CPP ANNUAL USE OF CAPITAL SURVEY - 2010

NAME OF INSTITUTION
(Include Holding Company Where Applicable)

United Community Banks, Inc.

Point of Contact:	Alan Kumler	RSSD: (For Bank Holding Companies)	1249347
UST Sequence Number:	59	Docket Number: (For Thrift Holding Companies)	
CPP/CDCI Funds Received:	180,000,000	FDIC Certificate Number: (For Depository Institutions)	
CPP/CDCI Funds Repaid to Date:		Credit Union Charter Number: (For Credit Unions)	
Date Funded (first funding):	December 05, 2008	City:	Blairsville
Date Repaid[1]:	N/A	State:	Georgia

[1]If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP) and Community Development Capital Initiative (CDCI). To answer that question, Treasury is seeking responses that describe generally how the CPP/CDCI investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP/CDCI investment was deployed or how many CPP/CDCI dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

What specific ways did your institution utilize CPP/CDCI capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP/CDCI funds were outstanding).

X **Increase lending or reduce lending less than otherwise would have occurred.**

We continued to pursue new lending throughout 2010. In 2010, we funded $320 million in new loans, up from $273 million in 2009.

X **To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).**

The majority of the loan growth was in the Atlanta MSA and the counties in Georgia north of Atlanta. Most of our new lending has been focused on small business loans, many of which are secured by commercial real estate properties.

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☐ **Increase securities purchased (ABS, MBS, etc.).**

☐ **Make other investments.**

☒ **Increase reserves for non-performing assets.**

Although we have always maintained our allowance for loan losses at an appropriate level, we increased our allowance during 2010 as our outlook for credit losses became less favorable.

☒ **Reduce borrowings.**

Since receiving the CPP funds, we have continued to maintain very low levels of wholesale borrowings which has allowed us to keep unpledged securities available for additional borrowings in anticipation of lending opportunities.

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☐ **Increase charge-offs.**

☐ **Purchase another financial institution or purchase assets from another financial institution.**

☐ **Held as non-leveraged increase to total capital.**

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What actions were you able to avoid because of the capital infusion of CPP/CDCI funds?

As reported in our 2009 survey, the additional capital received through the CPP fortified our balance sheet and allowed us to maintain adequate capital through a challenging economic environment. The CPP capital also put our bank in a favorable position to add more capital as necessary since receiving the CPP investment. The CPP capital was provided at a time when other capital sources were unavailable and therefore allowed our bank to maintain strong capital levels throughout the economic cycle. Absent the CPP capital, our only choice to maintain our capital ratios would have been to discontinue lending and sell off assets in order to shrink the size of the company and maintain adequate capital ratios.

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What actions were you able to take that you may not have taken without the capital infusion of CPP/CDCI funds?

The CPP capital strengthened our regulatory capital ratios at a very vulnerable time. Uncertainty in the banking industry dried up traditional capital and liquidity sources. The CPP capital allowed us to strengthen our company and make it more attractive to traditional investors subsequent to the receipt of the CPP capital. We have raised an additional $602.5 million in capital in two separate transactions subsequent to receiving the CPP capital. In September of 2009, we raised $222.5 million in common equity and followed in the first quarter of 2011 with an additional $380 million in capital. Additionally, in the second quarter of 2011, we were able to complete a transaction to dispose of a significant amount of problem loans and foreclosed properties. The combination of the first quarter 2011 capital raise transaction and the second quarter 2011 asset disposition transaction leaves our company in a much stronger position to serve the borrowing needs of the communities where we do business. The significant number of troubled financial institutions within our footprint makes it important to the economic recovery to have some healthy financial institutions to meet the needs of individuals and small businesses within our footprint.

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Please describe any other actions that you were able to undertake with the capital infusion of CPP/CDCI funds.