UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)

OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended September 30, 2015

OR

¨ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)

OF THE SECURITIES EXCHANGE ACT OF 1934

For the Transition Period from ___________ to ___________

Commission file number 001-35095

UNITED COMMUNITY BANKS, INC.
(Exact name of registrant as specified in its charter)

Georgia	**58-1807304**
(State of Incorporation)	**(I.R.S. Employer Identification No.)**
125 Highway 515 East	
Blairsville, Georgia	**30512**
Address of Principal Executive Offices	**(Zip Code)**

(706) 781-2265

(Telephone Number)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES x NO ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Date File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

YES x NO ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definitions of “large accelerated filer”, “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer x	**Accelerated filer ¨**
Non-accelerated filer ¨ (Do not check if a smaller reporting company)	**Smaller Reporting Company ¨**

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).

YES ¨ NO x

Common stock, par value $1 per share 63,193,854 shares voting and 8,285,516 shares non-voting outstanding as of October 31, 2015.

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Part I – Financial Information

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in thousands, except per share data)	2015	2014	2015	2014
Interest revenue:				
Loans, including fees	$ 57,174	$ 49,653	$ 159,814	$ 145,602
Investment securities, including tax exempt of $177, $177, $516 and $558	12,801	12,346	36,896	36,118
Deposits in banks and short-term investments	853	934	2,460	2,757
Total interest revenue	70,828	62,933	199,170	184,477
Interest expense:				
Deposits:				
NOW	337	365	1,079	1,216
Money market	981	872	2,460	2,192
Savings	25	20	71	61
Time	830	1,721	2,834	5,510
Total deposit interest expense	2,173	2,978	6,444	8,979
Short-term borrowings	99	316	279	2,064
Federal Home Loan Bank advances	461	435	1,307	573
Long-term debt	2,669	2,642	7,481	7,914
Total interest expense	5,402	6,371	15,511	19,530
Net interest revenue	65,426	56,562	183,659	164,947
Provision for credit losses	700	2,000	3,400	6,700
Net interest revenue after provision for credit losses	64,726	54,562	180,259	158,247
Fee revenue:				
Service charges and fees	9,335	8,202	25,325	24,627
Mortgage loan and other related fees	3,840	2,178	10,302	5,409
Brokerage fees	1,200	1,209	3,983	3,631
Gains from sales of SBA loans	1,646	945	4,281	1,689
Securities gains, net	325	11	1,877	4,663
Loss from prepayment of debt	(256)	-	(1,294)	(4,446)
Other	2,207	1,867	6,771	5,158
Total fee revenue	18,297	14,412	51,245	40,731
Total revenue	83,023	68,974	231,504	198,978
Operating expenses:				
Salaries and employee benefits	29,342	25,666	83,749	74,349
Communications and equipment	3,963	3,094	10,538	9,370
Occupancy	4,013	3,425	10,706	10,065
Advertising and public relations	812	894	2,689	2,659
Postage, printing and supplies	1,049	876	2,980	2,456

Professional fees	2,668	2,274	6,844	5,873
FDIC assessments and other regulatory charges	1,136	1,131	3,643	3,909
Merger-related charges	5,744	-	8,917	-
Other	5,542	4,004	15,684	12,265
Total operating expenses	54,269	41,364	145,750	120,946
Net income before income taxes	28,754	27,610	85,754	78,032
Income tax expense	10,867	9,994	32,384	28,659
Net income	17,887	17,616	53,370	49,373
Preferred stock dividends and discount accretion	25	-	42	439
Net income available to common shareholders	$ 17,862	$ 17,616	$53,328	$48,934
Earnings per common share:				
Basic	$ .27	$ .29	$ .84	$ .81
Diluted	.27	.29	.84	.81
Weighted average common shares outstanding:				
Basic	66,294	60,776	63,297	60,511
Diluted	66,300	60,779	63,302	60,513

See accompanying notes to consolidated financial statements.

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

(in thousands)	Three Months Ended September 30,			Nine Months Ended September 30,		
2015	**Before-tax Amount**	**Tax (Expense) Benefit**	**Net of Tax Amount**	**Before-tax Amount**	**Tax (Expense) Benefit**	**Net of Tax Amount**
Net income	$ 28,754	$ (10,867)	$ 17,887	$ 85,754	$ (32,384)	$ 53,370
Other comprehensive income:						
Unrealized gains on available-for-sale securities:						
Unrealized holding gains arising during period	2,313	(870)	1,443	5,426	(2,143)	3,283
Reclassification adjustment for gains included in net income	(325)	121	(204)	(1,877)	724	(1,153)
Net unrealized gains	1,988	(749)	1,239	3,549	(1,419)	2,130
Amortization of losses included in net income on available- for-sale securities transferred to held-to-maturity	269	(99)	170	1,041	(387)	654
Net amortization	269	(99)	170	1,041	(387)	654
Amortization of losses included in net income on terminated derivative financial instruments that were previously accounted for as cash flow hedges	550	(214)	336	1,430	(556)	874
Unrealized losses on derivative financial instruments accounted for as cash flow hedges	-	-	-	(471)	183	(288)
Net cash flow hedge activity	550	(214)	336	959	(373)	586
Amortization of prior service cost and actuarial losses included in net periodic pension cost for defined benefit pension plan	159	(62)	97	478	(186)	292
Net defined benefit pension plan activity	159	(62)	97	478	(186)	292
Total other comprehensive income	2,966	(1,124)	1,842	6,027	(2,365)	3,662
Comprehensive income	$ 31,720	$ (11,991)	$ 19,729	$ 91,781	$ (34,749)	$ 57,032
2014						
Net income	$ 27,610	$ (9,994)	$ 17,616	$ 78,032	$ (28,659)	$ 49,373
Other comprehensive income:						
Unrealized gains on available-for-sale securities:						
Unrealized holding gains (losses) arising during period	(4,357)	1,626	(2,731)	10,696	(4,031)	6,665
Reclassification adjustment for gains included in net income	(11)	4	(7)	(4,663)	1,821	(2,842)

Net unrealized gains (losses)	(4,368)	1,630	(2,738)	6,033	(2,210)	3,823
Amortization of losses included in net income on available- for-sale securities transferred to held-to-maturity	468	(176)	292	1,207	(453)	754
Net amortization	468	(176)	292	1,207	(453)	754
Amortization of losses included in net income on terminated derivative financial instruments that were previously accounted for as cash flow hedges	711	(277)	434	1,381	(538)	843
Unrealized gains (losses) on derivative financial instruments accounted for as cash flow hedges	412	(160)	252	(5,967)	2,322	(3,645)
Net cash flow hedge activity	1,123	(437)	686	(4,586)	1,784	(2,802)
Net actuarial gain on defined benefit pension plan	-	-	-	296	(115)	181
Amortization of prior service cost and actuarial losses included in net periodic pension cost for defined benefit pension plan	91	(36)	55	274	(107)	167
Net defined benefit pension plan activity	91	(36)	55	570	(222)	348
Total other comprehensive income (loss)	(2,686)	981	(1,705)	3,224	(1,101)	2,123
Comprehensive income	$ 24,924	$ (9,013)	$ 15,911	$ 81,256	$ (29,760)	$ 51,496

See accompanying notes to consolidated financial statements.

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UNITED COMMUNITY BANKS, INC.
Consolidated Balance Sheet *(Unaudited)*

(in thousands, except share and per share data)	September 30, 2015	December 31, 2014	September 30, 2014
ASSETS			
Cash and due from banks	$ 93,975	$ 77,180	$ 75,268
Interest-bearing deposits in banks	112,964	89,074	117,399
Short-term investments	-	26,401	23,397
Cash and cash equivalents	206,939	192,655	216,064
Securities available for sale	2,099,868	1,782,734	1,789,667
Securities held to maturity (fair value $368,096, $425,233 and $440,311)	357,549	415,267	432,418
Mortgage loans held for sale	23,088	13,737	20,004
Loans, net of unearned income	6,023,585	4,672,119	4,568,886
Less allowance for loan losses	(69,062)	(71,619)	(71,928)
Loans, net	5,954,523	4,600,500	4,496,958
Premises and equipment, net	192,992	159,390	160,454
Bank owned life insurance	105,368	81,294	81,101
Accrued interest receivable	24,563	20,103	19,908
Net deferred tax asset	197,116	215,503	224,734
Derivative financial instruments	19,906	20,599	22,221
Goodwill and other intangible assets	141,415	3,641	3,910
Other assets	90,669	61,563	58,450
Total assets	$ 9,413,996	$ 7,566,986	$ 7,525,889
LIABILITIES AND SHAREHOLDERS' EQUITY			
Liabilities:			
Deposits:			
Demand	$ 2,174,799	$ 1,574,317	$ 1,561,020
NOW	1,754,614	1,504,887	1,399,449
Money market	1,651,592	1,273,283	1,281,526
Savings	459,323	292,308	287,797
Time:			
Less than $100,000	865,369	748,478	774,201
Greater than $100,000	482,567	508,228	531,428
Brokered	516,748	425,011	405,308
Total deposits	7,905,012	6,326,512	6,240,729
Short-term borrowings	18,839	6,000	6,001
Federal Home Loan Bank advances	200,125	270,125	330,125
Long-term debt	165,620	129,865	129,865
Derivative financial instruments	27,401	31,997	36,171
Unsettled securities purchases	-	5,425	-
Accrued expenses and other liabilities	83,862	57,485	46,573
Total liabilities	8,400,859	6,827,409	6,789,464
Shareholders' equity:			
Preferred stock, $1 par value; 10,000,000 shares authorized;			
Series H; $1,000 stated value; 9,992, 0, and 0 shares issued and outstanding	9,992	-	-

Common stock, $1 par value; 100,000,000 shares authorized; 63,186,437, 50,178,605 and 50,167,191 shares issued and outstanding	63,186	50,178	50,167
Common stock, non-voting, $1 par value; 26,000,000 shares authorized; 8,285,516, 10,080,787 and 10,080,787 shares issued and outstanding	8,286	10,081	10,081
Common stock issuable; 454,870, 357,983 and 354,961 shares	6,670	5,168	5,116
Capital surplus	1,284,877	1,080,508	1,091,555
Accumulated deficit	(344,746)	(387,568)	(402,773)
Accumulated other comprehensive loss	(15,128)	(18,790)	(17,721)
Total shareholders' equity	1,013,137	739,577	736,425
Total liabilities and shareholders' equity	$ 9,413,996	$ 7,566,986	$ 7,525,889

See accompanying notes to consolidated financial statements.

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UNITED COMMUNITY BANKS, INC.

Consolidated Statement of Changes in Shareholders' Equity *(Unaudited)*

For the Nine Months Ended September 30,

(in thousands, except share and per share data)	Series B	Series D	Series H	Common Stock	Non-Voting Common Stock	Common Stock Issuable	Capital Surplus	Accumulated Deficit	Accumul Other Compreh Income (Loss)
Balance, December 31, 2013	$105,000	$16,613	$-	$46,243	$13,188	$3,930	$1,078,676	$(448,091)	$(19,844
Net income								49,373	
Other comprehensive income									2,123
Redemption of Series B preferred stock (105,000 shares)	(105,000)								
Redemption of Series D preferred stock (16,613 shares)		(16,613)							
Common stock issued at market (640,000 shares)				640			11,566		
Common stock issued to dividend reinvestment plan and employee benefit plans (25,284 shares)				25			399		
Conversion of non-voting common stock to voting (3,107,419 shares)				3,107	(3,107)				
Amortization of stock option and restricted stock awards							3,315		
Vesting of restricted stock, net of shares surrendered to cover payroll taxes (137,920 shares issued, 115,609 shares deferred)				138		1,275	(2,658)		
Deferred compensation plan, net, including dividend equivalents						182			
Shares issued from deferred compensation plan (13,223 shares)				14		(271)	257		

Common stock dividends ($.06 per share)								(3,616)	
Preferred stock dividends:									
Series B								(159)	
Series D								(280)	
Balance, September 30, 2014	$-	$-	$-	$50,167	$10,081	$5,116	$1,091,555	$(402,773)	$(17,721
Balance, December 31, 2014	$-	$-	$-	$50,178	$10,081	$5,168	$1,080,508	$(387,568)	$(18,790
Net income								53,370	
Other comprehensive income									3,662
Common stock issued to dividend reinvestment plan and to employee benefit plans (11,761 shares)				12			192		
Conversion of non-voting common stock to voting common stock (1,795,271 shares)				1,795	(1,795)				
Common and preferred stock issued for acquisition (11,058,515 common shares and 9,992 preferred shares)			9,992	11,059			203,092		
Amortization of stock option and restricted stock awards							3,343		
Vesting of restricted stock, net of shares surrendered to cover payroll taxes (118,672 shares issued, 106,935 shares deferred)				119		1,444	(3,009)		
Deferred compensation plan, net, including dividend equivalents						274	(1)		
Shares issued from deferred compensation plan (23,613 shares)				23		(216)	193		
Common stock dividends ($.16 per share)								(10,506)	
Tax on option exercise and restricted stock vesting							559		
Preferred stock dividends:									
Series H								(42)	
Balance, September 30, 2015	$-	$-	$9,992	$63,186	$8,286	$6,670	$1,284,877	$(344,746)	$(15,128

See accompanying notes to consolidated financial statements.

UNITED COMMUNITY BANKS, INC.
Consolidated Statement of Cash Flows *(Unaudited)*

	Nine Months Ended September 30,	
(in thousands)	2015	2014
Operating activities:		
Net income	$53,370	$49,373
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, amortization and accretion	16,788	15,098
Provision for credit losses	3,400	6,700
Stock based compensation	3,343	3,315
Deferred income tax benefit	28,495	28,112
Securities gains, net	(1,877)	(4,663)
Gains from sales of government guaranteed loans	(4,281)	-
Net gains on sale of other assets	(437)	-
Net gains and write downs on sales of other real estate owned	(368)	(518)
Loss on prepayment of borrowings	1,294	4,446
Changes in assets and liabilities:		
Other assets and accrued interest receivable	4,232	(12,334)
Accrued expenses and other liabilities	4,191	(16,813)
Mortgage loans held for sale	(5,562)	(9,685)
Net cash provided by operating activities	102,588	63,031
Investing activities:		
Investment securities held to maturity:		
Proceeds from maturities and calls of securities held to maturity	57,721	47,567
Purchases of securities held to maturity	-	(173)
Investment securities available for sale:		
Proceeds from sales of securities available for sale	274,519	403,517
Proceeds from maturities and calls of securities available for sale	212,383	176,423
Purchases of securities available for sale	(476,917)	(552,025)
Net increase in loans	(324,868)	(220,061)
Funds (paid to) collected from FDIC under loss sharing agreements	(1,198)	2,890
Proceeds from sales of premises and equipment	2,127	2,488
Purchases of premises and equipment	(7,191)	(3,260)
Net cash received (paid) for acquisition	35,497	(31,243)
Proceeds from sale of notes	-	4,561
Proceeds from sale of other real estate	3,184	7,920
Net cash used in investing activities	(224,743)	(161,396)
Financing activities:		
Net change in deposits	219,454	39,224
Net change in short-term borrowings	(16,238)	(51,686)
Repayments of trust preferred securities	(48,521)	-
Proceeds from FHLB advances	1,495,000	930,000
Repayments of FHLB advances	(1,587,070)	(720,000)
Proceeds from issuance of senior debt, net of issuance costs	84,141	-
	204	424

Proceeds from issuance of common stock for dividend reinvestment and employee benefit plans		
Proceeds from issuance of common stock, net of issuance costs	-	12,206
Retirement of preferred stock	-	(121,613)
Cash dividends on common stock	(10,506)	(1,810)
Cash dividends on preferred stock	(25)	(1,214)
Net cash provided by financing activities	136,439	85,531
Net change in cash and cash equivalents	14,284	(12,834)
Cash and cash equivalents at beginning of period	192,655	228,898
Cash and cash equivalents at end of period	$206,939	$216,064
Supplemental disclosures of cash flow information:		
Interest paid	$16,567	$20,598
Income taxes paid	3,453	2,497
Significant non-cash investing and financing transactions:		
Unsettled government guaranteed loan sales	11,020	-
Transfers of loans to foreclosed properties	3,428	8,216
Acquisitions:		
Assets acquired	1,736,203	31,243
Liabilities assumed	1,427,358	-
Net assets acquired	308,845	31,243
Common stock issued in acquisitions	214,151	-
Preferred stock issued in acquisitions	9,992	-

See accompanying notes to consolidated financial statements.

UNITED COMMUNITY BANKS, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Note 1 – Accounting Policies

The accounting and financial reporting policies of United Community Banks, Inc. ("United") and its subsidiaries conform to accounting principles generally accepted in the United States of America ("GAAP") and general banking industry practices. The accompanying interim consolidated financial statements have not been audited. All material intercompany balances and transactions have been eliminated. A more detailed description of United's accounting policies is included in its Annual Report on Form 10-K for the year ended December 31, 2014.

In management's opinion, all accounting adjustments necessary to accurately reflect the financial position and results of operations on the accompanying financial statements have been made. These adjustments are normal and recurring accruals considered necessary for a fair and accurate presentation. The results for interim periods are not necessarily indicative of results for the full year or any other interim periods.

Certain 2014 amounts have been reclassified to conform to the 2015 presentation.

Note 2 –Accounting Standards Updates and Recently Adopted Standards

In February 2015, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2015-02, *Consolidation (Topic 810): Amendments to the Consolidation Analysis*, effective for fiscal years beginning after December 15, 2015 and interim periods within those years with early adoption permitted. The new standard is intended to improve targeted areas of the consolidation guidance for legal entities such as limited partnerships, limited liability corporations, and securitization structures. The amendments in the ASU affect the consolidation evaluation for reporting organizations. In addition, the amendments in this ASU simplify and improve current GAAP by reducing the number of consolidation models. United is currently evaluating the impact of this guidance on its consolidated financial statements.

In April 2015, the FASB issued ASU No. 2015-03, *Interest – Imputation of Interest (Subtopic 835-30) Simplifying the Presentation of Debt Issuance Costs*. To simplify presentation of debt issuance costs, the amendments in this update require that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability consistent with debt discounts. The standard will be effective for the United's fiscal year beginning after December 15, 2015 and subsequent interim periods. The adoption of ASU 2015-03 is not expected to have a material effect on United's consolidated financial statements.

In May 2015, the FASB issued ASU 2015-07, *Disclosures for Investments in Certain Entities that Calculate Net Asset Value Per Share (or its Equivalent)*. ASU 2015-07 removes the requirement to categorize within the fair value hierarchy investments for which fair values are estimated using the net asset value practical expedient provided by ASC 820. Disclosures about investments in certain entities that calculate net asset value per share are limited under ASU 2015-07 to those investments for which the entity has elected to estimate the fair value using the net asset value practical expedient. ASU 2015-07 is effective for fiscal years beginning after December 15, 2015, with retrospective application to all periods presented. Early application is permitted. The adoption of this update is not expected to have a material impact on United's consolidated financial statements.

In June 2015, the FASB issued ASU 2015-10: *Technical Corrections and Improvements*. The amendments in this Update cover a wide range of topics in the Codification including guidance clarification and reference corrections, simplification and minor improvements. Transition guidance varies based on the amendments. The amendments that require transition guidance are effective for all entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015. Early adoption is permitted, including adoption in an interim period. All other amendments will be effective upon issuance. United retrospectively applied the provisions of ASU 2015-10 during the second quarter of 2015, with no material impact on United's financial position or results of operations. The adoption of ASU 2015-10 did affect certain disclosures related to nonrecurring fair value measurements as presented in Note 14.

In July 2015, the FASB issued ASU 2015-12, *Plan Accounting: Defined Benefit Pension Plans (Topic 960), Defined Contribution Pension Plans (Topic 962), and Health and Welfare Benefit Plans (Topic 965)*. The guidance in the update designates contract value as the only required measure for fully benefit-responsive investment contracts and simplifies the disclosure of investments by requiring that investments be grouped only by general type rather than disaggregated in multiple ways. The amendments are effective for fiscal years beginning after December 15, 2015, with earlier application permitted. The adoption of this update is not expected to have a material impact on United's consolidated financial statements.

UNITED COMMUNITY BANKS, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

In August 2015, the FASB issued ASU 2015-14, *Revenue from Contracts with Customers (Topic 606)*. The guidance in this update delays the effective date of ASU 2014-09, *Revenue from Contracts with Customers (Topic 606): Summary and Amendments that Create Revenue from Contracts with Customers (Topic 606) and Other Assets and Deferred Costs—Contracts with Customers (Subtopic 340-40),* which supersedes the revenue recognition requirements in ASC Topic 605, Revenue Recognition, and most industry-specific guidance throughout the industry topics of the codification. For public companies, ASU 2014-09 was originally effective for interim and annual periods beginning after December 15, 2016. ASU 2015-14 delays the effective date for public companies to interim and annual reporting periods beginning after December 15, 2017. United is currently assessing the impact that this guidance will have on its consolidated financial statements.

In September 2015, the FASB issued ASU 2015-16, *Business Combinations (Topic 805): Simplifying the Accounting for Measurement-Period Adjustments*. The guidance in this update requires that an acquirer recognize adjustments to provisional amounts that are identified during the measurement period in the reporting period in which the adjustment amounts are determined. In addition, the acquirer will record, in the same period financial statements, the effect on earnings of changes in depreciation, amortization or other income effects, if any, as a result of the change to the provisional amounts, calculated as if the accounting had been completed at the acquisition date. The update requires disclosure of amounts recorded in current-period earnings that would have been recorded in previous reporting periods if the adjustment to the provisional amounts had been recognized as of the acquisition date. For public entities, this update is effective for fiscal years beginning after December 15, 2015 with early application permitted. United applied the provisions of ASU 2015-16 during the third quarter of 2015, with no material impact on United’s financial position or results of operations.

Note 3 – Acquisitions

Acquisition of Palmetto Bancshares, Inc.

On September 1, 2015, United completed the acquisition of Palmetto Bancshares, Inc. (“Palmetto”) and its wholly-owned bank subsidiary The Palmetto Bank. Palmetto operated 25 branches in South Carolina. In connection with the acquisition, United acquired $1.15 billion of assets and assumed $1.02 billion of liabilities. Total consideration transferred was $244 million of common equity and cash. The fair value of consideration paid exceeded the fair value of the identifiable assets and liabilities acquired and resulted in the establishment of goodwill in the amount of $108 million, which consisted largely of the intangible value of Palmetto’s business and reputation within the market it serves. None of the goodwill recognized is expected to be deductible for income tax purposes. United will amortize the related core deposit intangible of $12.9 million using the sum-of-the-years-digits method over 12 years, which represents the expected useful life of the asset.

The fair value of the 8.7 million common shares issued as part of the consideration paid for Palmetto was determined on the basis of the closing market price of United's common shares on the acquisition date.

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UNITED COMMUNITY BANKS, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

The purchased assets and assumed liabilities were recorded at their acquisition date fair values and are summarized in the table below *(in thousands)*.

	As Recorded by Palmetto	Fair Value **Adjustments** [(1)]	As Recorded by United
Assets			
Cash and cash equivalents	$ 64,906	$ -	$ 64,906
Securities	208,407	(624)	207,783
Loans held for sale	2,356	91	2,447
Loans, net	802,111	(6,087)	796,024
Premises and equipment, net	21,888	1,251	23,139
Bank owned life insurance	12,133	-	12,133
Accrued interest receivable	3,227	(346)	2,881
Net deferred tax asset	14,798	(2,327)	12,471
Core deposit intangible	-	12,900	12,900
Other assets	18,439	1,080	19,519
Total assets acquired	$ 1,148,265	$ 5,938	$ 1,154,203
Liabilities			
Deposits	$ 989,296	$ -	$ 989,296
Short-term borrowings	13,537	-	13,537
Other liabilities	11,994	3,037	15,031
Total liabilities assumed	1,014,827	3,037	1,017,864
Excess of assets acquired over liabilities assumed	$ 133,438		
Aggregate fair value adjustments		$ 2,901	
Consideration transferred			
Cash			74,003
Common stock issued (8,700,012 shares)			170,259
Total fair value of consideration transferred			244,262
Goodwill			$ 107,923

[(1)] Fair values are preliminary and are subject to refinement for a period not to exceed one year after the closing date of an acquisition as information relative to closing date fair values becomes available.

Purchased loans that show evidence of credit deterioration since origination are accounted for pursuant to Accounting Standards Codification ("ASC") Topic 310-30, *Loans and Debt Securities Acquired with Deteriorated Credit Quality.* The following table presents additional information related to the acquired loan portfolio at acquisition date *(in thousands)*:

	September 1, 2015
Accounted for pursuant to ASC 310-30:	
Contractually required principal and interest	$ 63,623
Non-accretable difference	13,397
Cash flows expected to be collected	50,226
Accretable yield	4,834
Fair value	$ 45,392
Excluded from ASC 310-30:	
Fair value	$ 750,632
Gross contractual amounts receivable	859,628
Estimate of contractual cash flows not expected to be collected	7,733

United's operating results for the nine months ended September 30, 2015 include the operating results of the acquired assets and assumed liabilities for the days subsequent to the acquisition date of September 1, 2015.

UNITED COMMUNITY BANKS, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Acquisition of MoneyTree Corporation

On May 1, 2015, United completed the acquisition of MoneyTree Corporation ("MoneyTree") and its wholly-owned bank subsidiary, First National Bank ("FNB"). FNB operated ten branches in east Tennessee. In connection with the acquisition, United acquired $460 million of assets and assumed $409 million of liabilities and $9.99 million of preferred stock. Total consideration transferred was $54.6 million of common equity and cash. The fair value of consideration paid exceeded the fair value of the identifiable assets and liabilities acquired and resulted in the establishment of goodwill in the amount of $14.1 million, which consisted largely of the intangible value of FNB's business and reputation within the market it serves. None of the goodwill recognized is expected to be deductible for income tax purposes. United will amortize the related core deposit intangible of $4.22 million using the sum-of-the-years-digits method over 6.67 years, which represents the expected useful life of the asset. The deposit premium of $917,000 will be amortized using the effective yield method over 5 years, which represents the weighted average maturity of the underlying deposits.

The fair value of the 2.36 million common shares issued as part of the consideration paid for MoneyTree was determined on the basis of the closing market price of United's common shares on the acquisition date.

Upon completion of the acquisition, each share of preferred stock issued by MoneyTree as part of the Small Business Lending Fund ("SBLF") program of the United States Department of Treasury (9,992 shares in the aggregate with a liquidation preference amount of $1,000 per share) was converted automatically into one substantially identical share of preferred stock of the Company. See Note 12 for further detail.

The purchased assets and assumed liabilities were recorded at their acquisition date fair values, and are summarized in the table below *(in thousands)*.

	As Recorded by MoneyTree	Fair Value **Adjustments** (1)	As Recorded by United
Assets			
Cash and cash equivalents	$ 55,293	$ -	$ 55,293
Securities	127,123	(52)	127,071
Loans held for sale	1,342	-	1,342

Loans, net	246,816	(2,464)	244,352
Premises and equipment, net	9,497	2,228	11,725
Bank owned life insurance	11,194	-	11,194
Core deposit intangible	-	4,220	4,220
Other assets	5,462	(716)	4,746
Total assets acquired	$ 456,727	$ 3,216	$ 459,943
Liabilities			
Deposits	$ 368,833	$ 917	$ 369,750
Short-term borrowings	15,000	-	15,000
Federal Home Loan Bank advances	22,000	70	22,070
Other liabilities	864	1,810	2,674
Total liabilities assumed	406,697	2,797	409,494
SBLF preferred stock assumed	9,992	-	9,992
Excess of assets acquired over liabilities and preferred stock assumed	$ 40,038		
Aggregate fair value adjustments		$ 419	
Consideration transferred			
Cash			10,699
Common stock issued (2,358,503 shares)			43,892
Total fair value of consideration transferred			54,591
Goodwill			$ 14,134

(1) Fair values are preliminary and are subject to refinement for a period not to exceed one year after the closing date of an acquisition as information relative to closing date fair values becomes available.

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UNITED COMMUNITY BANKS, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Purchased loans that show evidence of credit deterioration since origination are accounted for pursuant to Accounting Standards Codification ("ASC") Topic 310-30, *Loans and Debt Securities Acquired with Deteriorated Credit Quality.* The following table presents additional information related to the acquired loan portfolio at acquisition date *(in thousands)*:

	May 1, 2015
Accounted for pursuant to ASC 310-30:	
Contractually required principal and interest	$ 15,152
Non-accretable difference	3,677
Cash flows expected to be collected	11,475
Accretable yield	1,029
Fair value	$ 10,446
Excluded from ASC 310-30:	
Fair value	$ 233,906
Gross contractual amounts receivable	258,931
Estimate of contractual cash flows not expected to be collected	1,231

United's operating results for the nine months ended September 30, 2015 include the operating results of the acquired assets and assumed liabilities for the days subsequent to the acquisition date of May 1, 2015.

Pro forma information

The following table discloses the impact of the merger with Palmetto and MoneyTree since the respective acquisition dates through September 30, 2015. The table also presents certain pro forma information as if Palmetto and MoneyTree had been acquired on January 1, 2014. These results combine the historical results of Palmetto and MoneyTree with United's consolidated statement of income and, while certain adjustments were made for the estimated impact of certain fair value adjustments and other acquisition-related activity, they are not necessarily indicative of what would have occurred had the acquisition taken place on January 1, 2014.

Merger-related costs of $8.92 million from the acquisitions have been excluded from the 2015 pro forma information presented below and included in the 2014 pro forma information presented below. Furthermore, no adjustments have been made to the pro forma information to eliminate the pre-acquisition provision for loan losses for the nine months ended September 30, 2015 or 2014 of Palmetto or MoneyTree. No adjustments have been made to reduce the impact of any OREO write downs recognized by Palmetto or MoneyTree in either the nine months ended September 30, 2015 or 2014. In addition, expenses related to systems conversions and other costs of integration are expected to be recorded during the next several quarters. United expects to achieve further operating cost savings and other business synergies as a result of the acquisition which are not reflected in the pro forma amounts below. The actual results and pro forma information were as follows *(in thousands)*:

	Revenue	Net Income
Actual MoneyTree from May 1, 2015 - September 30, 2015	$5,365	$ 1,778
Actual Palmetto from September 1, 2015 - September 30, 2015	4,382	1,659
2015 supplemental consolidated pro forma from January 1, 2015 - September 30, 2015	273,129	65,229
2014 supplemental consolidated pro forma from January 1, 2014 - September 30, 2014	251,936	51,913

Acquisition of Business Carolina, Inc.

On June 26, 2014, United completed the acquisition of substantially all of the assets of Business Carolina, Inc., a specialty Small Business Administration (“SBA”) / United States Department of Agriculture (“USDA”) lender headquartered in Columbia, South Carolina. On the closing date, United paid $31.3 million in cash for loans having a fair value on the purchase date of $24.8 million, accrued interest of $83,000, servicing rights with a fair value on the purchase date of $2.13 million, premises and equipment with a fair value on the purchase date of $2.60 million and goodwill in the amount of $1.51 million representing the premium paid over the fair value of the separately identifiable assets and liabilities acquired. The gross contractual amount of loans receivable was $28.0 million as of the acquisition date. United has not identified any material separately identifiable intangible assets resulting from the acquisition.

The valuation of loans and servicing assets that were acquired in this transaction included unobservable inputs. Therefore, United considers those valuations to be level 3 in the ASC 820 hierarchy. For the loans, the valuations were derived by estimating the expected cash flows using a combination of prepayment speed and default estimates. The cash flows are then discounted using the rates implied by observed transactions in the market place.

UNITED COMMUNITY BANKS, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Note 4 – Balance Sheet Offsetting

United enters into reverse repurchase agreements in order to invest short-term funds. In addition, United enters into repurchase agreements and reverse repurchase agreements with the same counterparty in transactions commonly referred to as collateral swaps that are subject to master netting agreements under which the balances are netted in the balance sheet in accordance with ASC 210-20, *Offsetting*.

The following table presents a summary of amounts outstanding under reverse repurchase agreements and derivative financial instruments including those entered into in connection with the same counterparty under master netting agreements as of September 30, 2015, December 31, 2014 and September 30, 2014 *(in thousands)*.

September 30, 2015	**Gross Amounts of Recognized Assets**	**Gross Amounts Offset on the Balance Sheet**	**Net Asset Balance**	**Gross Amounts not Offset in the Balance Sheet**		Net Amount
				Financial Instruments	**Collateral Received**	
Repurchase agreements / reverse repurchase agreements	$ 400,000	$ (400,000)	$ -	$ -	$ -	$ -
Derivatives	19,906	-	19,906	(831)	(5,529)	13,546
Total	$ 419,906	$ (400,000)	$ 19,906	$ (831)	$ (5,529)	$ 13,546
Weighted average interest rate of reverse repurchase agreements	1.25 %					

	Gross Amounts of	**Gross Amounts**	Net	**Gross Amounts not Offset in the Balance Sheet**

	Recognized Liabilities	Offset on the Balance Sheet	Liability Balance	Financial Instruments	Collateral Pledged	Net Amount
Repurchase agreements / reverse repurchase agreements	$ 400,000	$ (400,000)	$ -	$ -	$ -	$ -
Derivatives	27,401	-	27,401	(831)	(28,169)	-
Total	$ 427,401	$ (400,000)	$ 27,401	$ (831)	$ (28,169)	$ -
Weighted average interest rate of repurchase agreements	.41 %					

December 31, 2014	Gross Amounts of Recognized Assets	Gross Amounts Offset on the Balance Sheet	Net Asset Balance	Gross Amounts not Offset in the Balance Sheet Financial Instruments	Gross Amounts not Offset in the Balance Sheet Collateral Received	Net Amount
Repurchase agreements / reverse repurchase agreements	$ 395,000	$ (375,000)	$ 20,000	$ -	$ (20,302)	$ -
Derivatives	20,599	-	20,599	(869)	(3,716)	16,014
Total	$ 415,599	$ (375,000)	$ 40,599	$ (869)	$ (24,018)	$ 16,014
Weighted average interest rate of reverse repurchase agreements	1.16 %					

	Gross Amounts of Recognized Liabilities	Gross Amounts Offset on the Balance Sheet	Net Liability Balance	Gross Amounts not Offset in the Balance Sheet Financial Instruments	Gross Amounts not Offset in the Balance Sheet Collateral Pledged	Net Amount
Repurchase agreements / reverse repurchase agreements	$ 375,000	$ (375,000)	$ -	$ -	$ -	$ -
Derivatives	31,997	-	31,997	(869)	(32,792)	-
Total	$ 406,997	$ (375,000)	$ 31,997	$ (869)	$ (32,792)	$ -
	.29 %					

Weighted average interest rate of repurchase agreements

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UNITED COMMUNITY BANKS, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

September 30, 2014	Gross Amounts of Recognized Assets	Gross Amounts Offset on the Balance Sheet	Net Asset Balance	Gross Amounts not Offset in the Balance Sheet: Financial Instruments	Gross Amounts not Offset in the Balance Sheet: Collateral Received	Net Amount
Repurchase agreements / reverse repurchase agreements	$ 392,000	$ (375,000)	$ 17,000	$ -	$ (17,985)	$ -
Derivatives	22,221	-	22,221	(2,093)	(3,427)	16,701
Total	$ 414,221	$ (375,000)	$ 39,221	$ (2,093)	$ (21,412)	$ 16,701
Weighted average interest rate of reverse repurchase agreements	1.16 %					

	Gross Amounts of Recognized Liabilities	Gross Amounts Offset on the Balance Sheet	Net Liability Balance	Gross Amounts not Offset in the Balance Sheet: Financial Instruments	Gross Amounts not Offset in the Balance Sheet: Collateral Pledged	Net Amount
Repurchase agreements / reverse repurchase agreements	$ 375,000	$ (375,000)	$ -	$ -	$ -	$ -
Derivatives	36,171	-	36,171	(2,093)	(38,195)	-
Total	$ 411,171	$ (375,000)	$ 36,171	$ (2,093)	$ (38,195)	$ -
Weighted average interest rate of repurchase agreements	.31 %					

Note 5 – Securities

The amortized cost basis, gross unrealized gains and losses and fair value of securities held-to-maturity at September 30, 2015, December 31, 2014 and September 30, 2014 are as follows *(in thousands)*.

As of September 30, 2015	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
State and political subdivisions	$ 42,094	$ 3,394	$ -	$ 45,488
Mortgage-backed securities [1]	315,455	7,676	523	322,608
Total	357,549	11,070	523	368,096
As of December 31, 2014				
State and political subdivisions	$ 48,157	$ 3,504	$ -	$ 51,661
Mortgage-backed securities [1]	367,110	7,716	1,254	373,572
Total	$ 415,267	$ 11,220	$ 1,254	$ 425,233
As of September 30, 2014				
State and political subdivisions	$ 50,248	$ 3,849	$ -	$ 54,097
Mortgage-backed securities [1]	382,170	7,299	3,255	386,214
Total	$ 432,418	$ 11,148	$ 3,255	$ 440,311

(1) All are residential type mortgage-backed securities or U.S. government agency commercial mortgage backed securities.

UNITED COMMUNITY BANKS, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

The following table summarizes held-to-maturity securities in an unrealized loss position as of September 30, 2015, December 31, 2014 and September 30, 2014 (*in thousands)*.

	Less than 12 Months		12 Months or More		Total	
As of September 30, 2015	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
Mortgage-backed securities	$ 80,174	$ 355	$ 11,981	$ 168	$ 92,155	$ 523
Total unrealized loss position	$ 80,174	$ 355	$ 11,981	$ 168	$ 92,155	$ 523
As of December 31, 2014						
Mortgage-backed securities	$ 126,514	$ 917	$ 17,053	$ 337	$ 143,567	$ 1,254
Total unrealized loss position	$ 126,514	$ 917	$ 17,053	$ 337	$ 143,567	$ 1,254
As of September 30, 2014						
Mortgage-backed securities	$ 189,223	$ 3,147	$ 2,798	$ 108	$ 192,021	$ 3,255
Total unrealized loss position	$ 189,223	$ 3,147	$ 2,798	$ 108	$ 192,021	$ 3,255

Management evaluates securities for other-than-temporary impairment on a quarterly basis, and more frequently when economic or market concerns warrant such evaluation. Consideration is given to the length of time and the extent to which the fair value has been less than cost, the financial condition and near-term prospects of the issuer, among other factors. In analyzing an issuer's financial condition, management considers whether the securities are issued by the federal government or its agencies, whether downgrades by bond rating agencies have occurred, and industry analysts' reports. No impairment charges were recognized during the three or nine months ended September 30, 2015 or 2014.

UNITED COMMUNITY BANKS, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

The cost basis, unrealized gains and losses, and fair value of securities available-for-sale at September 30, 2015, December 31, 2014 and September 30, 2014 are presented below *(in thousands)*.

As of September 30, 2015	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. Treasuries	$162,791	$ 1,436	$ -	$164,227
U.S. Government agencies	100,947	858	35	101,770
State and political subdivisions	36,017	413	52	36,378
Mortgage-backed securities [(1)]	1,106,835	17,090	4,244	1,119,681
Corporate bonds	207,559	1,904	1,773	207,690
Asset-backed securities	469,736	1,842	3,322	468,256
Other	1,866	-	-	1,866
Total	$2,085,751	$ 23,543	$ 9,426	$2,099,868
As of December 31, 2014				
U.S. Treasuries	$105,540	$ 235	$ 66	$105,709
U.S. Government agencies	36,474	-	175	36,299
State and political subdivisions	19,748	504	19	20,233
Mortgage-backed securities [(1)]	988,012	16,273	7,465	996,820
Corporate bonds	165,018	1,686	1,076	165,628
Asset-backed securities	455,626	2,257	1,955	455,928
Other	2,117	-	-	2,117
Total	$1,772,535	$ 20,955	$ 10,756	$1,782,734
As of September 30, 2014				
U.S. Treasuries	$105,385	$ 245	$ 608	$105,022
State and political subdivisions	19,686	666	31	20,321
Mortgage-backed securities [(1)]	1,029,881	15,010	9,899	1,034,992
Corporate bonds	165,558	1,427	1,733	165,252
Asset-backed securities	458,569	3,629	154	462,044
Other	2,036	-	-	2,036
Total	$1,781,115	$ 20,977	$ 12,425	$1,789,667

[(1)] All are residential type mortgage-backed securities or U.S. government agency commercial mortgage backed securities.

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UNITED COMMUNITY BANKS, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

The following table summarizes available-for-sale securities in an unrealized loss position as of September 30, 2015, December 31, 2014 and September 30, 2014 *(in thousands)*.

	Less than 12 Months		12 Months or More		Total	
As of September 30, 2015	Fair Value	**Unrealized Loss**	Fair Value	**Unrealized Loss**	Fair Value	**Unrealized Loss**
U.S. Government agencies	$ 10,605	$ 35	$ -	$ -	$ 10,605	$ 35
State and political subdivisions	10,276	52	-	-	10,276	52
Mortgage-backed securities	65,692	288	205,021	3,956	270,713	4,244
Corporate bonds	58,476	1,180	10,407	593	68,883	1,773
Asset-backed securities	265,064	3,024	14,665	298	279,729	3,322
Total unrealized loss position	$ 410,113	$ 4,579	$ 230,093	$ 4,847	$ 640,206	$ 9,426
As of December 31, 2014						
U.S. Treasuries	$ 34,180	$ 66	$ -	$ -	$ 34,180	$ 66
U.S. Government agencies	36,299	175	-	-	36,299	175
State and political subdivisions	2,481	19	-	-	2,481	19
Mortgage-backed securities	88,741	446	251,977	7,019	340,718	7,465
Corporate bonds	37,891	371	20,275	705	58,166	1,076
Asset-backed securities	221,359	1,592	40,952	363	262,311	1,955
Total unrealized loss position	$ 420,951	$ 2,669	$ 313,204	$ 8,087	$ 734,155	$ 10,756
As of September 30, 2014						
U.S. Treasuries	$ 104,777	$ 608	$ -	$ -	$ 104,777	$ 608
State and political subdivisions	-	-	3,638	31	3,638	31
Mortgage-backed securities	126,445	844	265,426	9,055	391,871	9,899
Corporate bonds	49,547	414	34,657	1,319	84,204	1,733
Asset-backed securities	57,716	137	9,952	17	67,668	154
Total unrealized loss position	$ 338,485	$ 2,003	$ 313,673	$ 10,422	$ 652,158	$ 12,425

At September 30, 2015, there were 137 available-for-sale securities and 15 held-to-maturity securities that were in an unrealized loss position. United does not intend to sell nor believes it will be required to sell securities in an unrealized loss position prior to the recovery of their amortized cost basis. Unrealized losses at September 30, 2015, December 31, 2014 and September 30, 2014 were primarily attributable to changes in interest rates and therefore, United does not consider them to be impaired.

Realized gains and losses are derived using the specific identification method for determining the cost of securities sold. The following table summarizes available-for-sale securities sales activity for the three and nine months ended September 30, 2015 and 2014 *(in thousands)*.

	Three Months Ended		**Nine Months Ended**	
	September 30,		**September 30,**	
	2015	2014	2015	2014
Proceeds from sales	$ 137,702	$ 13,290	$ 274,519	$ 403,517
Gross gains on sales	$ 328	$ 11	$ 1,880	$ 5,795
Gross losses on sales	(3)	-	(3)	(1,132)
Net gains on sales of securities	$ 325	$ 11	$ 1,877	$ 4,663
Income tax expense attributable to sales	$ 121	$ 4	$ 724	$ 1,821

Securities with a carrying value of $1.45 billion, $1.51 billion and $1.38 billion were pledged to secure public deposits and other secured borrowings at September 30, 2015, December 31, 2014 and September 30, 2014, respectively.

UNITED COMMUNITY BANKS, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

The amortized cost and fair value of held-to-maturity and available-for-sale securities at September 30, 2015, by contractual maturity, are presented in the following table *(in thousands)*.

	Available-for-Sale		Held-to-Maturity	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
US Treasuries:				
1 to 5 years	$87,168	$87,925	$-	$-
5 to 10 years	75,623	76,302	-	-
	162,791	164,227	-	-
US Government agencies:				
1 to 5 years	23,027	23,018	-	-
5 to 10 years	77,920	78,752	-	-
	100,947	101,770	-	-
State and political subdivisions:				
Within 1 year	4,013	4,065	3,510	3,600
1 to 5 years	10,657	10,926	15,509	16,635
5 to 10 years	12,093	12,075	19,245	21,071
More than 10 years	9,254	9,312	3,830	4,182
	36,017	36,378	42,094	45,488
Corporate bonds:				
1 to 5 years	141,657	142,523	-	-
5 to 10 years	33,451	34,062	-	-
More than 10 years	32,451	31,105	-	-
	207,559	207,690	-	-
Asset-backed securities:				
1 to 5 years	2,837	2,868	-	-
5 to 10 years	241,369	240,672	-	-
More than 10 years	225,530	224,716	-	-
	469,736	468,256	-	-
Other:				
More than 10 years	1,866	1,866	-	-
	1,866	1,866	-	-

Total securities other than mortgage-backed securities:				
Within 1 year	4,013	4,065	3,510	3,600
1 to 5 years	265,346	267,260	15,509	16,635
5 to 10 years	440,456	441,863	19,245	21,071
More than 10 years	269,101	266,999	3,830	4,182
Mortgage-backed securities	1,106,835	1,119,681	315,455	322,608
	$2,085,751	$2,099,868	$357,549	$368,096

Expected maturities may differ from contractual maturities because issuers and borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

UNITED COMMUNITY BANKS, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Note 6 – Loans and Allowance for Credit Losses

Major classifications of loans as of September 30, 2015, December 31, 2014 and September 30, 2014, are summarized as follows *(in thousands)*.

	September 30, 2015	December 31, 2014	September 30, 2014
Owner occupied commercial real estate	$ 1,479,246	$ 1,163,480	$ 1,153,933
Income producing commercial real estate	817,833	598,537	604,727
Commercial & industrial	890,233	710,256	649,853
Commercial construction	318,345	196,030	180,794
Total commercial	3,505,657	2,668,303	2,589,307
Residential mortgage	1,061,610	865,789	865,568
Home equity lines of credit	584,934	465,872	458,819
Residential construction	334,084	298,627	307,178
Consumer installment	116,603	104,899	105,345
Indirect auto	420,697	268,629	242,669
Total loans	6,023,585	4,672,119	4,568,886
Less allowance for loan losses	(69,062)	(71,619)	(71,928)
Loans, net	$ 5,954,523	$ 4,600,500	$ 4,496,958

At September 30, 2015, December 31, 2014 and September 30, 2014, loans totaling $2.51 billion, $2.35 billion and $2.21 billion, respectively, were pledged as collateral to secure FHLB advances and other contingent funding sources.

At September 30, 2015, the carrying value and unpaid principal balance of purchased credit impaired (“PCI”) loans accounted for under ASC 310-30 was $52.2 million and $73.1 million, respectively. The following table presents changes in the value of the accretable yield for acquired loans accounted for under ASC Topic 310-30 for the three and nine months ended September 30, 2015 *(in thousands)*:

	Three Months Ended September 30, 2015	Nine Months Ended September 30, 2015
Balance at beginning of period	$ 946	$ -

Additions due to acquisitions		4,834		5,863
Accretion		(316)		(399)
Balance at end of period	$	5,464	$	5,464

In addition to the accretable yield on loans accounted for under ASC Topic 310-30, the fair value adjustments on purchased loans outside the scope of ASC Topic 310-30 are also accreted to interest income over the life of the loans. At September 30, 2015, the remaining accretable fair value mark on loans acquired through a business combination and not accounted for under ASC Topic 310-30 was $7.71 million. In addition, indirect auto loans purchased at a premium outside of a business combination have a remaining premium of $11.0 million.

The allowance for loan losses represents management's estimate of probable incurred losses in the loan portfolio as of the end of the period. The allowance for unfunded commitments is included in other liabilities in the consolidated balance sheet. Combined, the allowance for loan losses and allowance for unfunded commitments are referred to as the allowance for credit losses.

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UNITED COMMUNITY BANKS, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

The following table presents the balance and activity in the allowance for credit losses by portfolio segment for the three and nine months ended September 30, 2015 and 2014 *(in thousands)*.

Three Months Ended September 30,	2015 **Beginning Balance**	**Charge-Offs**	Recoveries	Provision	**Ending Balance**	2014 **Beginning Balance**	**Charge-Offs**	Recoveries	**Allocation of Unallocat**	Provi
Owner occupied commercial real estate	$16,339	$(463)	$228	$(495)	$15,609	$17,804	$(832)	$86	$-	$(1,7
Income producing commercial real estate	8,200	(126)	231	(532)	7,773	11,761	(598)	494	-	(866
Commercial & industrial	4,728	(508)	319	1,041	5,580	3,885	(30)	372	-	(1,0
Commercial construction	4,895	(80)	21	1,659	6,495	4,067	(104)	1	-	1,68
Residential mortgage	19,052	(848)	415	(1,880)	16,739	16,763	(1,357)	240	-	1,94
Home equity lines of credit	5,479	(413)	120	1,119	6,305	6,338	(405)	50	-	(1,1
Residential construction	9,337	(50)	174	(1,078)	8,383	11,208	(753)	41	-	2,35
Consumer installment	688	(496)	221	352	765	599	(449)	256	-	333
Indirect auto	1,411	(175)	13	164	1,413	823	(178)	11	-	295
Total allowance for loan losses	70,129	(3,159)	1,742	350	69,062	73,248	(4,706)	1,551	-	1,83
Allowance for unfunded commitments	2,580	-	-	350	2,930	2,165	-	-	-	165
Total allowance for credit losses	$72,709	$(3,159)	$1,742	$700	$71,992	$75,413	$(4,706)	$1,551	$-	$2,00

Nine Months Ended September 30,	**Beginning Balance**	**Charge-Offs**	Recoveries	Provision	**Ending Balance**	**Beginning Balance**	**Charge-Offs**	Recoveries	**Allocation of Unalloca**
Owner occupied commercial real estate	$16,041	$(1,194)	$317	$445	$15,609	$17,164	$(2,116)	$2,929	$1,278
Income producing commercial real estate	10,296	(448)	588	(2,663)	7,773	7,174	(1,435)	691	688
Commercial & industrial	3,255	(1,139)	1,236	2,228	5,580	6,527	(2,005)	1,263	318
Commercial construction	4,747	(249)	72	1,925	6,495	3,669	(236)	1	388
Residential mortgage	20,311	(2,535)	899	(1,936)	16,739	15,446	(5,738)	597	1,452

Home equity lines of credit	4,574	(834)	160	2,405	6,305	5,528	(2,032)	218	391
Residential construction	10,603	(1,689)	645	(1,176)	8,383	12,532	(3,004)	410	1,728
Consumer installment	731	(1,171)	784	421	765	1,353	(1,580)	974	-
Indirect auto	1,061	(433)	34	751	1,413	1,126	(344)	38	-
Unallocated	-	-	-	-	-	6,243	-	-	(6,243)
Total allowance for loan losses	71,619	(9,692)	4,735	2,400	69,062	76,762	(18,490)	7,121	-
Allowance for unfunded commitments	1,930	-	-	1,000	2,930	2,165	-	-	-
Total allowance for credit losses	$73,549	$(9,692)	$4,735	$3,400	$71,992	$78,927	$(18,490)	$7,121	$-

In the first quarter of 2014, United modified its allowance for loan losses methodology to incorporate a loss emergence period. The increase in precision resulting from the use of the loss emergence period led to the full allocation of the portion of the allowance that had previously been unallocated.

The following table represents the recorded investment in loans by portfolio segment and the balance of the allowance for loan losses assigned to each segment based on the method of evaluating the loans for impairment as of September 30, 2015, December 31, 2014 and September 30, 2014 *(in thousands)*.

Allowance for Loan Losses	September 30, 2015				December 31, 2014			September
	Individually evaluated for impairment	**Collectively evaluated for impairment**	**Purchased with deteriorated credit quality**	**Ending Balance**	**Individually evaluated for impairment**	**Collectively evaluated for impairment**	**Ending Balance**	**Individual evaluated for impairme**
Owner occupied commercial real estate	$1,506	$14,103	$-	$15,609	$2,737	$13,304	$16,041	$2,125
Income producing commercial real estate	625	7,148	-	7,773	1,917	8,379	10,296	2,380
Commercial & industrial	129	5,451	-	5,580	15	3,240	3,255	26
Commercial construction	482	6,013	-	6,495	729	4,018	4,747	1,164
Residential mortgage	3,205	13,534	-	16,739	3,227	17,084	20,311	3,501
Home equity lines of credit	19	6,286	-	6,305	47	4,527	4,574	51
Residential construction	207	8,176	-	8,383	1,192	9,411	10,603	1,037
Consumer installment	10	755	-	765	18	713	731	23
Indirect auto	-	1,413	-	1,413	-	1,061	1,061	-
Total allowance for loan losses	6,183	62,879	-	69,062	9,882	61,737	71,619	10,307
Allowance for unfunded commitments	-	2,930	-	2,930	-	1,930	1,930	-
Total allowance for credit losses	$6,183	$65,809	$-	$71,992	$9,882	$63,667	$73,549	$10,307

Loans Outstanding

Owner occupied commercial real estate	$38,513	$1,426,787	$13,946	$1,479,246	$34,654	$1,128,826	$1,163,480	$33,635
Income producing commercial real estate	20,580	769,093	28,160	817,833	24,484	574,053	598,537	26,120
Commercial & industrial	4,564	885,002	667	890,233	3,977	706,279	710,256	4,540
Commercial construction	12,413	303,683	2,249	318,345	12,321	183,709	196,030	12,127
Residential mortgage	22,446	1,034,893	4,271	1,061,610	18,775	847,014	865,789	18,778
Home equity lines of credit	477	582,754	1,703	584,934	478	465,394	465,872	531
Residential construction	8,352	324,599	1,133	334,084	11,604	287,023	298,627	13,055
Consumer installment	235	116,349	19	116,603	179	104,720	104,899	245
Indirect auto	-	420,608	89	420,697	-	268,629	268,629	-
Total loans	$107,580	$5,863,768	$52,237	$6,023,585	$106,472	$4,565,647	$4,672,119	$109,031

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Excluding loans accounted for under ASC Topic 310-30, management considers all loans that are on nonaccrual with a balance of $500,000 or greater and all troubled debt restructurings ("TDRs") to be impaired. In addition, management reviews all accruing substandard loans greater than $2 million to determine if the loan is impaired. A loan is considered impaired when, based on current events and circumstances, it is probable that all amounts due according to the original contractual terms of the loan will not be collected. All TDRs are considered impaired regardless of accrual status. Impairment is measured based on the present value of expected future cash flows, discounted at the loan's effective interest rate, the loan's observable market price, or the fair value of the collateral if the loan is collateral dependent. For TDRs less than $500,000, impairment is estimated based on the average impairment of TDRs greater than $500,000 by loan category. For loan types that do not have TDRs greater than $500,000, the average impairment for all TDR loans is used to quantify the amount of required specific reserve. A specific reserve is established for impaired loans for the amount of calculated impairment. Interest payments received on impaired nonaccrual loans are applied as a reduction of the outstanding principal balance. For impaired loans not on nonaccrual status, interest is accrued according to the terms of the loan agreement. Loans are evaluated for impairment quarterly and specific reserves are established in the allowance for loan losses for any measured impairment.

Each quarter, United's management prepares an analysis of the allowance for credit losses to determine the appropriate balance that measures and quantifies the amount of probable incurred losses in the loan portfolio and unfunded loan commitments. The allowance is comprised of specific reserves on individually impaired loans, which are determined as described above, and general reserves which are determined based on historical loss experience as adjusted for current trends and economic conditions multiplied by a loss emergence period factor. Management uses eight quarters of historical loss experience to determine the loss factors to be used in the reserve calculation for loans evaluated in the aggregate. Eight quarters has been determined to be an appropriate time period as it is recent enough to be relevant to current conditions and covers a length of time sufficient to minimize distortions caused by nonrecurring and unusual activity that might otherwise influence a shorter time period. In previous years, the loss rates were weighted toward more recent quarters by multiplying each quarter's annualized historical net charge-off rate by 1 through 8, with 8 representing the most recent quarter and 1 representing the oldest quarter. Management adopted this method of weighting quarterly loss rates to capture the rapidly deteriorating credit conditions in its loss factors during the financial crisis. In the first quarter of 2014, in light of stabilizing credit conditions, management concluded that it was appropriate to apply a more level weighting to capture the full range and impacts of credit losses experienced during the most recent economic and credit cycle. For the four quarters of 2014, management applied a weighting factor of 1.75 to the most recent four quarters and a weighting of 1.00 for the four oldest quarters. Beginning with the first quarter of 2015, management began applying equal weight to all eight quarters to capture the full range of the loss cycle. Management believes the current weightings are more appropriate to measure the probable losses incurred within the loan portfolio.

Also, beginning in the first quarter of 2014, management updated its method for measuring the loss emergence period in the calculation of the allowance for credit losses. The rapidly deteriorating credit conditions during the peak of the credit cycle shortened the length of time between management's estimation of the incurrence of a loss and its recognition as a charge-off. In most cases, the loss emergence period was within a twelve month period which made the use of annualized loss factors appropriate for measuring the amount of incurred yet unconfirmed credit losses within the loan portfolio. As United has moved out beyond the peak of the financial crisis, management has observed that the loss emergence period has extended. Management calculates the loss emergence period for each pool of loans based on the average length of time between the date a loan first exceeds 30 days past due and the date the loan is charged off.

The updates to the weightings to the eight quarters of loss history and the update to our estimation of the loss emergence period did not have a material effect on the total allowance for loan losses or the provision for loan losses, however, the revised loss emergence period resulted in the full allocation of the previously unallocated portion of the allowance for loan losses.

On junior lien home equity loans, management has limited ability to monitor the delinquency status of the first lien unless the first lien is also held by United. As a result, management applies the weighted average historical loss factor for this category and appropriately adjusts it to reflect the increased risk of loss from these credits.

Management carefully reviews the resulting loss factors for each category of the loan portfolio and evaluates whether qualitative adjustments are necessary to take into consideration recent credit trends such as increases or decreases in past due, nonaccrual, criticized and classified loans, and other macro environmental factors such as changes in unemployment rates, lease vacancy rates and trends in property values and absorption rates.

Management believes that its method of determining the balance of the allowance for credit losses provides a reasonable and reliable basis for measuring and reporting losses that are incurred in the loan portfolio as of the reporting date.

When a loan officer determines that a loan is uncollectible, he or she is responsible for recommending that the loan be placed on nonaccrual and charged off. Full or partial charge-offs may also be recommended by the Collections Department, the Special Assets Department, the Loss Mitigation Department and the Foreclosure/OREO Department. Nonaccrual real estate loans that are collateral dependent are generally charged down to 80% of the appraised value of the underlying collateral at the time they are placed on nonaccrual status.

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Commercial and consumer asset quality committees consisting of the Chief Credit Officer, Senior Risk Officers and Senior Credit Officers meet monthly to review charge-offs that have occurred during the previous month.

Generally, closed-end retail loans (installment and residential mortgage loans) past due 90 cumulative days are written down to their collateral value less estimated selling costs unless the loan is well secured and in process of collection (within the next 90 days). Open-end (revolving) unsecured retail loans which are past due 90 cumulative days from their contractual due date are generally charged-off.

The following table presents loans individually evaluated for impairment by class of loans as of September 30, 2015, December 31, 2014 and September 30, 2014 *(in thousands)*.

	September 30, 2015			December 31, 2014			September 30, 2014		
	Unpaid Principal Balance	Recorded Investment	Allowance for Loan Losses Allocated	Unpaid Principal Balance	Recorded Investment	Allowance for Loan Losses Allocated	Unpaid Principal Balance	Recorded Investment	Allowance for Loan Losses Allocated
With no related allowance recorded:									
Owner occupied commercial real estate	$14,274	$13,949	$ -	$12,025	$11,325	$ -	$11,370	$10,370	$ -
Income producing commercial real estate	10,746	10,603	-	8,311	8,311	-	9,872	9,872	-
Commercial & industrial	1,721	1,624	-	1,679	1,042	-	2,178	1,560	-
Commercial construction	-	-	-	-	-	-	-	-	-
Total commercial	26,741	26,176	-	22,015	20,678	-	23,420	21,802	-
Residential mortgage	1,943	1,220	-	2,569	1,472	-	1,319	954	-

Home equity lines of credit	-	-	-	-	-	-	-	-	-
Residential construction	3,255	3,255	-	4,338	3,338	-	5,460	4,172	-
Consumer installment	-	-	-	-	-	-	-	-	-
Indirect auto	-	-	-	-	-	-	-	-	-
Total with no related allowance recorded	31,939	30,651	-	28,922	25,488	-	30,199	26,928	-
With an allowance recorded:									
Owner occupied commercial real estate	24,755	24,564	1,506	24,728	23,329	2,737	24,828	23,265	2,125
Income producing commercial real estate	10,067	9,977	625	16,352	16,173	1,917	16,797	16,248	2,380
Commercial & industrial	2,940	2,940	129	2,936	2,935	15	2,980	2,980	26
Commercial construction	12,584	12,413	482	12,401	12,321	729	12,281	12,127	1,164
Total commercial	50,346	49,894	2,742	56,417	54,758	5,398	56,886	54,620	5,695
Residential mortgage	21,738	21,226	3,205	17,732	17,303	3,227	18,657	17,824	3,501
Home equity lines of credit	477	477	19	478	478	47	531	531	51
Residential construction	6,098	5,097	207	8,962	8,266	1,192	9,427	8,883	1,037
Consumer installment	260	235	10	179	179	18	245	245	23
Indirect auto	-	-	-	-	-	-	-	-	-
Total with an allowance recorded	78,919	76,929	6,183	83,768	80,984	9,882	85,746	82,103	10,307
Total	$ 110,858	$ 107,580	$ 6,183	$ 112,690	$ 106,472	$ 9,882	$ 115,945	$ 109,031	$ 10,307

Excluding loans accounted for under ASC Topic 310-30, there were no loans more than 90 days past due and still accruing interest at September 30, 2015, December 31, 2014 or September 30, 2014. Nonaccrual loans include both homogeneous loans that are collectively evaluated for impairment and individually evaluated impaired loans. United's policy is to place loans on nonaccrual status when, in the opinion of management, the principal and interest on a loan is not likely to be repaid in accordance with the loan terms or when the loan becomes 90 days past due and is not well secured and in the process of collection. When a loan is classified on nonaccrual status, interest previously accrued but not collected is reversed against current interest revenue. Principal and interest payments received on a nonaccrual loan are applied to reduce outstanding principal.

Loans accounted for under ASC Topic 310-30 are considered past due or delinquent when the contractual principal or interest due in accordance with the terms of the loan agreement remains unpaid after the due date of the scheduled payment. However, these loans are considered as performing, even though they may be contractually past due, as any non-payment of contractual principal or interest is considered in the periodic re-estimation of expected cash flows and is included in the resulting recognition of current period covered loan loss provision or future period yield adjustments. Loans accounted for under ASC Topic 310-30 were not classified as nonaccrual at September 30, 2015 as the carrying value of the respective loan or pool of loans cash flows were considered estimable and probable of collection. Therefore, interest income, through accretion of the difference between the carrying value of the loans and the expected cash flows, is being recognized on all acquired loans being accounted for under ASC Topic 310-30.

The gross additional interest revenue that would have been earned if the loans classified as nonaccrual had performed in accordance with the original terms was approximately $262,000 and $705,000 for the three months ended September 30, 2015 and 2014, respectively and $686,000 and $1.37 million for the nine months ended September 30, 2015 and 2014, respectively. The gross additional interest revenue that would have been earned for the three and nine months ended September 30, 2015 and 2014 had performing TDRs performed in accordance with the original terms is immaterial.

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The average balances of impaired loans and income recognized on impaired loans while they were considered impaired are presented below for the three and nine months ended September 30, 2015 and 2014 *(in thousands)*.

	2015			2014		
Three Months Ended September 30,	Average Balance	Interest Revenue Recognized During Impairment	Cash Basis Interest Revenue Received	Average Balance	Interest Revenue Recognized During Impairment	Cash Basis Interest Revenue Received
Owner occupied commercial real estate	$37,840	$ 484	$ 523	$33,715	$ 430	$ 448
Income producing commercial real estate	20,802	265	281	26,622	325	341
Commercial & industrial	4,637	43	77	4,698	43	85
Commercial construction	12,584	116	116	12,203	119	96
Total commercial	75,863	908	997	77,238	917	970
Residential mortgage	23,176	242	197	19,235	215	215
Home equity lines of credit	477	5	5	538	6	5
Residential construction	8,560	123	123	13,146	130	130
Consumer installment	242	5	4	251	4	5
Indirect auto	-	-	-	-	-	-
Total	$108,318	$ 1,283	$ 1,326	$110,408	$ 1,272	$ 1,325
Nine Months Ended September 30,						
Owner occupied commercial real estate	$37,605	$ 1,413	$ 1,491	$31,460	$ 1,191	$ 1,219
Income producing commercial real estate	21,427	805	810	26,299	953	991
Commercial & industrial	4,627	126	202	4,314	135	186
Commercial construction	12,340	349	353	12,086	335	338
Total commercial	75,999	2,693	2,856	74,159	2,614	2,734
Residential mortgage	21,955	667	633	20,384	672	670
Home equity lines of credit	504	15	15	531	16	17
Residential construction	9,294	371	381	13,315	452	455
Consumer installment	185	11	10	345	16	19
Indirect auto	-	-	-	-	-	-
Total	$107,937	$ 3,757	$ 3,895	$108,734	$ 3,770	$ 3,895

The following table presents the recorded investment in nonaccrual loans by loan class as of September 30, 2015, December 31, 2014 and September 30, 2014 *(in thousands)*.

	Nonaccrual Loans		
	September 30, 2015	December 31, 2014	September 30, 2014
Owner occupied commercial real estate	$5,918	$ 4,133	$ 2,156
Income producing commercial real estate	1,238	717	1,742
Commercial & industrial	1,068	1,571	1,593
Commercial construction	256	83	148
Total commercial	8,480	6,504	5,639
Residential mortgage	8,847	8,196	8,350
Home equity lines of credit	890	695	720
Residential construction	929	2,006	3,543
Consumer installment	196	134	139
Indirect auto	722	346	354
Total	$20,064	$ 17,881	$ 18,745

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The following table presents the aging of the recorded investment in past due loans as of September 30, 2015, December 31, 2014 and September 30, 2014 by class of loans *(in thousands)*.

	Loans Past Due				Loans Not		
As of September 30, 2015	30 - 59 Days	60 - 89 Days	> 90 Days	Total	Past Due	PCI Loans	Total
Owner occupied commercial real estate	$3,200	$ 788	$ 3,267	$7,255	$1,458,045	$ 13,946	$1,479,246
Income producing commercial real estate	1,814	-	440	2,254	787,419	28,160	817,833
Commercial & industrial	1,040	163	858	2,061	887,505	667	890,233
Commercial construction	285	79	44	408	315,688	2,249	318,345
Total commercial	6,339	1,030	4,609	11,978	3,448,657	45,022	3,505,657
Residential mortgage	4,937	2,501	2,504	9,942	1,047,397	4,271	1,061,610
Home equity lines of credit	1,237	360	196	1,793	581,438	1,703	584,934
Residential construction	663	88	129	880	332,071	1,133	334,084
Consumer installment	549	94	50	693	115,891	19	116,603
Indirect auto	852	468	319	1,639	418,969	89	420,697
Total loans	$14,577	$ 4,541	$ 7,807	$26,925	$5,944,423	$ 52,237	$6,023,585
As of December 31, 2014							
Owner occupied commercial real estate	$1,444	$ 1,929	$ 1,141	$4,514	$1,158,966	$ -	$1,163,480
Income producing commercial real estate	2,322	1,172	-	3,494	595,043	-	598,537
Commercial & industrial	302	40	1,425	1,767	708,489	-	710,256
Commercial construction	-	-	66	66	195,964	-	196,030
Total commercial	4,068	3,141	2,632	9,841	2,658,462	-	2,668,303
Residential mortgage	5,234	2,931	3,278	11,443	854,346	-	865,789
Home equity lines of credit	961	303	167	1,431	464,441	-	465,872
Residential construction	1,172	268	1,395	2,835	295,792	-	298,627
Consumer installment	607	136	33	776	104,123	-	104,899
Indirect auto	200	146	141	487	268,142	-	268,629
Total loans	$12,242	$ 6,925	$ 7,646	$26,813	$4,645,306	$ -	$4,672,119
As of September 30, 2014							
Owner occupied commercial real estate	$2,769	$ 257	$ 947	$3,973	$1,149,960	$ -	$1,153,933
Income producing commercial real estate	417	991	226	1,634	603,093	-	604,727

Commercial & industrial	900	103	861	1,864	647,989	-	649,853
Commercial construction	123	182	-	305	180,489	-	180,794
Total commercial	4,209	1,533	2,034	7,776	2,581,531	-	2,589,307
Residential mortgage	6,985	3,136	2,563	12,684	852,884	-	865,568
Home equity lines of credit	1,566	373	375	2,314	456,505	-	458,819
Residential construction	1,262	329	2,803	4,394	302,784	-	307,178
Consumer installment	995	322	191	1,508	103,837	-	105,345
Indirect auto	278	83	200	561	242,108	-	242,669
Total loans	$15,295	$ 5,776	$ 8,166	$29,237	$4,539,649	$ -	$4,568,886

As of September 30, 2015, December 31, 2014, and September 30, 2014, $5.66 million, $9.72 million and $9.82 million, respectively, of specific reserves were allocated to customers whose loan terms have been modified in TDRs. United committed to lend additional amounts totaling up to $189,000, $51,000 and $38,000 as of September 30, 2015, December 31, 2014 and September 30, 2014, respectively, to customers with outstanding loans that are classified as TDRs.

The modification of the terms of the TDRs included one or a combination of the following: a reduction of the stated interest rate of the loan or an extension of the amortization period that would not otherwise be considered in the current market for new debt with similar risk characteristics; a restructuring of the borrower’s debt into an “A/B note structure” where the A note would fall within the borrower’s ability to pay and the remainder would be included in the B note; a mandated bankruptcy restructuring; or interest-only payment terms greater than 90 days where the borrower is unable to amortize the loan.

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The following table presents information on TDRs including the number of loan contracts restructured and the pre- and post-modification recorded investment as of September 30, 2015, December 31, 2014 and September 30, 2014 *(dollars in thousands)*.

	September 30, 2015			December 31, 2014			September 30, 2014		
	Number of Contracts	Pre-Modification Outstanding Recorded Investment	Post-Modification Outstanding Recorded Investment	Number of Contracts	Pre-Modification Outstanding Recorded Investment	Post-Modification Outstanding Recorded Investment	Number of Contracts	Pre-Modification Outstanding Recorded Investment	Post-Modification Outstanding Recorded Investment
Owner occupied commercial real estate	55	$ 32,931	$ 32,796	54	$ 27,695	$ 26,296	52	$ 27,811	$ 26,248
Income producing commercial real estate	28	14,435	14,361	31	18,094	17,915	32	19,652	19,104
Commercial & industrial	31	3,465	3,459	32	2,848	2,847	33	2,941	2,941
Commercial construction	15	11,557	11,386	14	11,360	11,280	14	11,238	11,084
Total commercial	129	62,388	62,002	131	59,997	58,338	131	61,642	59,377
Residential mortgage	171	20,074	19,421	154	18,630	17,836	160	19,555	18,356
Home equity lines of credit	2	477	477	2	478	478	4	531	531
Residential construction	45	6,585	5,968	48	8,962	8,265	50	10,916	10,084
Consumer installment	22	254	235	17	179	179	20	245	245
Indirect auto	35	572	572	-	-	-	-	-	-
Total loans	404	$ 90,350	$ 88,675	352	$ 88,246	$ 85,096	365	$ 92,889	$ 88,593

Loans modified under the terms of a TDR during the three and nine months ended September 30, 2015 and 2014 are presented in the table below. In addition, the following table presents loans modified under the terms of a TDR that became 90 days or more delinquent during the three and nine months ended September 30, 2015 and 2014, that were initially restructured within one year prior to becoming delinquent *(dollars in thousands)*.

	New TDRs for the Three Months Ended September 30,			New TDRs for the Nine Months Ended September 30,		
	Pre-Modification	Post-Modification	Modified Within the Previous	Pre-Modification	Post-Modification	Modified Within the Previous Twelve Months

		Outstanding	Outstanding	Twelve Months that Have Subsequently Defaulted During the Three Months Ended September 30, 2015			Outstanding	Outstanding	that Have Subsequently Defaulted During the Ni Months Ended September 30, 2015	
2015	Number of Contracts	Recorded Investment	Recorded Investment	Number of Contracts	Recorded Investment	Number of Contracts	Recorded Investment	Recorded Investment	Number of Contracts	Recorded Investment
Owner occupied commercial real estate	3	$ 667	$ 666	1	$ 178	11	$ 13,204	$ 13,159	1	$ 178
Income producing commercial real estate	-	-	-	-	-	3	310	310	-	-
Commercial & industrial	1	23	23	-	-	7	1,203	1,203	-	-
Commercial construction	-	-	-	-	-	1	233	233	-	-
Total commercial	4	690	689	1	178	22	14,950	14,905	1	178
Residential mortgage	10	939	939	-	-	33	3,060	3,060	-	-
Home equity lines of credit	-	-	-	-	-	1	83	74	-	-
Residential construction	1	347	347	-	-	3	510	486	-	-
Consumer installment	4	58	58	-	-	6	86	86	1	30
Indirect auto	-	-	-	-	-	-	-	-	-	-
Total loans	19	$ 2,034	$ 2,033	1	$ 178	65	$ 18,689	$ 18,611	2	$ 208

		Pre-Modification Outstanding	Post-Modification Outstanding	Modified Within the Previous Twelve Months that Have Subsequently Defaulted During the Three Months Ended September 30, 2014			Pre-Modification Outstanding	Post-Modification Outstanding	Modified Within the Previous Twelve Months that Have Subsequently Defaulted During the Nine Months Ended September 30, 2014	
2014	Number of Contracts	Recorded Investment	Recorded Investment	Number of Contracts	Recorded Investment	Number of Contracts	Recorded Investment	Recorded Investment	Number of Contracts	Recorded Investment
Owner occupied commercial real estate	2	$ 747	$ 747	-	$ -	9	$ 4,139	$ 4,139	1	$ 104
Income producing commercial real estate	-	-	-	-	-	5	1,992	1,992	-	-
Commercial & industrial	6	452	452	-	-	10	782	782	2	54
Commercial construction	-	-	-	-	-	2	471	471	-	-

Total commercial	8	1,199	1,199	-	-	26	7,384	7,384	3	158
Residential mortgage	10	778	673	2	139	33	2,924	2,778	8	871
Home equity lines of credit	-	-	-	-	-	1	36	36	-	-
Residential construction	-	-	-	-	-	3	1,124	1,124	-	-
Consumer installment	-	-	-	-	-	5	226	226	-	-
Indirect auto	-	-	-	-	-	-	-	-	-	-
Total loans	18	$ 1,977	$ 1,872	2	$ 139	68	$ 11,694	$ 11,548	11	$ 1,029

Collateral dependent TDRs that subsequently default and are placed on nonaccrual are charged down to the fair value of the collateral consistent with United's policy for nonaccrual loans. Impairment on TDRs that are not collateral dependent continues to be measured on discounted cash flows regardless of whether the loan has subsequently defaulted.

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As of September 30, 2015, December 31, 2014 and September 30, 2014, and based on the most recent analysis performed, the risk category of loans by class of loans is as follows *(in thousands)*.

As of September 30, 2015	Pass	Watch	Substandard	Doubtful / Loss	Total
Owner occupied commercial real estate	$1,398,607	$25,650	$ 41,043	$ -	$1,465,300
Income producing commercial real estate	766,637	4,668	18,368	-	789,673
Commercial & industrial	874,385	8,402	6,779	-	889,566
Commercial construction	311,209	2,273	2,614	-	316,096
Total commercial	3,350,838	40,993	68,804	-	3,460,635
Residential mortgage	1,010,610	5,878	40,851	-	1,057,339
Home equity lines of credit	577,206	-	6,025	-	583,231
Residential construction	318,836	3,748	10,367	-	332,951
Consumer installment	115,619	-	965	-	116,584
Indirect auto	418,710	-	1,898	-	420,608
Total loans, excluding PCI loans	$5,791,819	$50,619	$ 128,910	$ -	$5,971,348
Owner occupied commercial real estate	$1,499	$4,816	$ 7,283	$ 348	$13,946
Income producing commercial real estate	9,624	5,809	12,727	-	28,160
Commercial & industrial	30	97	489	51	667
Commercial construction	1,722	9	518	-	2,249
Total commercial	12,875	10,731	21,017	399	45,022
Residential mortgage	-	426	3,845	-	4,271
Home equity lines of credit	223	-	1,480	-	1,703
Residential construction	350	42	741	-	1,133
Consumer installment	-	-	19	-	19
Indirect auto	-	-	89	-	89
Total PCI loans	$13,448	$11,199	$ 27,191	$ 399	$52,237
As of December 31, 2014					
Owner occupied commercial real estate	$1,094,057	$18,889	$ 50,534	$ -	$1,163,480
Income producing commercial real estate	560,559	16,701	21,277	-	598,537
Commercial & industrial	696,805	4,017	9,434	-	710,256
Commercial construction	190,070	2,311	3,649	-	196,030
Total commercial	2,541,491	41,918	84,894	-	2,668,303
Residential mortgage	814,168	11,594	40,027	-	865,789
Home equity lines of credit	459,881	-	5,991	-	465,872
Residential construction	280,166	5,535	12,926	-	298,627
Consumer installment	103,383	-	1,516	-	104,899
Indirect auto	267,709	-	920	-	268,629
Total loans	$4,466,798	$59,047	$ 146,274	$ -	$4,672,119
As of September 30, 2014					

Owner occupied commercial real estate	$1,076,822	$25,098	$ 52,013	$ -	$1,153,933
Income producing commercial real estate	563,451	17,319	23,957	-	604,727
Commercial & industrial	637,160	3,602	9,091	-	649,853
Commercial construction	174,443	2,356	3,995	-	180,794
Total commercial	2,451,876	48,375	89,056	-	2,589,307
Residential mortgage	803,937	10,300	51,331	-	865,568
Home equity lines of credit	450,026	-	8,793	-	458,819
Residential construction	284,491	7,389	15,298	-	307,178
Consumer installment	102,460	-	2,885	-	105,345
Indirect auto	242,315	-	354	-	242,669
Total loans	$4,335,105	$66,064	$ 167,717	$ -	$4,568,886

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Risk Ratings

United categorizes commercial loans into risk categories based on relevant information about the ability of borrowers to service their debt such as: current financial information, historical payment experience, credit documentation, public information, and current industry and economic trends, among other factors. United analyzes loans individually by classifying the loans as to credit risk. This analysis is performed on a continual basis. United uses the following definitions for its risk ratings:

Watch. Loans in this category are presently protected from apparent loss; however, weaknesses exist that could cause future impairment, including the deterioration of financial ratios, past due status and questionable management capabilities. These loans require more than the ordinary amount of supervision. Collateral values generally afford adequate coverage, but may not be immediately marketable.

Substandard. These loans are inadequately protected by the current net worth and paying capacity of the obligor or by the collateral pledged. Specific and well-defined weaknesses exist that may include poor liquidity and deterioration of financial ratios. The loan may be past due and related deposit accounts experiencing overdrafts. There is the distinct possibility that United will sustain some loss if deficiencies are not corrected. If possible, immediate corrective action is taken.

Doubtful. Specific weaknesses characterized as Substandard that are severe enough to make collection in full highly questionable and improbable. There is no reliable secondary source of full repayment.

Loss. Loans categorized as Loss have the same characteristics as Doubtful; however, probability of loss is certain. Loans classified as Loss are charged off.

Consumer Purpose Loans. United applies a pass / fail grading system to all consumer purpose loans. Under the pass / fail grading system, consumer purpose loans meeting the criteria of substandard are classified as “fail” and all other loans are classified as “pass”. For reporting purposes, consumer purpose loans classified as “fail” are reported in the performing substandard or nonaccrual columns and all other consumer purpose loans are reported in the “pass” column. Loan balances reported in the “watch” column for residential mortgage are generally commercial purpose loans secured by the borrower's residence.

Loans not meeting the criteria above that are analyzed individually as part of the above described process are considered to be pass rated loans.

Note 7 – Servicing Rights for Government Guaranteed Loans

United accounts for servicing rights for government guaranteed loans serviced for others at fair value and includes them in other assets. Changes in the balances of servicing assets and servicing liabilities subsequently measured using the fair value measurement method for the three and nine months ended September 30, 2015 and 2014 are recorded as follows *(in thousands)*.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Servicing rights for government guaranteed loans, beginning of period	$ 3,118	$ 2,262	$ 2,551	$ -
Additions:				
Acquired servicing rights	137	-	137	2,133
Originated servicing rights capitalized upon sale on loans	455	184	1,087	313
Changes in fair value:				
Due to change in valuation inputs or assumptions used in valuation model	(379)	(27)	(444)	(27)
Servicing rights for government guaranteed loans, end of period	$ 3,331	$ 2,419	$ 3,331	$ 2,419

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A summary of the key characteristics, inputs, and economic assumptions used to estimate the fair value of the Company's government guaranteed servicing assets as of September 30, 2015 and December 31, 2014, and the sensitivity of the fair values to immediate adverse changes in those assumptions are shown in the table below *(in thousands)*.

Sensitivity of the Servicing Rights For Government Guaranteed Loans

	September 30, 2015	December 31, 2014
Fair value of retained servicing assets	$ 3,331	$ 2,551
Prepayment rate assumption	7.01 %	6.70 %
10% adverse change	$ (87)	$ (62)
20% adverse change	$ (170)	$ (122)
Discount rate	11.9 %	12.0 %
100 bps adverse change	$ (116)	$ (85)
200bps adverse change	$ (225)	$ (164)
Weighted-average life (months)	6.9	6.5
Weighted-average gross margin	2.03 %	2.00 %

Note 8 – Reclassifications Out of Accumulated Other Comprehensive Income

The following table presents the details regarding amounts reclassified out of accumulated other comprehensive income for the three and nine months ended September 30, 2015 and 2014 *(in thousands)*.

Details about Accumulated Other Comprehensive Income Components	Amounts Reclassified from Accumulated Other Comprehensive Income For the Three Months Ended September 30, 2015	2014	For the Nine Months Ended September 30, 2015	2014	Affected Line Item in the Statement Where Net Income is Presented
Realized gains on sales of available-for-sale securities:					
	$ 325	$ 11	$ 1,877	$ 4,663	Securities gains, net
	(121)	(4)	(724)	(1,821)	Tax expense

	$ 204	$ 7	$ 1,153	$ 2,842	Net of tax
Amortization of (losses) gains included in net income on available-for-sale securities transferred to held to maturity:					
	$ (269)	$ (468)	$ (1,041)	$ (1,207)	Investment securities interest revenue
	99	176	387	453	Tax benefit
	$ (170)	$ (292)	$ (654)	$ (754)	Net of tax
Gains included in net income on derivative financial instruments accounted for as cash flow hedges:					
Effective portion of interest rate contracts	$ -	$ (317)	$ -	$ (764)	Time deposit interest expense
Amortization of losses on de-designated positions	(15)	-	(93)	-	Deposits in banks and short-term investmens in interest revenue
Amortization of losses on de-designated positions	(237)	(81)	(502)	(105)	Money market deposit interest expense
Amortization of losses on de-designated positions	(298)	-	(835)	-	Federal Home Loan Bank advances interest expense
Amortization of losses on de-designated positions	-	(313)	-	(512)	Time deposit interest expense
	(550)	(711)	(1,430)	(1,381)	Total before tax
	214	277	556	538	Tax benefit
	$ (336)	$ (434)	$ (874)	$ (843)	Net of tax
Amortization of prior service cost and actuarial losses included in net periodic pension cost for defined benefit pension plan					
Prior service cost	$ (91)	$ (91)	$ (274)	$ (274)	Salaries and employee benefits expense
Actuarial losses	(68)	-	(204)	-	Salaries and employee benefits expense
	(159)	(91)	(478)	(274)	Total before tax
	62	36	186	107	Tax benefit
	$ (97)	$ (55)	$ (292)	$ (167)	Net of tax
Total reclassifications for the period	$ (399)	$ (774)	$ (667)	$ 1,078	Net of tax

Amounts shown above in parentheses reduce earnings

Note 9 – Earnings Per Share

United is required to report on the face of the consolidated statement of income, earnings per common share with and without the dilutive effects of potential common stock issuances from instruments such as options, convertible securities and warrants. Basic earnings per common share is based on the weighted average number of common shares outstanding during the period while the effects of potential common shares outstanding during the period are included in diluted earnings per common share.

During the three and nine months ended September 30, 2015 and 2014, United accrued dividends on preferred stock as shown in the following table *(in thousands)*.

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	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Series H - 1% until March 15, 2016, subject to change based on Qualified Small Business Lending, 9% thereafter	$ 25	$ -	$42	$-
Series B - 5% fixed until December 6, 2013, 9% thereafter	-	-	-	159
Series D - LIBOR plus 9.6875%, resets quarterly	-	-	-	280
Total preferred stock dividends	$ 25	$ -	$42	$439

All preferred stock dividends are payable quarterly.

The preferred stock dividends were subtracted from net income in order to arrive at net income available to common shareholders.

The following table sets forth the computation of basic and diluted earnings per share for the three and nine months ended September 30, 2015 and 2014 *(in thousands, except per share data)*.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Net income available to common shareholders	$ 17,862	$ 17,616	$ 53,328	$ 48,934
Weighted average shares outstanding:				
Basic	66,294	60,776	63,297	60,511
Effect of dilutive securities				
Stock options	6	3	5	2
Diluted	66,300	60,779	63,302	60,513
Net income per common share:				
Basic	$ .27	$ .29	$ .84	$ .81
Diluted	$ .27	$ .29	$ .84	$ .81

At September 30, 2015, United had the following potentially dilutive stock options and warrants outstanding: a warrant to purchase 219,909 shares of common stock at $61.40 per share; 255,229 shares of common stock issuable upon exercise of stock options granted to employees with a weighted average exercise price of $90.10; and 735,280 shares of common stock issuable upon completion of vesting of restricted stock unit awards.

At September 30, 2014, United had the following potentially dilutive stock options and warrants outstanding: a warrant to purchase 219,909 common shares at $61.40 per share originally issued to the U.S. Treasury; 305,291 common shares issuable upon exercise of stock options granted to employees with a weighted average exercise price of $95.98; 801,334 shares issuable upon completion of vesting of restricted stock awards; and warrants to purchase common stock equivalent junior preferred stock that would be convertible into 1,411,765 common shares exercisable at $21.25 per share granted to Fletcher International Ltd. (“Fletcher”) in connection with a 2010 asset purchase and sale agreement. United repurchased the warrant from Fletcher in the fourth quarter of 2014.

Note 10 – Derivatives and Hedging Activities

Risk Management Objective of Using Derivatives

United is exposed to certain risks arising from both its business operations and economic conditions. United principally manages its exposures to a wide variety of business and operational risks through management of its core business activities. United manages interest rate risk primarily by managing the amount, sources, and duration of its investment securities portfolio and wholesale funding and through the use of derivative financial instruments. Specifically, United enters into derivative financial instruments to manage exposures that arise from business activities that result in the receipt or payment of future known and uncertain cash amounts, the value of which are determined by interest rates. Derivative financial instruments are used to manage differences in the amount, timing, and duration of known or expected cash receipts and its known or expected cash payments principally related to loans, investment securities, wholesale borrowings and deposits.

In conjunction with the FASB’s fair value measurement guidance, United made an accounting policy election to measure the credit risk of its derivative financial instruments that are subject to master netting agreements on a gross basis.

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The table below presents the fair value of United's derivative financial instruments as well as their classification on the consolidated balance sheet as of September 30, 2015, December 31, 2014 and September 30, 2014 *(in thousands).*

Derivatives designated as hedging instruments under ASC 815

Interest Rate Products	Balance Sheet Location	Fair Value September 30, 2015	December 31, 2014	September 30, 2014
Cash flow hedge of money market deposits	Derivative assets	$ -	$ -	$ 1,349
Fair value hedge of brokered CD's	Derivative assets	118	-	-
		$ 118	$ -	$ 1,349
Cash flow hedge of money market deposits	Derivative liabilities	$ -	$ 350	$ -
Fair value hedge of brokered CD's	Derivative liabilities	1,128	5,817	10,201
Fair value hedge of corporate bonds	Derivative liabilities	395	-	-
		$ 1,523	$ 6,167	$ 10,201

Derivatives not designated as hedging instruments under ASC 815

Interest Rate Products	Balance Sheet Location	Fair Value September 30, 2015	December 31, 2014	September 30, 2014
Customer swap positions	Derivative assets	$ 5,234	$ 3,433	$ 2,067
Dealer offsets to customer swap positions	Derivative assets	-	128	475
Mortgage banking - loan commitment	Derivative assets	384	-	-
Bifurcated embedded derivatives	Derivative assets	6,455	12,262	14,780
Offsetting positions for de-designated cash flow hedges	Derivative assets	7,715	4,776	3,550
		$ 19,788	$ 20,599	$ 20,872
Customer swap positions	Derivative liabilities	$ 5,270	$ 129	$ 475
Dealer offsets to customer swap positions	Derivative liabilities	-	3,456	2,087
Mortgage banking - forward sales commitment	Derivative liabilities	91	-	-
Dealer offsets to bifurcated embedded derivatives	Derivative liabilities	12,800	17,467	19,858
De-designated cash flow hedges	Derivative liabilities	7,717	4,778	3,550
		$ 25,878	$ 25,830	$ 25,970

Derivative contracts that are not accounted for as hedging instruments under ASC 815, *Derivatives and Hedging,* and are described as "customer derivatives," are between United and certain commercial loan customers with offsetting positions to dealers under a back-to-back swap program. United also has three interest rate swap contracts that are not designated as hedging instruments but are economic hedges of market linked brokered certificates of deposit. The market linked brokered certificates of deposit contain embedded derivatives that are bifurcated from the host instruments and marked to market through earnings. The marks on the market linked swaps and the bifurcated embedded derivatives tend to move in opposite directions with changes in 90-day LIBOR and therefore provide an effective economic hedge.

In addition, United originates certain residential mortgage loans with the intention of selling these loans. Between the time United enters into an interest-rate lock commitment to originate a residential mortgage loan that is to be held for sale and the time the loan is funded and eventually sold, the Company is subject to the risk of variability in market prices. United also enters into forward sale agreements to mitigate risk and to protect the expected gain on the eventual loan sale. Most of this activity is on a matched basis, with a loan sale commitment hedging a specific loan. The commitments to originate residential mortgage loans and forward loan sales commitments are freestanding derivative instruments. The underlying loans are accounted for under the lower of cost or fair value method and are not reflected in the table above. Fair value adjustments on these derivative instruments are recorded within mortgage loan and other related fee income in the consolidated statement of income.

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Cash Flow Hedges of Interest Rate Risk

United's objectives in using interest rate derivatives are to add stability to net interest revenue and to manage its exposure to interest rate movements. To accomplish this objective, United uses interest rate swaps as part of its interest rate risk management strategy. United's interest rate swaps designated as cash flow hedges involved the payment of fixed-rate amounts to a counterparty in exchange for United receiving variable-rate payments over the life of the agreements without exchange of the underlying notional amount. United's cash flow hedges were for the purpose of converting variable rate deposits and wholesale borrowings to the economic equivalent of a fixed rate to protect United in a rising rate environment. At September 30, 2015 United did not have any active cash flow hedges. At December 31, 2014, United had one swap contract outstanding with a total notional amount of $175 million that was designated as a cash flow hedge of indexed money market accounts. At September 30, 2014, United had two swap contracts outstanding with a total notional amount of $275 million that were designated as cash flow hedges of indexed money market accounts. During the second and fourth quarters of 2014, United de-designated swaps with a notional of $500 million and put on offsetting positions which had a similar effect to terminating the positions. In addition, in the first quarter of 2015, United terminated its one remaining cash flow hedge with a notional of $175 million. Changes in United's balance sheet composition and interest rate risk position made the hedges no longer necessary as protection against rising interest rates. The loss remaining in other comprehensive income on the de-designated swaps is being amortized into earnings over the original term of the swaps as the forecasted transactions that the swaps were originally designated to hedge are still expected to occur.

The effective portion of changes in the fair value of derivatives designated and that qualify as cash flow hedges is recorded in accumulated other comprehensive income and is subsequently reclassified into earnings in the period that the hedged forecasted transaction affects earnings. Amounts reported in accumulated other comprehensive income related to derivatives will be reclassified to interest expense when the swaps become effective, as interest payments are made on United's LIBOR based, variable-rate wholesale borrowings and indexed deposit accounts. United expects that $1.93 million will be reclassified as an increase to deposit interest expense over the next twelve months related to these cash flow hedges.

The table below presents the effect of United's cash flow hedges on the consolidated statement of operations for the three and nine months ended September 30, 2015 and 2014 *(in thousands)*.

	Amount of Gain (Loss) Recognized in Other	Gain (Loss) Reclassified from Accumulated Other Comprehensive Income into	Gain (Loss) Recognized in Income on Derivative (Ineffective Portion)

	Comprehensive Income on Derivative (Effective Portion)		Income (Effective Portion)					
	2015	2014	Location	2015	2014	Location	2015	2014
Three Months Ended September 30,								
Interest rate swaps	$ -	$ 412	Interest expense	$ (550)	$ (711)	Interest expense	$ -	$ 12
Nine Months Ended September 30,								
Interest rate swaps	$ (471)	$ (5,967)	Interest expense	$ (1,430)	$ (1,381)	Interest expense	$ (7)	$ (73)

Fair Value Hedges of Interest Rate Risk

United is exposed to changes in the fair value of certain of its fixed rate obligations due to changes in interest rates. United uses interest rate swaps to manage its exposure to changes in fair value on these instruments attributable to changes in interest rates. Interest rate swaps designated as fair value hedges of brokered deposits involve the receipt of fixed-rate amounts from a counterparty in exchange for United making variable rate payments over the life of the agreements without the exchange of the underlying notional amount. Interest rate swaps designated as fair value hedges of fixed rate investments involve the receipt of variable-rate payments from a counterparty in exchange for United making fixed rate payments over the life of the instrument without the exchange of the underlying notional amount. At September 30, 2015, United had 14 interest rate swaps with an aggregate notional amount of $174 million that were designated as fair value hedges of interest rate risk and were pay-variable / receive-fixed swaps hedging the changes in the fair value of fixed rate brokered time deposits resulting from changes in interest rates. Also at September 30, 2015, United had one interest rate swap with a notional of $30 million that was designated as a pay-fixed / receive variable fair value hedge of changes in the fair value of a fixed rate corporate bond. At September 30, 2014, United had 16 interest rate swaps with an aggregate notional amount of $199 million that were designated as fair value hedges of interest rate risk. These contracts were pay-variable / receive-fixed swaps hedging changes in the fair value of fixed rate brokered time deposits resulting from changes in interest rates.

For derivatives designated and that qualify as fair value hedges, the gain or loss on the derivative as well as the offsetting loss or gain on the hedged item attributable to the hedged risk are recognized in earnings. United includes the gain or loss on the hedged items in the same income statement line item as the offsetting loss or gain on the related derivatives. During the three and nine months ended September 30, 2015, United recognized net gains of $14,000 and $184,000, respectively, and during the three and nine months ended September 30, 2014, United recognized net losses of $312,000 and $937,000, respectively, related to ineffectiveness in the fair value hedging relationships. United also recognized net reductions of interest expense of $1.12 million and $3.39 million, respectively, for the three and nine months ended September 30, 2015 and net reductions of interest expense of $1.04 million and $3.47 million, respectively, for the three and nine months ended September 30, 2014 related to United’s fair value hedges of brokered time deposits, which includes net settlements on the derivatives. United recognized reductions of interest revenue on securities during the three and nine months ended September 30, 2015 of $142,000 and $361,000, respectively, and a reduction of interest revenue on securities during the nine months ended September 30, 2014 of $955,000 related to United's fair value hedges of corporate bonds that were terminated in the second quarter of 2014.

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The table below presents the effect of United's derivatives in fair value hedging relationships on the consolidated statement of operations for the three and nine months ended September 30, 2015 and 2014 *(in thousands)*.

	Location of Gain (Loss) Recognized in Income on Derivative	Amount of Gain (Loss) Recognized in Income on Derivative		Amount of Gain (Loss) Recognized in Income on Hedged Item	
		2015	2014	2015	2014
Three Months Ended September 30,					
Fair value hedges of brokered CD's	Interest expense	$ 4,374	$ (37)	$ (4,247)	$ (275)
Fair value hedges of corporate bonds	Interest revenue	(1,365)	-	1,252	-
		$ 3,009	$ (37)	$ (2,995)	$ (275)
Nine Months Ended September 30,					
Fair value hedges of brokered CD's	Interest expense	$ 3,599	$ 10,078	$ (3,365)	$ (10,691)
Fair value hedges of corporate bonds	Interest revenue	(395)	(2,487)	345	2,163
		$ 3,204	$ 7,591	$ (3,020)	$ (8,528)

In certain cases, the estate of deceased brokered certificate of deposit holders may put the certificate of deposit back to the issuing bank at par upon the death of the holder. When these estate puts occur, a gain or loss is recognized for the difference between the fair value and the par amount of the deposits put back. The change in the fair value of brokered time deposits that are being hedged in fair value hedging relationships reported in the table above includes gains and losses from estate puts and such gains and losses are included in the amount of reported ineffectiveness gains or losses.

Credit-Risk-Related Contingent Features

United manages its credit exposure on derivatives transactions by entering into a bilateral credit support agreement with each counterparty. The credit support agreements require collateralization of exposures beyond specified minimum threshold amounts. The details of these agreements, including the minimum thresholds, vary by counterparty. As of September 30, 2015, collateral totaling $28.2 million was pledged toward derivatives in a liability position.

United's agreements with each of its derivative counterparties contain a provision where if either party defaults on any of its indebtedness, then it could also be declared in default on its derivative obligations. The agreements with derivatives counterparties also include provisions that if not met, could result in United being declared in default. United has agreements with certain of its derivative counterparties that contain a provision where if United fails to maintain its status as a well-capitalized institution or is subject to a prompt corrective action directive, the counterparty could terminate the derivative positions and United would be required to settle its obligations under the agreements.

Note 11 – Stock-Based Compensation

United has an equity compensation plan that allows for grants of incentive stock options, nonqualified stock options, restricted stock and restricted stock unit awards (also referred to as "nonvested stock" awards), stock awards, performance share awards or stock appreciation rights. Options granted under the plan can have an exercise price no less than the fair market value of the underlying stock at the date of grant. The general terms of the plan include a vesting period (usually four years) with an exercisable period not to exceed ten years. Certain options, restricted stock and restricted stock unit awards provide for accelerated vesting if there is a change in control (as defined in the plan). As of September 30, 2015, 212,000 additional awards could be granted under the plan. Through September 30, 2015, incentive stock options, nonqualified stock options, restricted stock and restricted stock unit awards, base salary stock grants and performance share awards have been granted under the plan.

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The following table shows stock option activity for the first nine months of 2015.

Options	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (Years)	Aggregate Intrinisic Value ($000)
Outstanding at December 31, 2014	313,555	$ 93.40		
Expired	(45,866)	108.93		
Forfeited	(12,460)	103.97		
Outstanding at September 30, 2015	255,229	90.10	2.6	$ 157
Exercisable at September 30, 2015	242,729	93.89	2.3	107

The fair value of each option is estimated on the date of grant using the Black-Scholes model. No stock options were granted during the nine months ended September 30, 2015 and 2014.

Most of United’s outstanding stock options were granted prior to the economic downturn during which time United’s stock price decreased sharply. The lower stock price has rendered most of United’s outstanding options severely out of the money and potentially worthless to the grantee. Therefore, historical exercise patterns do not provide a reasonable basis for determining the expected life of new option grants. United therefore uses the formula provided by the SEC in ASC Topic 718-10-S99 to determine the expected life of options.

United recognized $28,000 and $5,000, respectively, in compensation expense related to stock options during the nine months ended September 30, 2015 and 2014. The amount of compensation expense was determined based on the fair value of the options at the time of grant, multiplied by the number of options granted that were expected to vest, which was then amortized over the vesting period. The forfeiture rate for new options issued is estimated to be approximately 3% per year. No options were exercised during the first nine months of 2015 or 2014.

The table below presents restricted stock units activity for the first nine months of 2015.

Restricted Stock Unit Awards	Shares	Weighted-Average Grant-Date Fair Value
Outstanding at December 31, 2014	829,201	$ 14.76
Granted	257,789	18.60
Vested	(298,165)	13.93
Cancelled	(53,545)	15.26
Outstanding at September 30, 2015	735,280	16.41
Vested at September 30, 2015	1,170	10.69

Compensation expense for restricted stock units is based on the fair value of restricted stock unit awards at the time of grant, which is equal to the value of United’s common stock on the date of grant. The value of restricted stock unit awards that are expected to vest is amortized into expense over the vesting period. For the nine months ended September 30, 2015 and 2014, compensation expense of $3.22 million and $3.23 million, respectively, was recognized related to restricted stock unit awards. In addition, for the nine months ended September 30, 2015 and 2014, $95,000 and $76,000, respectively, was recognized in other operating expense for restricted stock unit awards granted to members of United’s board of directors. The total intrinsic value of outstanding restricted stock unit awards was $15.0 million at September 30, 2015.

As of September 30, 2015, there was $10.2 million of unrecognized compensation cost related to non-vested stock options and restricted stock unit awards granted under the plan. That cost is expected to be recognized over a weighted-average period of 2.64 years. The aggregate grant date fair value of options and restricted stock unit awards that vested during the nine months ended September 30, 2015, was $4.11 million.

UNITED COMMUNITY BANKS, INC. AND SUBSIDIARIES

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Note 12 – Common and Preferred Stock Issued / Common Stock Issuable

United sponsors a Dividend Reinvestment and Share Purchase Plan ("DRIP") that allows participants who already own United's common stock to purchase additional shares directly from United. The DRIP also allows participants to automatically reinvest their quarterly dividends in additional shares of common stock without a commission. No shares were issued through the DRIP in the first nine months of 2014. The DRIP, which was suspended during the first six months of 2014, was re-activated following United's reinstatement of its quarterly dividend in the second quarter of 2014. In the nine months ended September 30, 2015, 1,564 shares were issued through the DRIP.

United's 401(k) Plan has routinely purchased shares of United's common stock directly from United. Effective January 1, 2015, the 401(k) Plan discontinued offering shares of United's common stock as an investment option. During the nine months ended September 30, 2014, United's 401(k) Plan purchased 17,373 shares directly from United at the average of the high and low stock prices on the transaction dates which increased capital by $297,000.

In addition, United has an Employee Stock Purchase Program ("ESPP") that allows eligible employees to purchase shares of common stock at a 5% discount, with no commission charges. Effective January 1, 2015, the discount was increased to 10% on purchases made through the ESPP. During the first nine months of 2015 and 2014, United issued 10,197 shares and 7,911 shares, respectively, through the ESPP.

United offers its common stock as an investment option in its deferred compensation plan. United also allows for the deferral of restricted stock unit awards. The common stock component of the deferred compensation plan is accounted for as an equity instrument and is reflected in the consolidated financial statements as common stock issuable. The deferred compensation plan does not allow for diversification once an election is made to invest in United's common stock and settlement must be accomplished in shares at the time the deferral period is completed. At September 30, 2015 and 2014, 454,870 and 354,961 shares of common stock, respectively, were issuable under the deferred compensation plan.

As discussed in Note 3, on May 1, 2015, the Company completed its previously announced acquisition of Moneytree. Upon completion of the acquisition, each share of preferred stock issued by MoneyTree as part of the SBLF program of the United States Department of Treasury (9,992 shares in the aggregate with a liquidation preference amount of $1,000 per share) was converted automatically into one substantially identical share of preferred stock of the Company with a liquidation preference amount of $1,000 per share, designated as the Company's Non-Cumulative

Perpetual Preferred Stock, Series H. The SBLF Preferred Shares have terms and conditions identical to those shares of preferred stock issued by MoneyTree to the Treasury. United will pay noncumulative dividends quarterly. The current dividend rate is 1.00% per annum through March 15, 2016. Following this date, the dividend rate will increase to 9% per annum thereafter.

The SBLF Preferred Shares may be redeemed at any time at the option of United, subject to the approval of the appropriate federal banking agency. All redemptions must be made at a per share redemption price equal to 100% of the liquidation preference, plus accrued and unpaid dividends as of the date of the redemption ("Redemption Date") for the quarter that includes the Redemption Date, and a pro rata portion of any lending incentive fee. All redemptions must be in amounts equal to at least 25% of the number of originally issued shares, or 100% of the then outstanding shares, if less than 25% of the number of originally issued shares.

In the first quarter of 2014, United redeemed all of its outstanding Series B and D preferred stock. The preferred stock was redeemed at par and did not result in any gain or loss. The redemptions were funded from a combination of dividends from United Community Bank and cash on hand.

Note 13 – Income Taxes

The income tax provision for the three and nine months ended September 30, 2015 was $10.9 million and $32.4 million, respectively, which represents an effective tax rate of 37.8% for each period. The income tax provision for the three and nine months ended September 30, 2014 was $9.99 million and $28.7 million, respectively, which represents effective tax rates of 36.2% and 36.7%, respectively, for each period. At September 30, 2015, December 31, 2014 and September 30, 2014, United maintained a valuation allowance on its net deferred tax asset of $4.58 million, $4.12 million and $4.45 million, respectively. Management assesses the valuation allowance recorded against its net deferred tax asset at each reporting period. The determination of whether a valuation allowance for its net deferred tax asset is appropriate is subject to considerable judgment and requires an evaluation of all the positive and negative evidence.

United evaluated the need for a valuation allowance at September 30, 2015. Based on the assessment of all the positive and negative evidence, management concluded that it is more likely than not that nearly all of its net deferred tax asset will be realized based upon future taxable income. The remaining valuation allowance of $4.58 million is related to specific state income tax credits that have short carryforward periods and are expected to expire unused.

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The valuation allowance could fluctuate in future periods based on the assessment of the positive and negative evidence. Management's conclusion at September 30, 2015 that it was more likely than not that United's net deferred tax asset of $197 million will be realized is based upon management's estimate of future taxable income. Management's estimate of future taxable income is based on internal forecasts that consider historical performance, various internal estimates and assumptions, as well as certain external data all of which management believes to be reasonable although inherently subject to significant judgment. If actual results differ significantly from the current estimates of future taxable income, even if caused by adverse macro-economic conditions, the valuation allowance may need to be increased for some or all of its net deferred tax asset. Such an increase to the net deferred tax asset valuation allowance could have a material adverse effect on United's financial condition and results of operations.

United is subject to income taxation in the United States and various state jurisdictions. United's federal and state income tax returns are filed on a consolidated basis. Currently, no years for which United filed a federal income tax return are under examination by the IRS, and there are no state tax examinations currently in progress. United is no longer subject to income tax examinations from state and local income tax authorities for years before 2012. Although United is unable to determine the ultimate outcome of future examinations, United believes that the liability recorded for uncertain tax positions is appropriate.

At September 30, 2015, December 31, 2014 and September 30, 2014, unrecognized income tax benefits totaled $3.88 million, $4.20 million and $4.10 million, respectively.

Note 14 – Assets and Liabilities Measured at Fair Value

Fair value measurements are determined based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurements, United uses a fair value hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Levels 1 and 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy). United has processes in place to review the significant valuation inputs and to reassess how the instruments are classified in the valuation framework.

Fair Value Hierarchy

Level 1 Valuation is based upon quoted prices (unadjusted) in active markets for identical assets or liabilities that United has the ability to access.

Level 2 Valuation is based upon quoted prices for similar assets and liabilities in active markets, as well as inputs that are observable for the asset or liability (other than quoted prices), such as interest rates, foreign exchange rates, and yield curves that are observable at commonly quoted intervals.

Level 3 Valuation is generated from model-based techniques that use at least one significant assumption based on unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity. In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. United's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the asset or liability.

The following is a description of the valuation methodologies used for assets and liabilities recorded at fair value.

<u>Securities Available-for-Sale</u>

Investment securities available-for-sale are recorded at fair value on a recurring basis. Fair value measurement is based upon quoted prices, if available. If quoted prices are not available, fair values are measured using independent pricing models or other model-based valuation techniques such as the present value of future cash flows, adjusted for the security's credit rating, prepayment assumptions and other factors such as credit loss assumptions. Level 1 securities include those traded on an active exchange, such as the New York Stock Exchange, U.S. Treasury securities that are traded by dealers or brokers in active over-the-counter markets and money market funds. Level 2 securities include mortgage-backed securities issued by government sponsored entities, municipal bonds, corporate debt securities and asset-backed securities and are valued based on observable inputs that include: quoted market prices for similar assets, quoted market prices that are not in an active market, or other inputs that are observable in the market and can be corroborated by observable market data for substantially the full term of the securities. Securities classified as Level 3 include asset-backed securities in less liquid markets. Securities classified as Level 3 are valued based on estimates obtained from broker-dealers and are not directly observable.

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Deferred Compensation Plan Assets and Liabilities

Included in other assets in the Consolidated Balance Sheet are assets related to employee deferred compensation plans. The assets associated with these plans are invested in mutual funds and classified as Level 1. Deferred compensation liabilities, also classified as Level 1, are carried at the fair value of the obligation to the employee, which mirrors the fair value of the invested assets and is included in other liabilities in the consolidated balance sheet.

Mortgage Loans Held for Sale

Mortgage loans held for sale are carried at the lower of cost or fair value. The fair value of mortgage loans held for sale is based on what secondary markets are currently offering for mortgage loans with similar characteristics.

Loans

United does not record loans at fair value on a recurring basis. However, from time to time, a loan is considered impaired and an allowance for loan losses is established. Loans for which it is probable that payment of interest and principal will not be made in accordance with the contractual terms of the loan agreement are considered impaired. Once a loan is identified as individually impaired, management measures impairment based on the present value of expected future cash flows discounted at the loan's effective interest rate, except that as a practical expedient, a creditor may measure impairment based on a loan's observable market price, or the fair value of the collateral if repayment of the loan is dependent upon the sale of the underlying collateral. Those impaired loans not requiring an allowance represent loans for which the fair value of the expected repayments or collateral exceed the recorded investments in such loans. In accordance with ASC 820, impaired loans where an allowance is established based on the fair value of collateral require classification in the fair value hierarchy. When the fair value of the collateral is based on an observable market price or a current appraised value, United records the impaired loan as nonrecurring Level 2. When an appraised value is not available or management determines the fair value of the collateral is further impaired below the appraised value and there is no observable market price, United records the impaired loan as nonrecurring Level 3.

Foreclosed Assets

Foreclosed assets are adjusted to fair value, less cost to sell, upon transfer of the loans to foreclosed assets. Subsequently, foreclosed assets are carried at the lower of carrying value or fair value. Fair value is based upon independent market prices, appraised values of the collateral or management's estimation of the value of the collateral. When the fair value of the collateral is based on an observable market price or a current appraised value, United records the foreclosed asset as nonrecurring Level 2. When an appraised value is not available or management determines the fair value of the collateral is further impaired below the appraised value and there is no observable market price, United records the foreclosed asset as nonrecurring Level 3.

Derivative Financial Instruments

United uses interest rate swaps and interest rate floors to manage its interest rate risk. The valuation of these instruments is typically determined using widely accepted valuation techniques including discounted cash flow analysis on the expected cash flows of each derivative. This analysis reflects the contractual terms of the derivatives, including the period to maturity, and uses observable market-based inputs, including interest rate curves and implied volatilities. The fair values of interest rate swaps are determined using the market standard methodology of netting the discounted future fixed cash receipts and the discounted expected variable cash payments. The variable cash payments are based on an expectation of future interest rates (forward curves) derived from observable market interest rate curves. United also uses best effort and mandatory delivery forward loan sale commitments to hedge risk in its mortgage lending business.

To comply with the provisions of ASC 820, United incorporates credit valuation adjustments to appropriately reflect both its own nonperformance risk and the respective counterparty's nonperformance risk in the fair value measurements. In adjusting the fair value of its derivative contracts for the effect of nonperformance risk, United has considered the effect of netting and any applicable credit enhancements, such as collateral postings, thresholds, mutual puts, and guarantees.

Although management has determined that the majority of the inputs used to value its derivatives fall within Level 2 of the fair value hierarchy, the credit valuation adjustments associated with its derivatives utilize Level 3 inputs, such as estimates of current credit spreads to evaluate the likelihood of default by itself and its counterparties. However, as of September 30, 2015, management had assessed the significance of the effect of the credit valuation adjustments on the overall valuation of its derivative positions and has determined that the credit valuation adjustments are not significant to the overall valuation of its derivatives. Additionally, in the review of the structured derivative inputs, it was determined that the broker quotes, used as a key valuation input, were not observable consistent with a level 2 disclosure. This resulted in United transferring those derivatives to Level 3 in the ASC 820 leveling disclosures as of December 31, 2014. The fair value of interest rate lock commitments, which are related to mortgage loan commitments and are categorized as Level 3, are based on quoted market prices adjusted for commitments that United does not expect to fund.

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Servicing Rights for Government Guaranteed Loans

United recognizes servicing rights upon the sale of government guaranteed loans sold with servicing retained. This asset is recorded at fair value on recognition, and management has elected to carry this asset at fair value for subsequent reporting. Given the nature of the asset, the key valuation inputs are unobservable and management classifies this asset as Level 3.

Assets and Liabilities Measured at Fair Value on a Recurring Basis

The table below presents United's assets and liabilities measured at fair value on a recurring basis as of September 30, 2015, December 31, 2014 and September 30, 2014, aggregated by the level in the fair value hierarchy within which those measurements fall *(in thousands)*.

September 30, 2015	Level 1	Level 2	Level 3	Total
Assets:				
Securities available for sale:				
U.S. Treasuries	$164,227	$-	$-	$164,227
U.S. Government agencies	-	101,770	-	101,770
State and political subdivisions	-	36,378	-	36,378
Mortgage-backed securities	-	1,119,681	-	1,119,681
Corporate bonds	-	206,940	750	207,690
Asset-backed securities	-	468,256	-	468,256
Other	-	1,866	-	1,866
Deferred compensation plan assets	3,290	-	-	3,290
Servicing rights for government guaranteed loans	-	-	3,331	3,331
Derivative financial instruments	-	13,067	6,839	19,906
Total assets	$167,517	$1,947,958	$10,920	$2,126,395
Liabilities:				
Deferred compensation plan liability	$3,290	$-	$-	$3,290
Derivative financial instruments	-	14,601	12,800	27,401
Total liabilities	$3,290	$14,601	$12,800	$30,691

December 31, 2014	Level 1	Level 2	Level 3	Total
Assets:				
Securities available for sale:				
U.S. Treasuries	$105,709	$-	$-	$105,709
U.S. Government agencies	-	36,299	-	36,299
State and political subdivisions	-	20,233	-	20,233
Mortgage-backed securities	-	996,820	-	996,820
Corporate bonds	-	164,878	750	165,628
Asset-backed securities	-	455,928	-	455,928
Other	-	2,117	-	2,117
Deferred compensation plan assets	3,864	-	-	3,864
Servicing rights for government guaranteed loans		-	2,551	2,551
Derivative financial instruments	-	8,337	12,262	20,599
Total assets	$109,573	$1,684,612	$15,563	$1,809,748
Liabilities:				
Deferred compensation plan liability	$3,864	$-	$-	$3,864
Derivative financial instruments	-	13,018	18,979	31,997
Total liabilities	$3,864	$13,018	$18,979	$35,861

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September 30, 2014	Level 1	Level 2	Level 3	Total
Assets:				
Securities available for sale:				
U.S. Treasuries	$-	$105,022	$-	$105,022
State and political subdivisions	-	20,321	-	20,321
Mortgage-backed securities	-	1,034,992	-	1,034,992
Corporate bonds	-	164,952	300	165,252
Asset-backed securities	-	462,044	-	462,044
Other	-	2,036	-	2,036
Deferred compensation plan assets	3,734	-	-	3,734
Derivative financial instruments	-	22,221	-	22,221
Total assets	$3,734	$1,811,588	$300	$1,815,622
Liabilities:				
Deferred compensation plan liability	$3,734	$-	$-	$3,734
Brokered certificates of deposit	-	175,053	-	175,053
Derivative financial instruments	-	36,171	-	36,171
Total liabilities	$3,734	$211,224	$-	$214,958

The following table shows a reconciliation of the beginning and ending balances for assets measured at fair value on a recurring basis using significant unobservable inputs that are classified as Level 3 values *(in thousands)*.

	2015				2014
	Derivative Asset	Derivative Liability	Servicing rights	Securities Available-for-Sale	Securities Available-for-Sale
Three Months Ended September 30,					
Balance at beginning of period	$11,531	$ 18,261	$ 3,118	$ 750	$ 300
Purchases	286	-	137	-	-
Additions	-	-	455	-	-
Sales and settlements	-	-	-	-	-
Amounts included in earnings - fair value adjustments	(4,978)	(5,461)	(379)	-	-
Balance at end of period	$6,839	$ 12,800	$ 3,331	$ 750	$ 300
Nine Months Ended September 30,					
Balance at beginning of period	$12,262	$ 18,979	$ 2,551	$ 750	$ 350
Purchases	286	-	137	-	-
Additions	-	-	1,087	-	-

Sales and settlements	-	-	-	-	(50)
Amounts included in earnings - fair value adjustments	(5,709)	(6,179)	(444)	-	-
Balance at end of period	$ 6,839	$ 12,800	$ 3,331	$ 750	$ 300

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The following table presents quantitative information about Level 3 fair value measurements for fair value on a recurring basis at September 30, 2015, December 31, 2014 and September 30, 2014 *(in thousands)*.

Level 3 Assets	2014 Fair Value September 30, 2015	December 31, 2014	September 30, 2014	Valuation Technique	Unobservable Inputs	Weighted Average September 30, 2015	December 31, 2014
Servicing Rights for Government Guaranteed Loans	$3,331	$ 2,551	$ -	Discounted cash flow	Discount rate	11.9 %	12.0 %
					Prepayment Rate	7.01 %	6.70 %
Corporate Bonds	750	750	300	Indicative bid provided by a broker	Multiple factors, including but not limited to, current operations, financial condition, cash flows, and recently executed financing transactions related to the company	N/A	N/A
Derivative assets	6,839	12,262	-	Dealer Priced	Dealer Priced	N/A	N/A
Derivative liabilities	12,800	18,979	-	Dealer Priced	Dealer Priced	N/A	N/A

Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis

United may be required, from time to time, to measure certain assets at fair value on a nonrecurring basis. These assets are not measured at fair value on a recurring basis, but are subject to fair value adjustments in certain circumstances. These adjustments to fair value usually result from the application of lower of amortized cost or fair value accounting or write-downs of individual assets due to impairment. The following table presents the fair value hierarchy and carrying value of all assets that were still held as of September 30, 2015, December 31, 2014 and September 30, 2014, for which a nonrecurring fair value adjustment was recorded during the periods presented *(in thousands)*.

September 30, 2015	Level 1	Level 2	Level 3	Total
Loans	$ -	$ -	$6,948	$6,948
December 31, 2014				
Loans	$ -	$ -	$7,317	$7,317
September 30, 2014				
Loans	$ -	$ -	$8,165	$8,165

Loans that are reported above as being measured at fair value on a nonrecurring basis are generally impaired loans that have either been partially charged off or have specific reserves assigned to them. Nonaccrual impaired loans that are collateral dependent are generally written down to 80% of appraised value which considers the estimated costs to sell. Specific reserves are established for impaired loans based on appraised value of collateral or discounted cash flows, although only those specific reserves based on the fair value of collateral are considered nonrecurring fair value adjustments. As discussed in Note 2, United retrospectively adopted ASU 2015-10 *Technical Corrections and Improvements* during second quarter 2015, which clarified the guidance for disclosure of nonrecurring fair value measurements and has been reflected in the disclosures presented in the table above.

Assets and Liabilities Not Measured at Fair Value

For financial instruments that have quoted market prices, those quotes are used to determine fair value. Financial instruments that have no defined maturity, have a remaining maturity of 180 days or less, or reprice frequently to a market rate, are assumed to have a fair value that approximates reported book value, after taking into consideration any applicable credit risk. If no market quotes are available, financial instruments are valued by discounting the expected cash flows using an estimated current market interest rate for the financial instrument. For off-balance sheet derivative instruments, fair value is estimated as the amount that United would receive or pay to terminate the contracts at the reporting date, taking into account the current unrealized gains or losses on open contracts.

United's cash and cash equivalents and repurchase agreements have short maturities and therefore the carrying value approximates fair value. The fair value of securities available-for-sale equals the balance sheet value. Due to the short-term settlement of accrued interest receivable and payable, the carrying amount closely approximates fair value.

Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instrument. These estimates do not reflect the premium or discount on any particular financial instrument that could result from the sale of United's entire holdings. Because no ready market exists for a significant portion of United's financial instruments, fair value estimates are based on many judgments. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

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Fair value estimates are based on existing on and off-balance sheet financial instruments without attempting to estimate the value of anticipated future business and the value of assets and liabilities that are not considered financial instruments. Significant assets and liabilities that are not considered financial instruments include the mortgage banking operation, brokerage network, deferred income taxes, premises and equipment and goodwill. In addition, the tax ramifications related to the realization of the unrealized gains and losses can have a significant effect on fair value estimates and have not been considered in the estimates.

Off-balance sheet instruments (commitments to extend credit and standby letters of credit) are generally short-term and at variable rates. Therefore, both the carrying amount and the estimated fair value associated with these instruments are immaterial.

The carrying amount and fair values for other financial instruments that are not measured at fair value on a recurring basis in United's balance sheet at September 30, 2015, December 31, 2014, and September 30, 2014 are as follows *(in thousands)*.

	Carrying	Fair Value Level			
September 30, 2015	Amount	Level 1	Level 2	Level 3	Total
Assets:					
Securities held to maturity	$357,549	$-	$368,096	$-	$368,096
Loans, net	5,954,523	-	-	5,947,615	5,947,615
Mortgage loans held for sale	23,088	-	23,605	-	23,605
Liabilities:					
Deposits	7,905,012	-	7,904,994	-	7,904,994
Federal Home Loan Bank advances	200,125	-	200,140	-	200,140
Long-term debt	165,620	-	-	167,340	167,340
December 31, 2014					
Assets:					
Securities held to maturity	415,267	-	425,233	-	425,233
Loans, net	4,600,500	-	-	4,549,027	4,549,027
Mortgage loans held for sale	13,737	-	14,139	-	14,139
Liabilities:					
Deposits	6,326,512	-	6,328,264	-	6,328,264

Federal Home Loan Bank advances	270,125	-	270,125	-	270,125
Long-term debt	129,865	-	-	132,814	132,814
September 30, 2014					
Assets:					
Securities held to maturity	432,418	-	440,311	-	440,311
Loans, net	4,496,958	-	-	4,437,039	4,437,039
Mortgage loans held for sale	20,004	-	20,253	-	20,253
Liabilities:					
Deposits	6,240,729	-	6,228,804	-	6,228,804
Federal Home Loan Bank advances	330,125	-	330,134	-	330,134
Long-term debt	129,865	-	-	132,636	132,636

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Notes to Consolidated Financial Statements

Note 15 – Commitments and Contingencies

United is party to financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit and letters of credit. These instruments involve, to varying degrees, elements of credit risk in excess of the amount recognized in the balance sheet. The contract amounts of these instruments reflect the extent of involvement United has in particular classes of financial instruments. The exposure to credit loss in the event of nonperformance by the other party to the financial instrument for commitments to extend credit and letters of credit written is represented by the contractual amount of these instruments. United uses the same credit policies in making commitments and conditional obligations as it uses for underwriting on-balance sheet instruments. In most cases, collateral or other security is required to support financial instruments with credit risk.

The following table summarizes, as of September 30, 2015, December 31, 2014 and September 30, 2014, the contractual amount of off-balance sheet instruments *(in thousands)*.

	September 30, 2015	December 31, 2014	September 30, 2014
Financial instruments whose contract amounts represent credit risk:			
Commitments to extend credit	$ 1,339,680	$ 878,160	$ 852,635
Letters of credit	21,977	19,861	20,534

United, in the normal course of business, is subject to various pending and threatened lawsuits in which claims for monetary damages are asserted. Although it is not possible to predict the outcome of these lawsuits, or the range of any possible loss, management, after consultation with legal counsel, does not anticipate that the ultimate aggregate liability, if any, arising from these lawsuits will have a material adverse effect on United’s financial position or results of operations.

Note 16 – Goodwill and Other Intangible Assets

The carrying amount of goodwill and other intangible assets is summarized below *(in thousands)*:

	September 30, 2015	December 31, 2014	September 30, 2014
Core deposit intangible	$ 49,772	$ 32,652	$ 32,652
Less: accumulated amortization	(31,923)	(30,520)	(30,233)
Total intangibles subject to amortization, net	17,849	2,132	2,419
Goodwill	123,566	1,509	1,491
Total goodwill and other intangible assets, net	$ 141,415	$ 3,641	$ 3,910

The following is a summary of changes in the carrying amounts of goodwill *(in thousands)*:

	For the Three Months Ended September 30,			For the Nine Months Ended September 30,		
2015	Goodwill	Accumulated Impairment Losses	Goodwill, net of Accumulated Impairment Losses	Goodwill	Accumulated Impairment Losses	Goodwill, net of Accumulated Impairment Losses
Balance, beginning of period	$ 320,117	$ (305,590)	$ 14,527	$ 307,099	$ (305,590)	$ 1,509
Acquisition of Palmetto	107,923	-	107,923	107,923	-	107,923
Acquisition of MoneyTree	1,116	-	1,116	14,134	-	14,134
Balance, end of period	$ 429,156	$ (305,590)	$ 123,566	$ 429,156	$ (305,590)	$ 123,566
2014						
Balance, beginning of period	$ 305,590	$ (305,590)	$ -	$ 305,590	$ (305,590)	$ -
Acquisition of Business Carolina, Inc.	1,491	-	1,491	1,491	-	1,491
Balance, end of period	$ 307,081	$ (305,590)	$ 1,491	$ 307,081	$ (305,590)	$ 1,491

UNITED COMMUNITY BANKS, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

The amortization expense for intangibles subject to amortization for the three and nine months ended September 30, 2015 was $714,000 and $1.4 million, respectively, which was recognized in operating expenses. The amortization expense for intangibles subject to amortization for the three and nine months ended September 30, 2014 was $313,000 and $1.06 million, respectively. The estimated aggregate amortization expense for future periods is as follows *(in thousands)*:

Year	
Remainder of 2015	$ 1,041
2016	3,875
2017	2,900
2018	2,310
2019	1,924
Thereafter	5,799
Total	$ 17,849

Note 17 – Long-term Debt

Long-term debt consisted of the following *(in thousands)*:

	September 30, 2015	December 31, 2014	September 30, 2014	Issue Date	Stated Maturity Date	Earliest Call Date	Interest Rate
2012 senior debentures	$ 35,000	$ 35,000	$ 35,000	2012	2017	2017	9.000%
2013 senior debentures	40,000	40,000	40,000	2013	2018	2015	6.000
2022 senior debentures	50,000	-	-	2015	2022	2020	5.000% through August 13, 2020, 3-month LIBOR plus 3.814% thereafter
2027 senior debentures	35,000	-	-	2015	2027	2025	5.500% through August 13, 2025 3-month LIBOR plus 3.71% thereafter

Total senior debentures	160,000	75,000	75,000				
United Community Capital Trust	-	21,650	21,650	1998	2028	2008	8.125
United Community Statutory Trust I	-	5,155	5,155	2000	2030	2010	10.600
United Community Capital Trust II	-	10,309	10,309	2000	2030	2010	11.295
Southern Bancorp Capital Trust I	4,382	4,382	4,382	2004	2034	2009	Prime + 1.00
United Community Statutory Trust II	-	12,131	12,131	2008	2038	2013	9.000
United Community Statutory Trust III	1,238	1,238	1,238	2008	2038	2013	Prime + 3.00
Total trust preferred securities	5,620	54,865	54,865				
Total long-term debt	$ 165,620	$ 129,865	$ 129,865				

Interest is currently paid semiannually for all senior debentures and trust preferred securities.

Senior Debentures

The 2012 senior debentures are not redeemable prior to maturity and will mature on October 15, 2017. The 2013 senior debentures are redeemable on or after August 13, 2015, at a redemption price equal to 100% of the principal amount plus any accrued and unpaid interest, and will mature on August 13, 2018 if not redeemed prior to that date. The 2022 senior debentures are redeemable, in whole or in part, on or after August 14, 2020 at a redemption price equal to 100% of the principal amount to be redeemed plus any accrued and unpaid interest, and will mature on February 14, 2022 if not redeemed prior to that date. The 2027 senior debentures are redeemable, in whole or in part, on or after August 14, 2025 at a redemption price equal to 100% of the principal amount to be redeemed plus any accrued and unpaid interest, and will mature on February 14, 2027 if not redeemed prior to that date.

Trust Preferred Securities

Trust preferred securities qualify as Tier 1 capital under risk based capital guidelines subject to certain limitations. The trust preferred securities are mandatorily redeemable upon maturity, or upon earlier redemption at a premium as provided in the indentures.

Note 18 – Subsequent Event

In October 2015, United announced its decision to exit its corporate healthcare lending business based in Nashville, Tennessee. In conjunction with the exit, United agreed to sell $190 million of corporate healthcare loans that were originated by United's Nashville-based healthcare team. United has also transferred the lease on its healthcare lending office in Nashville and the personnel there have become employees of the acquirer.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Forward-looking Statements

This Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, (the "Exchange Act"), about United and its subsidiaries. These forward-looking statements are intended to be covered by the safe harbor for forward-looking statements provided by the Private Securities Litigation Reform Act of 1995. Forward-looking statements are not statements of historical fact, and can be identified by the use of forward-looking terminology such as "believes", "expects", "may", "will", "could", "should", "projects", "plans", "goal", "targets", "potential", "estimates", "pro "intends", or "anticipates", the negative thereof or comparable terminology. Forward-looking statements include discussions of strategy, financial projections, guidance and estimates (including their underlying assumptions), statements regarding plans, objectives, expectations or consequences of various transactions or events, and statements about the future performance, operations, products and services of United and its subsidiaries. We caution our shareholders and other readers not to place undue reliance on such statements.

Our businesses and operations are and will be subject to a variety of risks, uncertainties and other factors. Consequently, actual results and experiences may differ materially from those contained in any forward-looking statements. Such risks, uncertainties and other factors that could cause actual results and experiences to differ from those projected include, but are not limited to, the risk factors set forth in our Annual Report on Form 10-K for the year ended December 31, 2014 as well as the following factors:

- the condition of the general business and economic environment;
- the results of our internal credit stress tests may not accurately predict the impact on our financial condition if the economy were to deteriorate;
- our ability to maintain profitability;
- our ability to fully realize the balance of our net deferred tax asset, including net operating loss carryforwards;
- the risk that we may be required to increase the valuation allowance on our net deferred tax asset in future periods;
- the condition of the banking system and financial markets;
- our ability to raise capital;
- our ability to maintain liquidity or access other sources of funding;
- changes in the cost and availability of funding;
- the success of the local economies in which we operate;
- our lack of geographic diversification;
- our concentrations of residential and commercial construction and development loans and commercial real estate loans are subject to unique risks that could adversely affect our earnings;
- changes in prevailing interest rates may negatively affect our net income and the value of our assets and other interest rate risks;
- our accounting and reporting policies;
- if our allowance for loan losses is not sufficient to cover actual loan losses;

- losses due to fraudulent and negligent conduct of our loan customers, third party service providers or employees;
- risks related to our communications and information systems, including risks with respect to cybersecurity breaches;
- our reliance on third parties to provide key components of our business infrastructure and services required to operate our business;
- competition from financial institutions and other financial service providers;
- risks with respect to our ability to successfully expand and complete acquisitions and integrate businesses and operations that are acquired;
- if the conditions in the stock market, the public debt market and other capital markets deteriorate;
- the impact of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 and related regulations;
- changes in laws and regulations or failures to comply with such laws and regulations;
- changes in regulatory capital and other requirements;
- the costs and effects of litigation, examinations, investigations, or similar matters, or adverse facts and developments related thereto, including possible dilution;
- regulatory or judicial proceedings, board resolutions, informal memorandums of understanding or formal enforcement actions imposed by regulators that may occur;
- changes in tax laws, regulations and interpretations or challenges to our income tax provision; and
- our ability to maintain effective internal controls over financial reporting and disclosure controls and procedures.

Additional information with respect to factors that may cause actual results to differ materially from those contemplated by such forward-looking statements may also be included in other reports that United files with the Securities and Exchange Commission (the "SEC"). United cautions that the foregoing list of factors is not exclusive and not to place undue reliance on forward-looking statements. United does not intend to update any forward-looking statement, whether written or oral, relating to the matters discussed in this Form 10-Q.

This statement has not been reviewed, or confirmed for accuracy or relevance, by the Federal Deposit Insurance Corporation.

Overview

The following discussion is intended to provide insight into the results of operations and financial condition of United Community Banks, Inc. ("United") and its subsidiaries and should be read in conjunction with United's consolidated financial statements and accompanying notes.

United is a bank holding company registered with the Board of Governors of the Federal Reserve under the Bank Holding Company Act of 1956 that was incorporated under the laws of the state of Georgia in 1987 and commenced operations in 1988. At September 30, 2015, United had total consolidated assets of $9.41 billion, total loans of $6.02 billion, total deposits of $7.91 billion, and shareholders' equity of $1.01 billion.

United conducts substantially all of its operations through its wholly-owned Georgia bank subsidiary, United Community Bank (the "Bank"), which as of September 30, 2015, operated at 133 locations throughout the Atlanta-Sandy Springs-Roswell, Georgia, and Gainesville, Georgia metropolitan statistical areas, upstate South Carolina, north and coastal Georgia, western North Carolina, and east Tennessee. Also, United has a commercial loan office in Charlotte, North Carolina.

On September 1, 2015, United completed the acquisition of Palmetto Bancshares, Inc. ("Palmetto") and its wholly-owned bank subsidiary The Palmetto Bank. On May 1, 2015, United completed the acquisition of MoneyTree Corporation ("MoneyTree") and its wholly-owned bank subsidiary First National Bank ("FNB"). The acquired entities' results are included in United's consolidated results beginning on the respective acquisition dates. Also included in management's discussion and analysis are certain non-GAAP (accounting principles generally accepted in the United States of America ("GAAP")) performance measures. United's management believes that non-GAAP performance measures are useful in analyzing United's financial performance trends and therefore this section will refer to non-GAAP performance measures. A reconciliation of these non-GAAP performance measures to GAAP performance measures is included in the table on page 48.

United reported net income of $17.9 million for the third quarter of 2015. This compared to net income of $17.6 million for the third quarter of 2014. Diluted earnings per common share were $.27 for the third quarter of 2015, compared to diluted earnings per common share of $.29 for the third quarter of 2014. The decrease in earnings per share results from $5.74 million in merger-related charges reported in the third quarter of 2015.

For the nine months ended September 30, 2015, United reported net income of $53.4 million. This compared to net income of $49.4 million for the first nine months of 2014. Diluted earnings per common share were $.84 for the nine months ended September 30, 2015, compared to diluted earnings per common share of $.81 for the nine months ended September 30, 2014.

Taxable equivalent net interest revenue increased to $65.7 million for the third quarter of 2015, compared to $57.0 million for the same period of 2014, primarily due to loan growth. Net interest margin decreased to 3.26% for the three months ended September 30, 2015 from 3.32% for the same period in 2014. For the nine months ended September 30, 2015, taxable equivalent net interest revenue was $185 million compared to $166 million for the same period of 2014, primarily due to loan growth and an increase in the net interest margin. Net interest margin increased to 3.29% for the nine months ended September 30, 2015 from 3.25% for the same period in 2014. In the second quarter of 2014, United executed a number of balance sheet management activities, including restructuring interest rate swaps, selling investment securities and repaying high cost wholesale borrowings with the intent of improving the net interest margin and increasing net interest revenue. These balance sheet management activities, along with strong loan growth over the last five quarters, had the desired effect of increasing net interest revenue and net interest margin.

United's provision for credit losses was $700,000 for the third quarter of 2015, compared to $2.0 million for the same period in 2014. Net charge-offs for the third quarter of 2015 were $1.42 million, compared to $3.16 million for the third quarter of 2014. Strong recoveries of previously charged-off loans drove net charge-offs down in the third quarter of 2015. For the nine months ended September 30, 2015, United's provision for loan losses was $3.40 million, compared to $6.70 million for the same period of 2014. United's credit quality indicators have shown improvement over the last five quarters leading to lower net charge offs and provisions for credit losses.

As of September 30, 2015, United's allowance for loan losses was $69.1 million, or 1.15% of loans, compared to $71.6 million, or 1.53% of loans, at December 31, 2014 and $71.9 million, or 1.57% of loans, at September 30, 2014. In accordance with the accounting guidance for business combinations, there was no allowance for loan losses brought forward on loans acquired from Palmetto or MoneyTree, as credit deterioration was included in the determination of fair value at acquisition date. At September 30, 2015, United recorded no allowance for loan losses on loans acquired from Palmetto or MoneyTree as there was no evidence of credit deterioration beyond that which was incorporated into the determination of fair value at acquisition date. Nonperforming assets of $27.7 million were .29% of total assets at September 30, 2015, up from .26% at December 31, 2014 and the same level as September 30, 2014. The year-to-date increase was primarily due to foreclosed properties assumed in connection with the Palmetto acquisition. During the third quarter of 2015, $8.92 million in loans were placed on nonaccrual compared with $7.67 million in the third quarter of 2014.

Fee revenue of $18.3 million for the third quarter of 2015 was up $3.89 million, or 27%, from the third quarter of 2014. The increase was partly due to $1.65 million in gains from the sales of government guaranteed loans in the third quarter of 2015, compared to $945,000 in the third quarter of 2014. United began selling the guaranteed portion of Small Business Administration (“SBA”) / United States Department of Agriculture (“USDA”) loans in the second quarter of 2014 as part of its emphasis on growing its government guaranteed lending business. Mortgage fees of $3.84 million for the third quarter of 2015 increased from $2.18 million in the third quarter of 2014. The increase was due to United’s emphasis on growing its mortgage business by recruiting lenders in metropolitan markets and continued strong refinancing activity. For the first nine months of 2015, fee revenue of $51.2 million increased $10.5 million, or 26%, from the same period in 2014, primarily due to the same factors resulting in the quarterly increase.

For the third quarter of 2015, operating expenses of $54.3 million were up $12.9 million from the third quarter of 2014, partially due to the addition of Palmetto and FNB operating expenses since acquisition. Salaries and benefits expense increased $3.68 million from a year ago mostly due to the investment in additional staff and new teams to expand the specialized lending area as well as higher incentive compensation in connection with increased lending activities and improvement in earnings performance. In addition, merger-related charges of $5.74 million were expensed in third quarter 2015. For the nine months ended September 30, 2015, operating expenses of $146 million were up $24.8 million from the same period in 2014, mainly due to the same factors that caused the quarterly increase.

Recent Developments

In October 2015, United announced its decision to exit its corporate healthcare lending business based in Nashville, Tennessee. In conjunction with the exit, United agreed to sell $190 million of corporate healthcare loans that were originated by United's Nashville-based healthcare team. United has also transferred the lease on its healthcare lending office in Nashville and the personnel there have become employees of the acquirer.

Critical Accounting Policies

The accounting and reporting policies of United are in accordance with GAAP and conform to general practices within the banking industry. The more critical accounting and reporting policies include United’s accounting for the allowance for loan losses, fair value measurements, and income taxes which involve the use of estimates and require significant judgments to be made by management. Different assumptions in the application of these policies could result in material changes in United’s consolidated financial position or consolidated results of operations. See “Asset Quality and Risk Elements” herein for additional discussion of United’s accounting methodologies related to the allowance for loan losses.

GAAP Reconciliation and Explanation

This Form 10-Q contains non-GAAP financial measures, which are performance measures determined by methods other than in accordance with GAAP. Such non-GAAP financial measures include, among others the following: taxable equivalent interest revenue, taxable equivalent net interest revenue, tangible book value per share, tangible equity to assets, tangible common equity to assets and tangible common equity to risk-weighted assets. Management uses these non-GAAP financial measures because it believes they are useful for evaluating our operations and performance over periods of time, as well as in managing and evaluating our business and in discussions about our operations and performance. Management believes these non-GAAP financial measures provide users of our financial information with a meaningful measure for assessing our financial results and credit trends, as well as comparison to financial results for prior periods. These non-GAAP financial measures should not be considered as a substitute for operating results determined in accordance with GAAP and may not be comparable to other similarly titled financial measures used by other companies. A reconciliation of these operating performance measures to GAAP performance measures is included in the table on page 48.

Results of Operations

United reported net income of $17.9 million for the third quarter of 2015. This compared to net income of $17.6 million for the same period in 2014. For the third quarter of 2015, diluted earnings per common share were $.27 compared to $.29 for the third quarter of 2014. For the nine months ended September 30, 2015, United reported net income of $53.4 million compared to net income of $49.4 million for the same period in 2014.

United reported net operating income of $21.7 million and $59.4 million, respectively, for the third quarter and the first nine months of 2015, compared to $17.6 million and $49.4 million, respectively, for the same periods in 2014. Operating earnings exclude the effects of merger-related charges, which, net of tax, totaled $3.84 million and $6.02 million, respectively, for the three and nine months ended September 30, 2015.

Table 1 - Financial Highlights

Selected Financial Information

(in thousands, except per share data; taxable equivalent)	2015 Third Quarter	Second Quarter	First Quarter	2014 Fourth Quarter	Third Quarter	Third Quarter 2015-2014 Change	For the Nine Months Ended September 30, 2015	2014	Y 20 C
INCOME SUMMARY									
Interest revenue	$71,120	$66,134	$62,909	$64,353	$63,338		$200,163	$185,616	
Interest expense	5,402	4,817	5,292	6,021	6,371		15,511	19,530	
Net interest revenue	65,718	61,317	57,617	58,332	56,967	15 %	184,652	166,086	1
Provision for credit losses	700	900	1,800	1,800	2,000		3,400	6,700	
Fee revenue	18,297	17,266	15,682	14,823	14,412	27	51,245	40,731	2
Total revenue	83,315	77,683	71,499	71,355	69,379	20	232,497	200,117	1
Expenses - operating [(1)]	48,525	45,247	43,061	41,919	41,364	17	136,833	120,946	1
Income before income tax expense - operating [(1)]	34,790	32,436	28,438	29,436	28,015	24	95,664	79,171	2
Income tax expense - operating [(1)]	13,064	12,447	10,768	11,189	10,399	26	36,279	29,798	2
Net income - operating [(1)]	21,726	19,989	17,670	18,247	17,616	23	59,385	49,373	2
Preferred dividends and discount accretion	25	17	-	-	-		42	439	
Net income available to common shareholders - operating [(1)]	21,701	19,972	17,670	18,247	17,616	23	59,343	48,934	2
Merger-related charges, net of income tax benefit	3,839	2,176	-	-	-		6,015	-	
Net income available to common shareholders - GAAP	$17,862	$17,796	$17,670	$18,247	$17,616	1	$53,328	$48,934	9
PERFORMANCE MEASURES									
Per common share:									
Diluted income - operating [(1)]	$.33	$.32	$.29	$.30	$.29	14	$.94	$.81	1
Diluted income - GAAP	.27	.28	.29	.30	.29	(7)	.84	.81	4
Cash dividends declared	.06	.05	.05	.05	.03		.16	.06	
Book value	13.95	12.95	12.58	12.20	12.15	15	13.95	12.15	1
Tangible book value [(3)]	12.08	12.66	12.53	12.15	12.10	-	12.08	12.10	-
Key performance ratios:									
Return on tangible common equity - operating [(1)(2)(3)(4)]	10.29 %	10.20 %	9.46 %	9.74 %	9.55 %		10.00 %	9.18 %	
Return on common equity - operating [(1)(2)(4)]	9.54	9.90	9.34	9.60	9.41		9.60	9.02	

Return on common equity - GAAP (2)(4)	7.85	8.83	9.34	9.60	9.41		8.63	9.02	
Return on assets - operating (1)(4)	1.00	1.00	.94	.96	.95		.98	.89	
Return on assets - GAAP (4)	.82	.89	.94	.96	.95		.88	.89	
Dividend payout ratio - operating (1)	18.18	15.63	17.24	16.67	10.34		17.02	7.41	
Dividend payout ratio - GAAP	22.22	17.86	17.24	16.67	10.34		19.05	7.41	
Net interest margin (4)	3.26	3.30	3.31	3.31	3.32		3.29	3.25	
Efficiency ratio - operating (1)	57.81	57.59	59.15	57.47	57.96		58.15	58.54	
Efficiency ratio - GAAP	64.65	61.63	59.15	57.47	57.96		61.94	58.54	
Average equity to average assets	10.39	10.05	9.86	9.76	9.85		10.11	9.66	
Average tangible equity to average assets (3)	9.88	9.91	9.82	9.72	9.83		9.88	9.64	
Average tangible common equity to average assets (3)	9.77	9.83	9.82	9.72	9.83		9.81	9.55	
Tangible common equity to risk-weighted assets (3)(5)	12.68	13.24	13.53	13.82	14.10		12.68	14.10	
ASSET QUALITY									
Nonperforming loans	$20,064	$18,805	$19,015	$17,881	$18,745	7	$20,064	$18,745	7
Foreclosed properties	7,669	2,356	1,158	1,726	3,146	144	7,669	3,146	1
Total nonperforming assets (NPAs)	27,733	21,161	20,173	19,607	21,891	27	27,733	21,891	2
Allowance for loan losses	69,062	70,129	70,007	71,619	71,928		69,062	71,928	
Net charge-offs	1,417	978	2,562	2,509	3,155	(55)	4,957	11,369	(
Allowance for loan losses to loans	1.15 %	1.36 %	1.46 %	1.53 %	1.57 %		1.15 %	1.57 %	
Allowance for loan losses to loans, excl. acquired loans	1.37	1.42	1.46	1.53	1.57		1.37	1.57	
Net charge-offs to average loans (4)	.10	.08	.22	.22	.28		.13	.35	
NPAs to loans and foreclosed properties	.46	.41	.42	.42	.48		.46	.48	
NPAs to total assets	.29	.26	.26	.26	.29		.29	.29	
AVERAGE BALANCES *($ in millions)*									
Loans	$5,457	$5,017	$4,725	$4,621	$4,446	23	$5,069	$4,393	1
Investment securities	2,396	2,261	2,203	2,222	2,231	7	2,288	2,292	-
Earning assets	8,009	7,444	7,070	7,013	6,820	17	7,511	6,836	1
Total assets	8,634	8,017	7,617	7,565	7,374	17	8,093	7,392	9
Deposits	7,135	6,669	6,369	6,383	6,143	16	6,727	6,176	9
Shareholders’ equity	897	806	751	738	726	24	818	714	1
Common shares - basic *(thousands)*	66,294	62,549	60,905	60,830	60,776	9	63,297	60,511	5
Common shares - diluted *(thousands)*	66,300	62,553	60,909	60,833	60,779	9	63,302	60,513	5

AT PERIOD END *($ in millions)*									
Loans	$6,022	$5,174	$4,788	$4,672	$4,569	32	$6,022	$4,569	3
Investment securities	2,457	2,322	2,201	2,198	2,222	11	2,457	2,222	1
Total assets	9,414	8,246	7,664	7,567	7,526	25	9,414	7,526	2
Deposits	7,905	6,808	6,438	6,327	6,241	27	7,905	6,241	2
Shareholders’ equity	1,013	827	764	740	736	38	1,013	736	3
Common shares outstanding *(thousands)*	71,472	62,700	60,309	60,259	60,248	19	71,472	60,248	1

(1) Excludes merger-related charges. (2) Net income available to common shareholders, which is net of preferred stock dividends, divided by average realized common equity, which excludes accumulated other comprehensive income (loss). (3) Excludes effect of acquisition related intangibles and associated amortization. (4) Annualized. (5) September 30, June 30 and March 31, 2015 calculated under Basel III rules, which became effective January 1, 2015.

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Table 1 - Non-GAAP Performance Measures Reconciliation

Selected Financial Information

	2015			2014		For the Nine Months Ended	
(in thousands, except per share data; taxable equivalent)	Third Quarter	Second Quarter	First Quarter	Fourth Quarter	Third Quarter	September 30, 2015	2014
Interest revenue reconciliation							
Interest revenue - taxable equivalent	$71,120	$66,134	$62,909	$64,353	$63,338	$200,163	$185,616
Taxable equivalent adjustment	(292)	(326)	(375)	(398)	(405)	(993)	(1,139)
Interest revenue (GAAP)	$70,828	$65,808	$62,534	$63,955	$62,933	$199,170	$184,477
Net interest revenue reconciliation							
Net interest revenue - taxable equivalent	$65,718	$61,317	$57,617	$58,332	$56,967	$184,652	$166,086
Taxable equivalent adjustment	(292)	(326)	(375)	(398)	(405)	(993)	(1,139)
Net interest revenue (GAAP)	$65,426	$60,991	$57,242	$57,934	$56,562	$183,659	$164,947
Total revenue reconciliation							
Total operating revenue	$83,315	$77,683	$71,499	$71,355	$69,379	$232,497	$200,117
Taxable equivalent adjustment	(292)	(326)	(375)	(398)	(405)	(993)	(1,139)
Total revenue (GAAP)	$83,023	$77,357	$71,124	$70,957	$68,974	$231,504	$198,978
Expense reconciliation							
Expenses - operating	$48,525	$45,247	$43,061	$41,919	$41,364	$136,833	$120,946
Merger-related charges	5,744	3,173	-	-	-	8,917	-
Expenses (GAAP)	$54,269	$48,420	$43,061	$41,919	$41,364	$145,750	$120,946
Income before taxes reconciliation							
Income before taxes - operating	$34,790	$32,436	$28,438	$29,436	$28,015	$95,664	$79,171
Taxable equivalent adjustment	(292)	(326)	(375)	(398)	(405)	(993)	(1,139)
Merger-related charges	(5,744)	(3,173)	-	-	-	(8,917)	-
Income before taxes (GAAP)	$28,754	$28,937	$28,063	$29,038	$27,610	$85,754	$78,032
Income tax expense reconciliation							
Income tax expense - operating	$13,064	$12,447	$10,768	$11,189	$10,399	$36,279	$29,798
Taxable equivalent adjustment	(292)	(326)	(375)	(398)	(405)	(993)	(1,139)
Merger-related charges, tax benefit	(1,905)	(997)	-	-	-	(2,902)	-
Income tax expense (GAAP)	$10,867	$11,124	$10,393	$10,791	$9,994	$32,384	$28,659

Net income reconciliation							
Net income - operating	$21,726	$19,989	$17,670	$18,247	$17,616	$59,385	$49,373
Merger-related charges, net of income tax benefit	(3,839)	(2,176)	-	-	-	(6,015)	-
Net income (GAAP)	$17,887	$17,813	$17,670	$18,247	$17,616	$53,370	$49,373
Net income available to common shareholders reconciliation							
Net income available to common shareholders - operating	$21,701	$19,972	$17,670	$18,247	$17,616	$59,343	$48,934
Merger-related charges, net of income tax benefit	(3,839)	(2,176)	-	-	-	(6,015)	-
Net income available to common shareholders (GAAP)	$17,862	$17,796	$17,670	$18,247	$17,616	$53,328	$48,934
Diluted income per common share reconciliation							
Diluted income per common share - operating	$.33	$.32	$.29	$.30	$.29	$.94	$.81
Merger-related charges	(.06)	(.04)	-	-	-	(.10)	-
Diluted income per common share (GAAP)	$.27	$.28	$.29	$.30	$.29	$.84	$.81
Book value per common share reconciliation							
Tangible book value per common share	$12.08	$12.66	$12.53	$12.15	$12.10	$12.08	$12.10
Effect of goodwill and other intangibles	1.87	.29	.05	.05	.05	1.87	.05
Book value per common share (GAAP)	$13.95	$12.95	$12.58	$12.20	$12.15	$13.95	$12.15
Return on tangible common equity reconciliation							
Return on tangible common equity - operating	10.29 %	10.20 %	9.46 %	9.74 %	9.55 %	10.00 %	9.18 %
Effect of goodwill and other intangibles	(.75)	(.30)	(.12)	(.14)	(.14)	(.40)	(.16)
Return on common equity - operating	9.54	9.90	9.34	9.60	9.41	9.60	9.02
Merger-related charges	(1.69)	(1.07)	-	-	-	(.97)	-
Return on common equity (GAAP)	7.85 %	8.83 %	9.34 %	9.60 %	9.41 %	8.63 %	9.02 %
Return on assets reconciliation							
Return on assets - operating	1.00 %	1.00 %	.94 %	.96 %	.95 %	.98 %	.89 %
Merger-related charges	(.18)	(.11)	-	-	-	(.10)	-
Return on assets (GAAP)	.82 %	.89 %	.94 %	.96 %	.95 %	.88 %	.89 %

Allowance for loan losses to loans reconciliation														
Allowance for loan losses to loans , excl. acquired loans	1.37	%	1.42	%	1.46	%	1.53	%	1.57	%	1.37	%	1.57	%
Effect of removing acquired loans from ratio	(.22	)	(.06	)	-		-		-		(.22	)	-	
Allowance for loan losses to loans (GAAP)	1.15	%	1.36	%	1.46	%	1.53	%	1.57	%	1.15	%	1.57	%
Dividend payout ratio reconciliation														
Dividend payout ratio - operating	18.18	%	15.63	%	17.24	%	16.67	%	10.34	%	17.02	%	7.41	%
Merger-related charges	4.04		2.23		-		-		-		2.03		-	
Dividend payout ratio (GAAP)	22.22	%	17.86	%	17.24	%	16.67	%	10.34	%	19.05	%	7.41	%
Efficiency ratio reconciliation														
Efficiency ratio - operating	57.81	%	57.59	%	59.15	%	57.47	%	57.96	%	58.15	%	58.54	%
Merger-related charges	6.84		4.04		-		-		-		3.79		-	
Efficiency ratio (GAAP)	64.65	%	61.63	%	59.15	%	57.47	%	57.96	%	61.94	%	58.54	%
Average equity to assets reconciliation														
Tangible common equity to assets	9.77	%	9.83	%	9.82	%	9.72	%	9.83	%	9.81	%	9.55	%
Effect of preferred equity	.11		.08		-		-		-		.07		.09	
Tangible equity to assets	9.88		9.91		9.82		9.72		9.83		9.88		9.64	
Effect of goodwill and other intangibles	.51		.14		.04		.04		.02		.23		.02	
Equity to assets (GAAP)	10.39	%	10.05	%	9.86	%	9.76	%	9.85	%	10.11	%	9.66	%
Tangible common equity to risk-weighted assets reconciliation (1)														
Tangible common equity to risk-weighted assets	12.68	%	13.24	%	13.53	%	13.82	%	14.10	%	12.68	%	14.10	%
Effect of other comprehensive income	.22		.28		.19		.35		.34		.22		.34	
Effect of deferred tax limitation	.08		(2.49	)	(2.86	)	(3.11	)	(3.39	)	.08		(3.39	)
Effect of trust preferred	.15		.63		.67		1.00		1.02		.15		1.02	
Effect of preferred equity	(2.20	)	.17		-		-		-		(2.20	)	-	
Basel III intangibles transition adjustment	.12		.06		.04		-		-		.12		-	
Basel III disallowed investments	(.02	)	(.03	)	(.04	)	-		-		(.02	)	-	
Tier I capital ratio (Regulatory)	11.03	%	11.86	%	11.53	%	12.06	%	12.07	%	11.03	%	12.07	%

(1) September 30, June 30 and March 31, 2015 calculated under Basel III rules, which became effective January 1, 2015.

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Net Interest Revenue (Taxable Equivalent)

Net interest revenue (the difference between the interest earned on assets and the interest paid on deposits and borrowed funds) is the single largest component of total revenue. United actively manages its balance sheet to provide optimal levels of revenue while balancing interest rate, credit and liquidity risks. Taxable equivalent net interest revenue for the third quarter of 2015 was $65.7 million, up $8.75 million from the third quarter of 2014. The combination of growth in the loan portfolio and lower interest costs on deposits and borrowed funds were responsible for the increase in net interest revenue. United continues to focus on loan and deposit pricing in an effort to maintain a steady level of net interest revenue. The acquisition of Palmetto on September 1, 2015 and MoneyTree on May 1, 2015 also contributed to the increase as the acquired entities' results are included in consolidated results beginning on the acquisition date.

While average loans increased $1.01 billion, or 23%, from the third quarter of last year, the yield on loans decreased 29 basis points, reflecting the continuing effect of the low interest rate environment and pricing competition for a limited number of quality lending opportunities. The lower loan yield also reflects a shift in new production toward more floating rate loans.

Average interest-earning assets for the third quarter of 2015 increased $1.19 billion, or 17%, from the third quarter of 2014, which was due primarily to the increase in loans, including the acquisition of Palmetto and MoneyTree loans. Average investment securities for the third quarter of 2015 increased $165 million from a year ago, partially due to the Palmetto acquisition. The average yield on the investment portfolio decreased 7 basis points from a year ago, partially due to lower yields on acquired securities.

Average interest-bearing liabilities of $5.67 billion for the third quarter of 2015 increased $645 million from the third quarter of 2014. Average noninterest bearing deposits increased $442 million from the third quarter of 2014 to $1.97 billion for the third quarter of 2015. The average cost of interest-bearing liabilities for the third quarter of 2015 was .38% compared to .50% for the same period of 2014, reflecting United's concerted efforts to reduce its cost of funds. In the first nine months of 2015, United redeemed $49.2 million in higher-rate trust preferred securities, with rates ranging from 8.125% to 11.295%. In third quarter 2015, United issued $50 million of seven-year senior notes at 5% and $35 million of twelve-year senior notes at 5.5%. Also contributing to the overall lower rate on interest-bearing liabilities was a shift in the mix of deposits away from more expensive time deposits toward lower-rate transaction deposits.

The banking industry uses two ratios to measure relative profitability of net interest revenue. The net interest spread measures the difference between the average yield on interest-earning assets and the average rate paid on interest-bearing liabilities. The interest rate spread eliminates the effect of non-interest-bearing deposits and gives a direct perspective on the effect of market interest rate movements. The net interest margin is an indication of the profitability of a company's balance sheet, and is defined as net interest revenue as a percent of average total interest-earning assets, which includes the positive effect of funding a portion of interest-earning assets with customers' non-interest-bearing deposits and stockholders' equity.

For the third quarters of 2015 and 2014, the net interest spread was 3.15% and 3.19%, respectively, while the net interest margin was 3.26% and 3.32%, respectively. The decrease in both ratios reflects the impact of the continuing effect of the low interest rate environment and pricing competition for a limited number of quality lending opportunities.

For the first nine months of 2015, net interest revenue was $185 million, an increase of $18.6 million, or 11%, from the first nine months of 2014. Average earning assets increased $675 million, or 10%, during the first nine months of 2015, compared to the same period a year ago. The yield on earning assets decreased 7 basis points from 3.63% for the nine months ended September 30, 2014, to 3.56% for the nine months ended September 30, 2015, due to declining loan yields. The lower loan portfolio yield reflects competitive pricing pressure on new and renewed loans and a shift in loan mix to more floating rate loans. Investment yields increased 5 basis points for the first nine months of 2015 compared to the first nine months of 2014, which helped offset some of the decrease on loan yields. The rate on interest bearing liabilities over the same period decreased 13 basis points. The lower yield on interest earning assets was more than offset by the reduction in rates paid on interest bearing liabilities, resulting in the net interest margin increasing 4 basis points from the nine months ended September 30, 2014 to the nine months ended September 30, 2015.

The following table shows the relationship between interest revenue and expense, and the average amounts of interest-earning assets and interest-bearing liabilities for the three months ended September 30, 2015 and 2014.

Table 2 - Average Consolidated Balance Sheets and Net Interest Analysis

For the Three Months Ended September 30,

	2015			**2014**		
(dollars in thousands, taxable equivalent)	Average Balance	Interest	Avg. Rate	Average Balance	Interest	Avg. Rate
Assets:						
Interest-earning assets:						
Loans, net of unearned income (1)(2)	$5,457,158	$57,258	4.16%	$4,445,947	$49,853	4.45%
Taxable securities (3)	2,367,417	12,624	2.13	2,212,116	12,169	2.20
Tax-exempt securities (1)(3)	28,889	290	4.02	18,794	290	6.17
Federal funds sold and other interest-earning assets	155,957	948	2.43	143,169	1,026	2.87
Total interest-earning assets	8,009,421	71,120	3.53	6,820,026	63,338	3.69
Non-interest-earning assets:						
Allowance for loan losses	(71,090)			(74,146)		
Cash and due from banks	80,678			71,224		
Premises and equipment	179,463			161,315		
Other assets (3)	435,060			395,184		
Total assets	$8,633,532			$7,373,603		
Liabilities and Shareholders' Equity:						
Interest-bearing liabilities:						
Interest-bearing deposits:						
NOW	$1,491,801	337	.09	$1,331,806	365	.11
Money market	1,737,740	981	.22	1,387,042	872	.25
Savings	386,254	25	.03	282,746	20	.03
Time less than $100,000	793,755	708	.35	791,289	876	.44
Time greater than $100,000	484,074	447	.37	542,216	827	.61
Brokered time deposits	268,716	(325)	(.48)	278,330	18	.03
Total interest-bearing deposits	5,162,340	2,173	.17	4,613,429	2,978	.26
Federal funds purchased and other borrowings	72,909	99	.54	53,713	316	2.33
Federal Home Loan Bank advances	281,429	461	.65	227,190	435	.76
Long-term debt	152,105	2,669	6.96	129,865	2,642	8.07
Total borrowed funds	506,443	3,229	2.53	410,768	3,393	3.28
Total interest-bearing liabilities	5,668,783	5,402	.38	5,024,197	6,371	.50
Non-interest-bearing liabilities:						
Non-interest-bearing deposits	1,972,291			1,530,011		
Other liabilities	95,342			92,986		
Total liabilities	7,736,416			6,647,194		
Shareholders' equity	897,116			726,409		
Total liabilities and shareholders' equity	$8,633,532			$7,373,603		

Net interest revenue	$65,718	$56,967
Net interest-rate spread	3.15%	3.19%
Net interest margin (4)	3.26%	3.32%

(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 $8.56 million in 2015 and pretax unrealized gains of $7.42 million in 2014 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.

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The following table shows the relationship between interest revenue and expense, and the average amounts of interest-earning assets and interest-bearing liabilities for the nine months ended September 30, 2015 and 2014.

Table 3 - Average Consolidated Balance Sheets and Net Interest Analysis

For the Nine Months Ended September 30,

	2015			**2014**		
(dollars in thousands, taxable equivalent)	Average Balance	Interest	Avg. Rate	Average Balance	Interest	Avg. Rate
Assets:						
Interest-earning assets:						
Loans, net of unearned income (1)(2)	$5,069,270	$160,204	4.23%	$4,392,895	$146,156	4.45%
Taxable securities (3)	2,263,907	36,380	2.14	2,272,639	35,560	2.09
Tax-exempt securities (1)(3)	23,649	845	4.76	19,515	914	6.24
Federal funds sold and other interest-earning assets	154,392	2,734	2.36	150,782	2,986	2.64
Total interest-earning assets	7,511,218	200,163	3.56	6,835,831	185,616	3.63
Non-interest-earning assets:						
Allowance for loan losses	(71,425)			(76,148)		
Cash and due from banks	78,948			65,744		
Premises and equipment	169,037			161,843		
Other assets (3)	405,101			404,654		
Total assets	$8,092,879			$7,391,924		
Liabilities and Shareholders' Equity:						
Interest-bearing liabilities:						
Interest-bearing deposits:						
NOW	$1,462,344	1,079	.10	$1,367,713	1,216	.12
Money market	1,605,098	2,460	.20	1,375,064	2,192	.21
Savings	340,878	71	.03	272,696	61	.03
Time less than $100,000	768,608	2,223	.39	828,694	2,822	.46
Time greater than $100,000	484,439	1,593	.44	561,167	2,610	.62
Brokered time deposits	272,688	(982)	(.48)	300,374	78	.03
Total interest-bearing deposits	4,934,055	6,444	.17	4,705,708	8,979	.26
Federal funds purchased and other borrowings	52,385	279	.71	91,320	2,064	3.02
Federal Home Loan Bank advances	270,260	1,307	.65	169,392	573	.45
Long-term debt	131,338	7,481	7.62	129,865	7,914	8.15
Total borrowed funds	453,983	9,067	2.67	390,577	10,551	3.61
Total interest-bearing liabilities	5,388,038	15,511	.38	5,096,285	19,530	.51
Non-interest-bearing liabilities:						
Non-interest-bearing deposits	1,793,181			1,469,967		
Other liabilities	93,218			111,522		
Total liabilities	7,274,437			6,677,774		
Shareholders' equity	818,442			714,150		

Total liabilities and shareholders' equity	$8,092,879		$7,391,924	
Net interest revenue	$184,652		$166,086	
Net interest-rate spread		3.18%		3.12%
Net interest margin (4)		3.29%		3.25%

(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 $12.7 million in 2015 and pretax unrealized gains of $1.59 million in 2014 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.

The following table shows the relative effect on net interest revenue for changes in the average outstanding amounts (volume) of interest-earning assets and interest-bearing liabilities and the rates earned and paid on such assets and liabilities (rate). Variances resulting from a combination of changes in rate and volume are allocated in proportion to the absolute dollar amounts of the change in each category.

Table 4 - Change in Interest Revenue and Expense on a Taxable Equivalent Basis

(in thousands)

	Three Months Ended September 30, 2015 Compared to 2014 Increase (decrease) Due to Changes in			Nine Months Ended September 30, 2015 Compared to 2014 Increase (decrease) Due to Changes in		
	Volume	Rate	Total	Volume	Rate	Total
Interest-earning assets:						
Loans	$ 10,771	$ (3,366)	$ 7,405	$ 21,653	$ (7,605)	$ 14,048
Taxable securities	836	(381)	455	(137)	957	820
Tax-exempt securities	123	(123)	-	172	(241)	(69)
Federal funds sold and other interest-earning assets	86	(164)	(78)	70	(322)	(252)
Total interest-earning assets	11,816	(4,034)	7,782	21,758	(7,211)	14,547
Interest-bearing liabilities:						
NOW accounts	41	(69)	(28)	80	(217)	(137)
Money market accounts	204	(95)	109	355	(87)	268
Savings deposits	7	(2)	5	14	(4)	10
Time deposits less than $100,000	3	(171)	(168)	(195)	(404)	(599)
Time deposits greater than $100,000	(81)	(299)	(380)	(324)	(693)	(1,017)
Brokered deposits	(1)	(342)	(343)	(7)	(1,053)	(1,060)
Total interest-bearing deposits	173	(978)	(805)	(77)	(2,458)	(2,535)
Federal funds purchased & other borrowings	85	(302)	(217)	(639)	(1,146)	(1,785)
Federal Home Loan Bank advances	95	(69)	26	426	308	734
Long-term debt	418	(391)	27			