794 1,522 1,596 Other 4,062 4,176 10,491 8,097 Loss on sale of nonperforming assets - 45,349 - 45,349 Income (loss) from continuing operations before income taxes 12,694 (92,451) (224,782) (149,819) Income (loss) from continuing operations 7,617 (59,532) (134,869) (92	Total fee revenue				
Salaries and employee benefits $26,436$ $23,590$ $51,360$ $47,950$ Communications and equipment $3,378$ $3,511$ $6,722$ $6,784$ Occupancy $3,805$ $3,836$ $7,879$ $7,650$ Advertising and public relations $1,317$ $1,352$ $2,295$ $2,395$ Postage, printing and supplies $1,085$ 765 $2,203$ $1,990$ Profeesional fees $2,350$ $2,178$ $5,680$ $4,121$ Foreclosed property $1,891$ $14,540$ $66,790$ $25,353$ PDIC assessments and other regulatory charges $3,644$ $3,566$ $9,057$ $7,192$ Amortization of intangibles 760 794 $1,522$ $1,596$ Other $4,062$ $4,176$ $10,491$ $8,097$ Loss on sale of nonperforming assets $ 45,349$ $ 45,349$ Total operating expenses $ 48,728$ $103,657$ $163,999$ $158,477$ Income (loss) from continuing operations $5,077$ $(32,919)$ $(89,913)$ $(55,829)$ Net income (loss) from continuing operations $ 1266$ Net income (loss) available to common share asset and selling costs $ -$ Net income (loss) from continuing operations per common share - Basic $5,62,109$ $$(140,663)$ $$(97,974)$ Earnings (loss) from continuing operations per common share - Diluted 0.88 (3.29) (6.40) $$(5.25)$ Earnings (loss) from continuing operations per common share -	Total revenue	61,422	11,206	(60,783)	8,658
Communications and equipment $3,378$ $3,511$ $6,722$ $6,784$ Occupancy $3,805$ $3,836$ $7,879$ $7,650$ Advertising and public relations $1,317$ $1,352$ $2,295$ $2,395$ Postage, printing and supplies $1,085$ 765 $2,203$ $1,990$ Professional fees $2,350$ $2,178$ $5,680$ $4,121$ Foreclosed property $1,891$ $14,540$ $66,790$ $25,353$ FDIC assessments and other regulatory charges $3,644$ $3,566$ $9,057$ $7,192$ Amortization of intangibles 760 794 $1,522$ $1,596$ Other $4,062$ $4,176$ $10,491$ $8,097$ Loss on sale of nonperforming assets $ 45,349$ $ 45,349$ Total operating expenses $12,694$ $(92,451)$ $(224,782)$ $(149,819)$ Income (tass) from continuing operations $7,617$ $(59,532)$ $(134,869)$ $(93,990)$ Loss from discontinued operations, net of income taxes $ (101)$ Gain from sale of subsidiary, net of income taxes $ (124,782)$ $(149,489)$ Net income (loss)from continuing operations per common share - Basic $ -$ Rearnings (loss) from continuing operations per common share - Basic $ -$ Earnings (loss) from continuing operations per common share - Diluted $.08$ (3.29) (6.40) (5.25) Earnings (loss) per com	Operating expenses:				
Occupancy $3,805$ $3,836$ $7,879$ $7,650$ Advertising and public relations $1,317$ $1,352$ $2,295$ $2,395$ Postage, printing and supplies $1,085$ 765 $2,203$ $1,990$ Professional fees $2,350$ $2,178$ $5,680$ $4,121$ Foreclosed property $1,891$ $14,540$ $66,790$ $25,353$ FDIC assessments and other regulatory charges $3,644$ $3,566$ $9,057$ $7,192$ Amortization of intangibles 760 794 $1,522$ $1,596$ Other $4,062$ $4,176$ $10,491$ $8,097$ Loss on sale of nonperforming assets $ 45,349$ $ 45,349$ Total operating expenses $12,694$ $(92,451)$ $(224,782)$ $(149,819)$ Income (loss) from continuing operations before income taxes $7,617$ $(59,532)$ $(134,869)$ $(93,990)$ Loss from discontinued operations, net of income taxes $ 1,266$ Net income (loss)rom continuing operations $7,617$ $(59,532)$ $(134,869)$ $(92,825)$ Prefered stock dividends and discount accretion $3,016$ $2,577$ $5,794$ $5,149$ Net income (loss) from continuing operations per common share - Basic $$$ $.18$ (3.29) (6.40) (5.25) Earnings (loss) from continuing operations per common share - Basic $$$ $.18$ (3.29) (6.40) (5.19) Weighted average common share - Diluted $.08$ (3.29) (6.40)	Salaries and employee benefits	26,436	23,590	51,360	47,950
Advertising and public relations1,3171,3522,2952,395Postage, printing and supplies1,0857652,2031,990Professional fees2,3502,1785,6804,121Foreclosed property1,89114,54066,70025,353PDIC assessments and other regulatory charges3,6443,5669,0577,192Amortization of intangibles7607941,5221,596Other4,0624,17610,4918,097Loss on sale of nonperforming assets-45,349-45,349Total operating expenses48,728106,597163,999158,477Income (loss) from continuing operations before income taxes12,694(92,451)(224,782)(149,819)Income (loss) from continuing operations5,077(32,919)(89,913)(55,829)Net income (loss)7,617(59,532)(134,869)(92,825)Preferred stock dividends and discount accretion3,0162,5775,7945,149Net income (loss) rom continuing operations per common share - Basic\$.18(3.29)\$ (640)\$ (5.25)Earnings (loss) from continuing operations per common share - Diluted.08(3.29)(6.40)\$ (5.25)Earnings (loss) per common share - Diluted.08(3.29)(6.40)\$ (5.25)Earnings (loss) per common share - Diluted.08(3.29)(6.40)\$ (5.25)Earnings (loss) per common share - Diluted.08(3.29)(6.40)\$ (5	Communications and equipment	3,378	3,511	6,722	6,784
Postage, printing and supplies $1,085$ 765 $2,203$ $1,990$ Professional fees $2,350$ $2,178$ $5,680$ $4,121$ Foreclosed property $1,891$ $14,540$ $66,790$ $25,353$ FDIC assessments and other regulatory charges $3,644$ $3,566$ $9,057$ $7,192$ Amortization of intangibles 760 794 $1,522$ $1,596$ Other $4,062$ $4,176$ $10,491$ $8,097$ Loss on sale of nonperforming assets $ 45,349$ $ 45,349$ Total operating expenses $48,728$ $103,657$ $163,999$ $158,477$ Income (loss) from continuing operations before income taxes $12,694$ $(92,451)$ $(224,782)$ $(149,819)$ Income (loss) from continuing operations $5,077$ $(32,919)$ $(89,913)$ $(55,829)$ Loss from discontinued operations, net of income taxes $ -$ Loss from discontinued operations, net of income taxes and selling costs $ -$ Net income (loss)available to common share-balact $3,016$ $2,577$ $5,794$ $5,149$ Preferred stock dividends and discount accretion $3,016$ $2,577$ $5,794$ $5,149$ Net income (loss) from continuing operations per common share - Basic\$ 1.8 (3.29) (6.40) (5.25) Earnings (loss) from continuing operations per common share - Basic\$ 1.8 (3.29) (6.40) (5.25) Earnings (loss) per common share - B	Occupancy	3,805	3,836	7,879	7,650
Professional fees2,3502,1785,6804,121Foreclosed property1,89114,54066,79025,353FDIC assessments and other regulatory charges3,6443,5669,0577,192Amortization of intangibles7607941,5221,596Other4,0624,17610,4918,097Loss on sale of nonperforming assets-45,349-45,349Total operating expenses48,728103,657163,999158,477Income (loss) from continuing operations before income taxes5,077(32,919)(89,913)(55,829)Net income (loss) from continuing operations(101)Gain from sale of subsidiary, net of income taxes and selling costs1,266Net income (loss)rom continuing operations share-ond share-blders1,266Net income (loss) from continuing operations per common share - Basic1,266Net income (loss) from continuing operations per common share - Basic1,266Net income (loss) from continuing operations per common share - Basic1,266Si (loss) from continuing operations per common share - Basic\$1.18(3.29)\$(6.40)\$(5.25)Earnings (loss) from continuing operations per common share - Diluted.08(3.29)(6.40)(5.19)Weighted average common share - Diluted.08(3.29)(6.40) <td< td=""><td></td><td></td><td>1,352</td><td></td><td></td></td<>			1,352		
Foreclosed property1,89114,54066,79025,353FDIC assessments and other regulatory charges3,6443,5669,0577,192Amortization of intangibles7607941,5221,596Other4,0624,17610,4918,097Loss on sale of nonperforming assets-45,349-45,349Total operating expenses-45,349-45,349Income (loss) from continuing operations before income taxes12,694(92,451)(224,782)(149,819)Income (loss) from continuing operations5,077(32,919)(89,913)(55,829)Net income (loss) from continuing operations7,617(59,532)(134,869)(93,990)Loss from discontinued operations, net of income taxes and selling costs1,266Net income (loss)rom continuing operations1,266(140,663)\$ (07,974)Preferred stock dividends and discount accretion3,0162,5775,7945,149Net income (loss) from continuing operations per common share - Basic\$.18\$ (3.29)\$ (6.40)\$ (5.25)Earnings (loss) from continuing operations per common share - Diluted.08(3.29)(6.40)\$ (5.25)Earnings (loss) per common share - Diluted.08(3.29)(6.40)(5.19)Earnings (loss) per common share - Diluted.08(3.29)(6.40)(5.19)Earnings (loss) per common share - Diluted.08(3.29)(6.40)(5.19) <td></td> <td></td> <td></td> <td></td> <td></td>					
FDIC assessments and other regulatory charges $3,644$ $3,566$ $9,057$ $7,192$ Amortization of intangibles 760 794 $1,522$ $1,596$ Other $4,062$ $4,176$ $10,491$ $8,097$ Loss on sale of nonperforming assets $ 45,349$ $ 45,349$ Total operating expenses $48,728$ $103,657$ $163,999$ $158,477$ Income (loss) from continuing operations before income taxes $12,694$ $(92,451)$ $(224,782)$ $(149,819)$ Income (loss) from continuing operations $5,077$ $(32,919)$ $(89,913)$ $(55,829)$ Net income (loss) from continuing operations $7,617$ $(59,532)$ $(134,869)$ $(93,990)$ Loss from discontinued operations, net of income taxes and selling costs $ 1,266$ Net income (loss) $7,617$ $(59,532)$ $(134,869)$ $(92,825)$ Preferred stock dividends and discount accretion $3,016$ $2,577$ $5,794$ $5,149$ Net income (loss) available to common share-Dasic $\$$ $.18$ $\$$ (3.29) (6.40) $\$$ Earnings (loss) from continuing operations per common share - Basic $.18$ (3.29) (6.40) $\$$ (5.25) Earnings (loss) per common share - Basic $.18$ (3.29) (6.40) (5.25) Earnings (loss) per common share - Diluted $.08$ (3.29) (6.40) (5.25) Earnings (loss) per common share - Diluted $.08$ (3.29) (6.40) (5.25)					
Amortization of intangibles 760 794 $1,522$ $1,596$ Other $4,062$ $4,176$ $10,491$ $8,097$ Loss on sale of nonperforming assets $ 45,349$ $ 45,349$ Total operating expenses $12,694$ $(92,451)$ $(224,782)$ $(149,819)$ Income (loss) from continuing operations before income taxes $12,694$ $(92,451)$ $(224,782)$ $(149,819)$ Income tax expense (benefit) $5,077$ $(32,919)$ $(89,913)$ $(55,829)$ Net income (loss) from continuing operations $7,617$ $(59,532)$ $(134,869)$ $(93,990)$ Loss from discontinued operations, net of income taxes $ 1,266$ Gain from sale of subsidiary, net of income taxes and selling costs $ 1,269$ Net income (loss)and discount accretion $3,016$ $2,577$ $5,794$ $5,149$ Net income (loss) from continuing operations per common share - Basic\$ 1.8 (3.29) (6.40) (5.25) Earnings (loss) from continuing operations per common share - Diluted $.08$ (3.29) (6.40) (5.25) Earnings (loss) per common share - Diluted $.08$ (3.29) (6.40) (5.19) Weighted average common share - Diluted $.08$ (3.29) (6.40) (5.19) Weighted average common share - Diluted $.08$ (3.29) (6.40) (5.19)					
Other $4,062$ $4,176$ $10,491$ $8,097$ Loss on sale of nonperforming assets $ 45,349$ $ 45,349$ Total operating expenses $ 45,349$ $ 45,349$ Income (loss) from continuing operations before income taxes $12,694$ $(92,451)$ $(224,782)$ $(149,819)$ Income tax expense (benefit) $5,077$ $(32,919)$ $(89,913)$ $(55,829)$ Net income (loss) from continuing operations $7,617$ $(59,532)$ $(134,869)$ $(93,990)$ Loss from discontinued operations, net of income taxes $ (101)$ Gain from sale of subsidiary, net of income taxes and selling costs $ (101)$ Net income (loss)and discount accretion $3,016$ $2,577$ $5,794$ $5,149$ Net income (loss) available to common share - Basic\$ $.18$ (3.29) (6.40) (5.25) Earnings (loss) from continuing operations per common share - Diluted $.08$ (3.29) (6.40) (5.25) Earnings (loss) per common share - Basic $.18$ (3.29) (6.40) (5.25) Earnings (loss) per common share - Diluted $.08$ (3.29) (6.40) (5.19) Weighted average common shares outstanding - Basic $25,427$ $18,905$ $21,965$ $18,891$					
Loss on sale of nonperforming assets- $45,349$ - $45,349$ Total operating expensesIncome (loss) from continuing operations before income taxesI12,694I03,657I63,999I58,477Income (loss) from continuing operations before income taxesI2,694(92,451)(224,782)(149,819)Income tax expense (benefit) $5,077$ (32,919)(89,913)(55,829)Net income (loss) from continuing operations $7,617$ (59,532)(134,869)(93,990)Loss from discontinued operations, net of income taxes(101)Gain from sale of subsidiary, net of income taxes and selling costs(101)Net income (loss)7,617(59,532)(134,869)(92,825)Preferred stock dividends and discount accretion $3,016$ $2,577$ $5,794$ $5,149$ Net income (loss) available to common share-Daluers\$.18\$(3.29)\$(6.40)\$(5.25)Earnings (loss) from continuing operations per common share - Basic.18 (3.29) (6.40)\$(5.25)Earnings (loss) per common share - Diluted.08(3.29)(6.40)(5.19)Earnings (loss) per common share - Diluted.08(3.29)(6.40)(5.19)Weighted average common shares outstanding - Basic.08(3.29)(6.40)(5.19)					
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Gain from sale of subsidiary, net of income taxes and selling costs1,266Net income (loss)7,617 $(59,532)$ $(134,869)$ $(92,825)$ Preferred stock dividends and discount accretion3,016 $2,577$ $5,794$ $5,149$ Net income (loss) available to common shareholders $$$4,601$$(62,109)$$<(140,663)$$<(97,974)Earnings (loss) from continuing operations per common share - Basic$.18$$(3.29)(6.40)(5.25)Earnings (loss) per common share - Basic.18(3.29)(6.40)$(5.25)Earnings (loss) per common share - Basic.18(3.29)(6.40)$(5.25)Earnings (loss) per common share - Basic.18(3.29)(6.40)$(5.19)Earnings (loss) per common share - Diluted.08(3.29)(6.40)$(5.19)Weighted average common shares outstanding - Basic25,42718,90521,96518,891$		/,61/	(59,532)	(134,869)	
Net income (loss) $7,617$ $(59,532)$ $(134,869)$ $(92,825)$ Preferred stock dividends and discount accretion $3,016$ $2,577$ $5,794$ $5,149$ Net income (loss) available to common shareholders $$ 4,601$ $$ (62,109)$ $$ (140,663)$ $$ (97,974)$ Earnings (loss) from continuing operations per common share - Basic $$.18$ $$ (3.29)$ $$ (6.40)$ $$ (5.25)$ Earnings (loss) from continuing operations per common share - Diluted.08 (3.29) (6.40) (5.25) Earnings (loss) per common share - Basic.18 (3.29) (6.40) (5.19) Earnings (loss) per common share - Diluted.08 (3.29) (6.40) (5.19) Weighted average common shares outstanding - Basic $25,427$ $18,905$ $21,965$ $18,891$		-	-	-	
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Net income (loss) available to common shareholders $$ 4,601$ $$ (62,109)$ $$ (140,663)$ $$ (97,974)$ Earnings (loss) from continuing operations per common share - Basic $$.18$ $$ (3.29)$ $$ (6.40)$ $$ (5.25)$ Earnings (loss) from continuing operations per common share - Diluted.08 (3.29) (6.40) (5.25) Earnings (loss) per common share - Basic.18 (3.29) (6.40) (5.19) Earnings (loss) per common share - Diluted.08 (3.29) (6.40) (5.19) Weighted average common shares outstanding - Basic $25,427$ $18,905$ $21,965$ $18,891$					
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Earnings (loss) from continuing operations per common share - Diluted.08(3.29)(6.40)(5.25)Earnings (loss) per common share - Basic.18(3.29)(6.40)(5.19)Earnings (loss) per common share - Diluted.08(3.29)(6.40)(5.19)Weighted average common shares outstanding - Basic25,42718,90521,96518,891	Net income (1055) available to common shareholders	\$ 4,001	\$ (02,109)	\$ (140,003)	\$ (97,974)
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Weighted average common shares outstanding - Basic25,42718,90521,96518,891				(6.40)	
Weighted average common shares outstanding - Diluted57,54318,90521,96518,891					
	Weighted average common shares outstanding - Diluted	57,543	18,905	21,965	18,891

UNITED COMMUNITY BANKS, INC. Consolidated Balance Sheet

(in thousands, except share and per share data)	June 30, 2011	December 31, 2010	June 30, 2010
	(unaudited)	(audited)	(unaudited)
ASSETS			
Cash and due from banks	\$ 163,331	\$ 95,994	\$ 115,088
Interest-bearing deposits in banks	41,863	111,901	105,183
Federal funds sold, commercial paper and short-term investments	174,996	441,562	148,227
Cash and cash equivalents	380,190	649,457	368,498
Securities available for sale	1,816,613	1,224,417	1,165,776
Securities held to maturity (fair value \$379,231, 267,988 and \$327,497)	371,578	265,807	322,148
Mortgage loans held for sale	19,406	35,908	22,705
Loans, net of unearned income	4,163,447	4,604,126	4,873,030
Less allowance for loan losses	127,638	174,695	174,111
Loans, net	4,035,809	4,429,431	4,698,919
Assets covered by loss sharing agreements with the FDIC	95,726	131,887	156,611
Premises and equipment, net	178,208	178,239	180,125
Accrued interest receivable	21,291	24,299	29,650
Goodwill and other intangible assets	9,922	11,446	223,600
Foreclosed property	47,584	142,208	123,910
Net deferred tax asset	261,268	166,937	111,485
Other assets	172,074	183,160	249,057
Total assets	\$ 7,409,669	\$ 7,443,196	\$ 7,652,484
LIABILITIES AND SHAREHOLDERS' EQUITY			
Liabilities:			
Deposits:			
Demand	\$ 899,017	\$ 793,414	\$ 779,934
NOW	1,306,109	1,424,781	1,326,861
Money market	989,600	891,252	756,370
Savings	197,927	183,894	185,176
Time:			
Less than \$100,000	1,508,444	1,496,700	1,575,211
Greater than \$100,000	981,154	1,002,359	1,093,975
Brokered	300,964	676,772	611,985
Total deposits	6,183,215	6,469,172	6,329,512
Federal funds purchased, repurchase agreements, and other short-term borrowings	103,666	101,067	104,127
Federal Home Loan Bank advances	40,625	55,125	104,138
Long-term debt	150,186	150,146	150,100
Unsettled securities purchases	35,634	-	20,94
Accrued expenses and other liabilities	36,368	32,171	39,243
Total liabilities	6,549,694	6,807,681	6,748,067
Shareholders' equity:			
Preferred stock, \$1 par value; 10,000,000 shares authorized;			
Series A; \$10 stated value; 21,700 shares issued and outstanding	217	217	217
Series B; \$1,000 stated value; 180,000 shares issued and outstanding	176,392	175,711	175,050
Series D; \$1,000 stated value; 16,613 shares issued and outstanding	16,613	-	
Common stock, \$1 par value; 100,000,000 shares authorized;	- ,		
41,554,874, 18,937,001 and 18,856,185 shares issued and outstanding	41,555	18,937	18,850
Common stock, non-voting, \$1 par value; 30,000,000 shares authorized;	,	,	,
15,914,209 shares issued and outstanding	15,914	-	
Common stock issuable; 83,575, 67,287 and 56,954 shares	3,574	3,894	3,898
Capital surplus	1,051,607	741,244	739,26
Accumulated deficit	(476,230)	(335,567)	(77,590
Accumulated other comprehensive income	30,333	31,079	44,725
Total shareholders' equity	859,975	635,515	904,41
Total liabilities and shareholders' equity	\$ 7,409,669	\$ 7,443,196	\$ 7,652,484

Average Consolidated Balance Sheets and Net Interest Analysis

For the Three Months Ended June 30,

		2011			2010	
	Average		Avg.	Average		Avg.
(dollars in thousands, taxable equivalent)	Balance	Interest	Rate	Balance	Interest	Rate
Assets:						
Interest-earning assets:						
Loans, net of unearned income ⁽¹⁾⁽²⁾	\$4,266,211	\$ 60,958	5.73 %	\$5,010,937	\$ 70,640	5.65 %
Taxable securities ⁽³⁾	2,048,683	14,541	2.84	1,503,162	15,534	4.13
Tax-exempt securities ⁽¹⁾⁽³⁾	25,044	411	6.56	28,920	482	6.67
Federal funds sold and other interest-earning assets	583,832	1,021	.70	311,475	1,043	1.34
Total interest-earning assets	6,923,770	76,931	4.45	6,854,494	87,699	5.13
Non-interest-earning assets:						
Allowance for loan losses	(139,744)			(193,998)		
Cash and due from banks	119,801			100,931		
Premises and equipment	178,949			181,064		
Other assets ⁽³⁾	540,943			761,803		
Total assets	\$7,623,719			\$7,704,294		
Liabilities and Shareholders' Equity: Interest-bearing liabilities: Interest-bearing deposits: NOW	\$ 1,310,441	1,036	.32	\$1,325,099	1,745	.53
Money market	979,432	1,499	.61	746,039	1,829	.98
Savings	195,946	64	.13	186,628	83	.18
Time less than \$100,000	1,541,909	4,990	1.30	1,605,308	7,887	1.97
Time greater than \$100,000	988,810	3,873	1.57	1,110,010	6,102	2.20
Brokered	473,161	2,132	1.81	642,954	3,729	2.33
Total interest-bearing deposits	5,489,699	13,594	.99	5,616,038	21,375	1.53
Federal funds purchased and other borrowings	103,156	1,074	4.18	104,637	1,056	4.05
Federal Home Loan Bank advances	52,735	570	4.34	107,948	974	3.62
Long-term debt	150,178	2,747	7.34	150,097	2,667	7.13
Total borrowed funds	306,069	4,391	5.75	362,682	4,697	5.19
Total interest-bearing liabilities Non-interest-bearing liabilities:	5,795,768	17,985	1.24	5,978,720	26,072	1.75
Non-interest-bearing deposits	882,151			758,558		
Other liabilities	91,353			54,931		
Total liabilities	6,769,272			6,792,209		
Shareholders' equity	854,447			912,085		
Total liabilities and shareholders' equity	\$7,623,719			\$7,704,294		
Net interest revenue		\$ 58,946			\$ 61,627	
Net interest-rate spread		=	3.21 %		=	3.38 %
Net interest margin ⁽⁴⁾		_	3.41 %		=	3.60 %

(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 and loans that are held for sale.

(3) Securities available for sale are shown at amortized cost. Pretax unrealized gains of \$32.2 million in 2011 and \$43.6 million in 2010 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.

Average Consolidated Balance Sheets and Net Interest Analysis

For the Six Months Ended June 30,

		2011			2010	
	Average		Avg.	Average		Avg.
(dollars in thousands, taxable equivalent)	Balance	Interest	Rate	Balance	Interest	Rate
Assets:						
Interest-earning assets:						
Loans, net of unearned income ⁽¹⁾⁽²⁾	\$4,431,617	\$122,028	5.55 %	\$5,091,445	\$142,859	5.66 %
Taxable securities ⁽³⁾	1,825,322	27,886	3.06	1,495,447	31,426	4.20
Tax-exempt securities ⁽¹⁾⁽³⁾	25,434	835	6.57	29,482	991	6.72
Federal funds sold and other interest-earning assets	630,384	2,147	.68	352,683	2,272	1.29
Total interest-earning assets	6,912,757	152,896	4.45	6,969,057	177,548	5.13
Non-interest-earning assets:		<u> </u>				
Allowance for loan losses	(154,347)			(190,662)		
Cash and due from banks	127,031			102,728		
Premises and equipment	179,150			181,493		
Other assets ⁽³⁾	544,625			762,014		
Total assets	\$7,609,216			\$7,824,630		
Liabilities and Shareholders' Equity:						
Interest-bearing liabilities:						
Interest-bearing deposits:						
NOW	\$1,341,618	2,360	.35	\$1,343,297	3,599	.54
Money market	954,128	3,527	.75	734,817	3,586	.98
Savings	191,708	141	.15	183,555	167	.18
Time less than \$100,000	1,541,130	10,441	1.37	1,648,739	16,778	2.05
Time greater than \$100,000	989,840	8,024	1.63	1,132,767	12,872	2.29
Brokered	585,103	4,262	1.47	689,717	8,266	2.42
Total interest-bearing deposits	5,603,527	28,755	1.03	5,732,892	45,268	1.59
Federal funds purchased and other borrowings	102,132	2,116	4.18	103,355	2,094	4.09
Federal Home Loan Bank advances	53,923	1,160	4.34	111,150	1,951	3.54
Long-term debt	150,169	5,527	7.42	150,088	5,329	7.16
Total borrowed funds	306,224	8,803	5.80	364,593	9,374	5.18
Total interest-bearing liabilities Non-interest-bearing liabilities:	5,909,751	37,558	1.28	6,097,485	54,642	1.81
Non-interest-bearing deposits	861,864			738,876		
Other liabilities	75,083			59,605		
Total liabilities	6,846,698			6,895,966		
Shareholders' equity	762,518			928,664		
Total liabilities and shareholders' equity	\$7,609,216			\$7,824,630		
Net interest revenue		\$115,338			\$122,906	
Net interest-rate spread			3.17 %			3.32 %
Net interest margin ⁽⁴⁾			3.36 %		-	3.55 %
		=	5.50 /0		=	5.55 /0

(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 and loans that are held for sale.

(3) Securities available for sale are shown at amortized cost. Pretax unrealized gains of \$29.7 million in 2011 and \$43.4 million in 2010 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.