ANNUAL REPORT

2016

United
COMMUNITY BANKS, INC.®

FINANCIAL HIGHLIGHTS

(in millions, except per share data)

	2016	2015
CORE EARNINGS SUMMARY		
Net interest revenue	$ 309.8	$ 257.4
Fee revenue	93.7	72.5
Operating expenses *(excluding merger-related and impairment charges)*	233.2	193.2
Pre-tax, pre-credit earnings	**170.3**	**136.7**
Provision for loan losses	.8	(3.7)
Merger-related and other non-operating charges, net of taxes[1]	(6.0)	(11.6)
Operating income tax expense *(excl. benefit on merger, impairment and deferred tax charges)*	(64.4)	(49.8)
Net income	**100.7**	**71.6**
Preferred dividends	(.1)	(.1)
Net income available to common shareholders	**$ 100.6**	**$ 71.5**
PER COMMON SHARE		
Diluted earnings—GAAP	$ 1.40	$ 1.09
Diluted earnings—operating[1]	1.48	1.27
Book value	15.06	14.02
Tangible book value	12.95	12.06
PERFORMANCE MEASURES		
Net interest margin	3.36 %	3.30 %
Allowance for loan losses to loans	0.89	1.14
Return on assets—GAAP	1.00	.85
Return on assets—operating[1]	1.06	.98
Return on common equity—GAAP	9.41	8.15
Return on tangible common equity—operating[1]	11.86	10.24
Equity to assets (year-end)	10.05	10.59
Tangible common equity to assets (year-end)	8.77	9.15
Tier 1 risk-based capital ratio (year-end)	11.23	11.45
AS OF YEAR-END		
Loans	$ 6,921	$ 5,995
Investment securities	2,762	2,656
Total assets	10,709	9,626
Deposits	8,638	7,881
Shareholders' equity	1,076	1,018
Common shares outstanding (thousands)	70,899	71,484
Beneficial owners	15,100	18,400
Employees	1,961	1,932
Banking offices	139	134

[1] Excludes the effect of merger-related charges of $8.1 million and $12.0 million, net of taxes of $3.1 million and $4.0 million, respectively, in 2016 and 2015; a deferred tax asset impairment charge of $1.0 million in 2016 resulting from the cancellation of non-qualified stock options; and impairment charges of $6.0 million, net of taxes of $2.4 million, in 2015 on real estate purchased in prior years for use as future branch sites.

LETTER TO SHAREHOLDERS

2016 was an exceptional year for United, with strong financial performance and significant progress in our strategic focus on growth markets, products, talent and infrastructure. We earned $107 million in net operating income, or $1.48 per share which is an increase of 17 percent from 2015, excluding merger-related and other charges. Operating return on assets was 1.06 percent, up from .98 percent in 2015. Our 2016 planning included an ambitious goal of 1.10 percent in operating return on assets by the fourth quarter. Our bankers accepted the challenge and made it happen, increasing return on assets—and return on common equity—every successive quarter during the year.

They did this by serving customer needs extremely well, as they always do. They grew loans by $619 million, or 10 percent over 2015, exceeding our growth target of high single digits. Bear in mind that this growth does not include the acquisition of Tidelands Bank that was completed on July 1, 2016. More about that later. Our bankers also increased core deposits by $489 million or 9 percent—again excluding Tidelands. Core deposits funded nearly 80 percent of loan growth, and by year-end represented 93 percent of total customer deposits, a very favorable mix that provides low-cost funding.

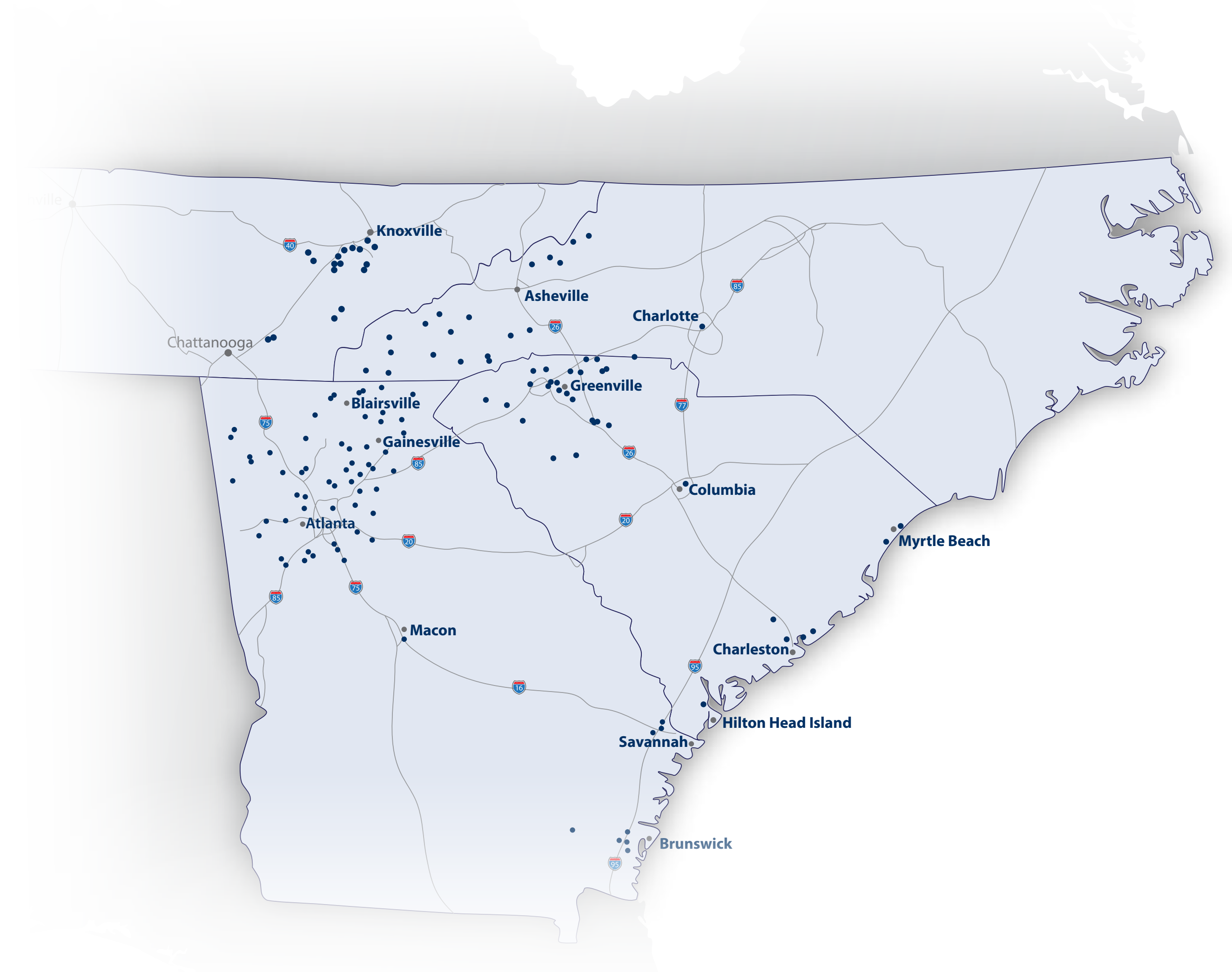
Fee revenue increased by 29 percent to $94 million, following 31 percent growth in 2015. We improved our operating efficiency ratio from 58.5 percent to 57.8 percent, with disciplined expense controls and achievement of cost saving targets from acquisitions. The ratio was 56.6 percent in the fourth quarter, the lowest it has been in the past decade.

This performance has not gone unnoticed. In February of 2017, Forbes magazine included United among the 100 best-performing banks in America—for the fourth consecutive year.

STRATEGIC GROWTH

MARKETS

Our strategy for market expansion emphasizes high-growth areas within our four-state footprint. Georgia, North Carolina, South Carolina and Tennessee are home to some of the fastest-growing Metropolitan Statistical Areas (MSAs) in the country. Eighty-two percent of United banking offices are now in MSAs, up from 70 percent a year ago, putting us in solid position for long-term growth.



Recent acquisitions have contributed to the 82 percent. You will recall that in September of 2015 we acquired $1.2 billion-asset Palmetto Bank, the largest community bank in South Carolina's fastest-growing region, the Upstate area along the I-85 corridor. Two months later we completed step one of our coastal South Carolina strategy with the opening of a regional commercial loan office in Charleston. In July 2016 we completed step two with the acquisition of Tidelands Bank, which had $466 million in assets and locations in Charleston, Hilton Head and Myrtle Beach. Our in-place Charleston team and our new bankers from Tidelands are working together with good synergies, and we are excited about the prospects ahead. Charleston and Myrtle Beach are located in two of the 12 fastest-growing MSAs in the country.

We surpassed $10 billion in assets during the year, a threshold that places banks at a higher level of regulatory scrutiny, and cost, under the Dodd-Frank Act and Durbin Amendment. We believe the costs of additional regulation will be overcome by our growth, especially given our expanding markets.

PRODUCTS

Our specialty lending areas—commercial real estate, middle market, SBA, asset-based lending, senior living and builder finance—grew by $363 million during the year to $855 million, and accounted for more than half of our loan growth. 2016 was specialty lending's third year in a hub-and-spoke model that allows us to provide large-bank products with community bank service. This is a competitive advantage that continues to grow, while diversifying our portfolio.

THE POWER OF THREE

As I have said before, United is a three-legged stool supported by customers, bankers and shareholders. It can stand only with proper balance among the underpinnings, each of which has its own requirements. Customers want and need services of value, delivered professionally. Bankers prosper in a culture of respect, camaraderie and opportunity. Shareholders look for and deserve a compelling return on investment that rewards their trust and commitment. Each of these legs is strong, and all are interdependent.

CUSTOMERS

We call ourselves "The Bank that Service Built," and the building continues as we take care of existing customers and begin serving new ones. United bankers consistently achieve excellent customer satisfaction scores in monthly surveys by Customer Service Profiles, the banking industry leader in customer research and improvement. JD Power & Associates agrees with this assessment: During 2016, and for the third consecutive year, the global market research firm ranked United first in customer satisfaction in the southeastern United States.

Investments in technology-based service are important as digital banking continues to grow at a rapid pace. Nearly 85 percent of our customer transactions are now conducted by debit card, telephone, online or by smartphone. To provide the convenient access that customers expect, we invested in state-of-the-art teller platforms and telecommunications during 2015, and in a new mobile banking platform in 2016. With privacy of customer information a top priority, we take care to ensure that electronic delivery channels are safe and secure.

As customers migrate to technology we are seeing fewer day-to-day transactions at some branch offices. Branches continue to provide value, however, as centers for account openings, certain transactions, financial advice and personal interactions. The value to customers isn't the building but the bankers inside, especially when they are national leaders in customer service.

BANKERS

Our simultaneous high ranking in customer satisfaction and financial performance is no coincidence: The two are inextricably linked. Banks are similar in the ways technology delivers their products; the difference is how their people deliver them.

Customers want to do business with bankers who are knowledgeable, attentive, caring and genuine. They find them at United Community Bank, where people live by the Golden Rule of treating people the way they want to be treated. Honestly, they serve customers so well that sometimes I wonder how they can get better. They always do; they always find a way.

SHAREHOLDERS

Our shareholders have many options for investing their money, and we are grateful that they have chosen United. Every day we commit ourselves to providing a solid return on their investment, while managing risk carefully. Our growth in loans, deposits and fee revenue, our focus on operating efficiency and our strategic expansion are testimony to that commitment.

I have shared with you a number of performance metrics that drive earnings per share, which, at the end of the day, drives the value of our stock and our ability to pay dividends. Operating earnings per share grew 14 percent in 2015, and another 17 percent in 2016. Not coincidentally, our stock price increased 56 percent during those two years; and our dividend increased 72 percent. We weren't done yet: In the first quarter of 2017 we increased the dividend again, this time by 13 percent—the fourth dividend increase in 18 months.

NEW DIRECTORS JOIN US, AND A VALUED COLLEAGUE RETIRES

We were delighted to welcome David Shaver and David Wilkins to our board of directors in 2016. Both are exceptional leaders. David Shaver has a distinguished financial, accounting and entrepreneurial background that is a tremendous asset for us. David Wilkins's accomplished legal career and experience in government, education and business are valuable as we execute our growth strategies.

In bittersweet news, Rex Schuette, our CFO for the past 16 years, will retire in 2017. I cannot overstate the value of Rex's service, or my good fortune of having him as a colleague. I could not count the times when his deep financial expertise and sound judgment played a major role in our decision-making, serving United extremely well. To ensure an orderly transition, he has graciously agreed to stay on until his successor is on board. His successor will benefit from the strong financial team that Rex has built. All of us wish him the very best in his retirement.

THE FUTURE

2017 brings challenges and opportunities, as every year does. Our job is to recognize and overcome the challenges, and identify and realize the opportunities. Change is in the wind for financial services, with possibilities for regulatory reform, higher interest rates and federal tax rate reductions, just to name a few. We will monitor these developments and any related impact for United.

What we know will not change is our business model of large bank resources with small bank service, a combination that our established markets value and our new markets welcome. Our bankers, while achieving loan and deposit growth, diversifying income sources and participating in our strategic expansion, are providing world-class service that drives exceptional performance and makes United Community Bank the best it can be.

While taking nothing for granted, we are in a good place. Our markets are attractive, our deposit base cost is low, our products serve diverse customer needs and our delivery systems are state-of-the-art. These advantages and more, with their underlying foundation of satisfied customers, extraordinary bankers and loyal shareholders, are the three-legged stool that is United. Our charge and our commitment is to strengthen this foundation by earning customer loyalty and supporting the bankers who serve so uniquely well.

For all that we do, the end goal is to increase value for the shareholders who make it all possible. We deeply appreciate the faith you have placed in us, and strive every day to earn your confidence and reward your trust.

Sincerely,

Jimmy Tallent

CONSOLIDATED STATEMENT OF INCOME

(in thousands, except per share data)	2016	2015	2014
INTEREST REVENUE			
Loans, including fees	$ 268,382	$ 223,256	$ 196,279
Investment securities:			
Taxable	63,413	51,143	47,755
Tax exempt	614	705	738
Deposits in banks and short-term investments	2,611	3,428	3,660
Total interest revenue	335,020	278,532	248,432
INTEREST EXPENSE			
Deposits:			
NOW	1,903	1,505	1,651
Money market	4,982	3,466	3,060
Savings	135	98	81
Time	3,136	3,756	7,133
Total deposit interest expense	10,156	8,825	11,925
Short-term borrowings	399	364	2,160
Federal Home Loan Bank advances	3,676	1,743	912
Long-term debt	11,005	10,177	10,554
Total interest expense	25,236	21,109	25,551
Net interest revenue	309,784	257,423	222,881
(Release of) provision for credit losses	(800)	3,700	8,500
Net interest revenue after provision for credit losses	310,584	253,723	214,381
FEE REVENUE			
Service charges and fees	42,113	36,825	33,073
Mortgage loan and other related fees	20,292	13,592	7,520
Brokerage fees	4,280	5,041	4,807
Gains from sales of government guaranteed loans	9,545	6,276	2,615
Securities gains, net	982	2,255	4,871
Losses on prepayment of borrowings	-	(1,294)	(4,446)
Other	16,485	9,834	7,114
Total fee revenue	93,697	72,529	55,554
Total revenue	404,281	326,252	269,935
OPERATING EXPENSES			
Salaries and employee benefits	138,789	116,688	100,941
Occupancy	19,603	15,372	13,513
Communications and equipment	18,355	15,273	12,523
FDIC assessments and other regulatory charges	5,866	5,106	4,792
Professional fees	11,822	10,175	7,907
Postage, printing and supplies	5,382	4,273	3,542
Advertising and public relations	4,426	3,667	3,461
Amortization of intangibles	4,182	2,444	1,348
Foreclosed property	1,051	32	634
Merger-related and other charges	8,122	17,995	-
Other	23,691	20,213	14,204
Total operating expenses	241,289	211,238	162,865
Income before income taxes	162,992	115,014	107,070
Income tax expense	62,336	43,436	39,450
Net income	**100,656**	**71,578**	**67,620**
Preferred stock dividends	21	67	439
Net income available to common shareholders	**$ 100,635**	**$ 71,511**	**$ 67,181**
Income per common share:			
Basic	$ 1.40	$ 1.09	$ 1.11
Diluted	1.40	1.09	1.11
Weighted average common shares outstanding:			
Basic	71,910	65,488	60,588
Diluted	71,915	65,492	60,590

CONSOLIDATED BALANCE SHEET

(in thousands, except share data)	2016	2015
ASSETS		
Cash and due from banks	$ 99,489	$ 86,912
Interest-bearing deposits in banks	117,859	153,451
Cash and cash equivalents	217,348	240,363
Securities available-for-sale	2,432,438	2,291,511
Securities held-to-maturity (fair value $333,170 and $371,658)	329,843	364,696
Mortgage loans held for sale (includes $27,891 and $0 at fair value)	29,878	24,231
Loans, net of unearned income	6,920,636	5,995,441
Less allowance for loan losses	(61,422)	(68,448)
Loans, net	6,859,214	5,926,993
Premises and equipment, net	189,938	178,165
Bank owned life insurance	143,543	105,493
Accrued interest receivable	28,018	25,786
Net deferred tax asset	154,336	197,613
Derivative financial instruments	23,688	20,082
Goodwill and other intangible assets	156,222	147,420
Other assets	144,189	94,075
Total assets	**$10,708,655**	**$ 9,616,428**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities:		
Deposits:		
Demand	$ 2,637,004	$ 2,204,755
NOW	1,989,763	1,975,884
Money market	1,846,440	1,599,637
Savings	549,713	471,129
Time	1,287,142	1,282,803
Brokered	327,496	338,985
Total deposits	8,637,558	7,873,193
Short-term borrowings	5,000	16,640
Federal Home Loan Bank advances	709,209	430,125
Long-term debt	175,078	163,836
Derivative financial instruments	27,648	28,825
Accrued expenses and other liabilities	78,427	85,524
Total liabilities	**9,632,920**	**8,598,143**
Commitments and contingencies		
Shareholders' equity:		
Preferred stock, $1 par value; 10,000,000 shares authorized;		
Series H, $1,000 stated value; 0 and 9,992 shares issued and outstanding	-	9,992
Common stock, $1 par value; 150,000,000 shares authorized;		
70,899,114 and 66,198,477 shares issued and outstanding	70,899	66,198
Common stock, non-voting, $1 par value; 26,000,000 shares authorized;		
0 and 5,285,516 shares issued and outstanding	-	5,286
Common stock issuable; 519,874 and 458,953 shares	7,327	6,779
Capital surplus	1,275,849	1,286,361
Accumulated deficit	(251,857)	(330,879)
Accumulated other comprehensive loss	(26,483)	(25,452)
Total shareholders' equity	**1,075,735**	**1,018,285**
Total liabilities and shareholders' equity	**$10,708,655**	**$ 9,616,428**

SELECTED DATA—QUARTERLY SUMMARY

(in millions, except per share data)	2016				2015
	Q4	Q3	Q2	Q1	Q4
EARNINGS SUMMARY					
Net interest revenue	$ 80.9	$ 79.0	$ 74.9	$ 75.0	$ 73.8
Fee revenue	25.2	26.4	23.5	18.6	21.3
Total revenue	106.1	105.4	98.4	93.6	95.1
Operating expenses (1)	60.2	60.9	56.9	55.2	56.4
Pre-tax, pre-credit earnings (1)	**45.9**	**44.5**	**41.5**	**38.4**	38.7
Provision for loan losses	-	.3	.3	.2	(.3)
Merger-related and other non-operating charges, net of tax effect	(1.7)	(1.9)	(0.8)	(1.7)	(5.6)
Operating income tax expense (2)	(17.0)	(17.0)	(15.8)	(14.5)	(14.6)
Net income	**27.2**	**25.9**	**25.2**	**22.4**	18.2
Preferred dividends	-	-	-	(.1)	-
Net income available to common shareholders	**$ 27.2**	**$ 25.9**	**$ 25.2**	**$ 22.3**	$ 18.2
PERFORMANCE MEASURES					
Per common share:					
Diluted earnings—GAAP	$ .38	$ .36	$ .35	$ .31	$ .25
Diluted earnings—operating (3)	.40	.39	.36	.33	.33
Book value	15.06	15.12	14.80	14.35	14.02
Tangible book value (4)	12.95	13.00	12.84	12.40	12.06
Key performance ratios:					
Net interest margin (5)	3.34 %	3.34 %	3.35 %	3.41 %	3.34 %
Return on assets—GAAP (5)	1.03	1.00	1.04	.93	.76
Return on assets—operating (3)(5)	1.10	1.08	1.07	1.00	.99
Return on common equity—GAAP (5)(6)	9.89	9.61	9.54	8.57	7.02
Return on common equity—operating (3)(5)(6)	10.51	10.34	9.81	9.20	9.18
Return on tangible common equity—operating (3)(5)(6)	12.47	12.45	11.56	10.91	10.87
Equity to assets (period-end)	10.05	10.48	10.67	10.57	10.59
Tangible equity to assets (period-end) (4)	8.77	9.15	9.40	9.27	9.26
Tangible common equity to assets (period-end) (4)	8.77	9.15	9.40	9.27	9.15
ASSET QUALITY					
Non-performing loans	$ 21.5	$ 21.6	$ 21.3	$ 22.4	$ 22.6
Foreclosed properties	8.0	9.2	6.2	5.2	4.9
Total non-performing assets (NPAs)	29.5	30.8	27.5	27.6	27.5
Allowance for loan losses	61.4	63.0	64.3	66.3	68.4
Net charge-offs	1.5	1.4	1.7	2.1	1.3
Allowance for loan losses to loans	.89 %	.94 %	1.02 %	1.09 %	1.14 %
Net charge-offs to average loans (5)	.09	.08	.11	.14	.09
NPAs to loans and foreclosed properties	.43	.46	.44	.45	.46
NPAs to total assets	.28	.30	.28	.28	.29
AT PERIOD END					
Loans	$ 6,921	$ 6,725	$ 6,287	$ 6,106	$ 5,995
Investment securities	2,762	2,560	2,677	2,757	2,656
Total assets	10,709	10,298	9,928	9,781	9,616
Deposits	8,638	8,442	7,857	7,960	7,873
Shareholders' equity	1,076	1,079	1,060	1,034	1,018
Common shares outstanding	70.9	70.9	71.1	71.5	71.5

(1) Excludes merger-related charges and impairment charges on real estate purchased in prior years for future branch sites. (2) Excludes the income tax benefit on merger-related charges and impairment charges on real estate purchased in prior years for future branch sites and excludes a charge for impairment of deferred tax assets related to cancelled non-qualified stock options. (3) Excludes the after-tax effect of merger-related charges and impairment charges on real estate purchased in prior years for future branch sites and a charge for impairment of deferred tax assets related to cancelled non-qualified stock options. (4) Excludes the effect of acquisition related intangible assets. (5) Annualized. (6) Net income available to common shareholders, which is net of preferred dividends, divided by average realized common equity, which excludes accumulated other comprehensive income (loss).

CORPORATE INFORMATION

FINANCIAL INFORMATION

Analysts and investors seeking financial information should contact:
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Executive Vice President and CFO
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This Annual Report contains forward-looking statements that involve risk and uncertainty and actual results could differ materially from the anticipated results or other expectations expressed in the forward-looking statements. A discussion of factors that could cause actual results to differ materially from those expressed in the forward-looking statements is included in the Annual Report on Form 10-K filed with the Securities and Exchange Commission.

This Annual Report also contains financial measures that were prepared on a basis different from accounting principles generally accepted in the United States ("GAAP"). References to operating performance measures are non-GAAP financial measures. Management has included such non-GAAP financial measures because such non-GAAP measures exclude certain non-recurring revenue and expense items and therefore provide a meaningful basis for analyzing financial trends. A reconciliation of these measures to financial measures determined using GAAP is included in the Annual Report on Form 10-K filed with the Securities and Exchange Commission.

STOCK PRICE

	Quarter	High	Low	Close	Average Daily Volume
2015	4th	$ 22.23	$ 18.61	$ 19.49	376,214
2016	1st	$ 19.27	$ 15.74	$ 18.47	440,759
	2nd	20.60	17.07	18.29	771,334
	3rd	21.13	17.42	21.02	379,492
	4th	30.22	20.26	29.62	532,944

INVESTOR INFORMATION

Investor information including this report, Form 10-K, quarterly financial results, press releases and various other reports are available at ir.ucbi.com. Alternatively, shareholders may contact Investor Relations at 866-270-5900 or investor_relations@ucbi.com.

STOCK EXCHANGE

United Community Banks, Inc. (Ticker: UCBI) common stock is listed for trading on the NASDAQ Global Select Market.

INDEPENDENT REGISTERED PUBLIC ACCOUNTANTS

PricewaterhouseCoopers LLP, Atlanta, GA

LEGAL COUNSEL

Troutman Sanders LLP, Atlanta, GA

REGISTRAR TRANSFER AGENT

Continental Stock Transfer & Trust Co.
17 Battery Park, 8th Floor
New York, NY 10004
212-509-4000 | continentalstock.com

EQUAL OPPORTUNITY EMPLOYER

United Community Banks is an equal opportunity employer. All matters regarding recruiting, hiring, training, compensation, benefits, promotions, transfers and other personnel policies will remain free from discriminatory practices.

BOARD OF DIRECTORS

W.C. Nelson, Jr.
Lead Director
Co-Owner and Operator
Nelson Tractor Co.

Jimmy C. Tallent
Chairman, Chief Executive Officer

Robert H. Blalock
Chief Executive Officer
Blalock Insurance Agency, Inc.

L. Cathy Cox
President
Young Harris College

Kenneth L Daniels
Retired Chief Credit Risk and Policy Officer
BB&T Corporation

H. Lynn Harton
President, Chief Operating Officer

Thomas A. Richlovsky
Retired Chief Financial Officer and Treasurer
National City Corporation

David C. Shaver
Chief Executive Officer
Cost Segregation Advisors, LLC

Tim R. Wallis
Owner and President
Wallis Printing Company

David H. Wilkins
Partner
Nelson, Mullins, Riley & Scarborough, LLP

EXECUTIVE OFFICERS

Jimmy C. Tallent
Chairman, Chief Executive Officer

H. Lynn Harton
President, Chief Operating Officer

Rex S. Schuette
Executive Vice President,
Chief Financial Officer

Bill M. Gilbert
President, Community Banking

Robert A. Edwards
Executive Vice President,
Chief Credit Officer

Bradley J. Miller
Executive Vice President,
Chief Risk Officer, General Counsel

Richard W. Bradshaw
President, Specialized Lending

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