

REFINITIV

DELTA REPORT

10-Q

UCBIO - UNITED COMMUNITY BANKS IN

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - SEPTEMBER 30, 2023

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended **September 30, 2023** **March 31, 2024**

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	
(Registrant's telephone number, including area code)	

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of Each Class</u>	<u>Trading Symbol(s)</u>	<u>Name of Each Exchange on Which Registered</u>
Common stock, par value \$1 per share	UCBI	Nasdaq Global Select Market
Depository shares, each representing 1/1000th interest in a share of Series I Non-Cumulative Preferred Stock	UCBIO	Nasdaq Global Select Market

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 No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted 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 such files).

Yes No

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

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

Yes No

There were **118,979,851** **119,141,235** shares of the registrant's common stock, par value \$1 per share, outstanding as of **October 31, 2023** **April 30, 2024**.

UNITED COMMUNITY BANKS, INC.
FORM 10-Q
INDEX

<u>Glossary of Defined Terms</u>	3
<u>Cautionary Note Regarding Forward-looking Statements</u>	4
<u>PART I - Financial Information</u>	
Item 1. <u>Financial Statements</u>	
<u>Consolidated Balance Sheets (unaudited)</u>	5
<u>Consolidated Statements of Income (unaudited)</u>	6
<u>Consolidated Statements of Comprehensive Income (unaudited)</u>	7
<u>Consolidated Statements of Changes in Shareholders' Equity (unaudited)</u>	8
<u>Consolidated Statements of Cash Flows (unaudited)</u>	9
<u>Notes to Consolidated Financial Statements</u>	10
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	40 36
Item 3. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	60 56
Item 4. <u>Controls and Procedures</u>	60 56
<u>PART II - Other Information</u>	
Item 1. <u>Legal Proceedings</u>	61 57
Item 1A. <u>Risk Factors</u>	61 57
Item 2.5. <u>Unregistered Sales of Equity Securities and Use of Proceeds, Other Information</u>	61 57
Item 6. <u>Exhibits</u>	62 57

Glossary of Defined Terms

The following terms may be used throughout this report, including the consolidated financial statements and related notes.

Term	Definition
20222023 10-K	United's Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023 filed with the SEC on February 24, 2023 February 23, 2024
ACL	Allowance for credit losses
AFS	Available-for-sale
ALCO	Asset/Liability Management Committee
AOCI	Accumulated other comprehensive income (loss)
ASU	Accounting standards update
Bank	United Community Bank
Board	United Community Banks Inc., Board of Directors
BOLI	Bank-owned life insurance
CECL	Current expected credit loss
CET1	Common equity tier 1
CME	Chicago Mercantile Exchange
CRE	Commercial real estate
Company	United Community Banks Inc. (interchangeable with "United" below)
CVA	Credit valuation adjustment
FASB	Financial Accounting Standards Board
FDIC	Federal Deposit Insurance Corporation
FDM	Modification made to borrowers experiencing financial difficulty
Federal Reserve	Federal Reserve System
First Miami	First Miami Bancorp, Inc. and its wholly-owned subsidiary, First National Bank of South Miami
FHLB	Federal Home Loan Bank
FOMC	Federal Reserve's Federal Open Markets Committee
FTE	Fully taxable equivalent
GAAP	Accounting principles generally accepted in the United States of America
GSE	U.S. government-sponsored enterprise
Holding Company	United Community Banks, Inc. on an unconsolidated basis
HTM	Held-to-maturity
LIHTC	Low- income housing tax credit
MD&A	Management's Discussion and Analysis of Financial Condition and Results of Operations
MBS	Mortgage-backed securities
NOW	Negotiable order of withdrawal
NPA	Nonperforming asset
OCI	Other comprehensive income (loss)
OREO	Other real estate owned
PAM	Proportional amortization method
PCD	Purchased credit deteriorated
Progress	Progress Financial Corporation and its wholly-owned subsidiary, Progress Bank & Trust
Reliant	Reliant Bancorp, Inc. and its wholly-owned subsidiary, Reliant Bank
Report	Quarterly Report on Form 10-Q for the quarterly period ending September 30, 2023 March 31, 2024
SBA	United States Small Business Administration
SEC	Securities and Exchange Commission
U.S. Treasury	United States Department of the Treasury
United	United Community Banks, Inc. and its direct and indirect subsidiaries
USDA	United States Department of Agriculture
VIE	Variable interest entity

Cautionary Note Regarding Forward-looking Statements

This Report contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are neither statements of historical or current fact nor are they assurances of future performance and generally 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 forma", "seeks", "intends", or "anticipates", or similar expressions. 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 our future performance, operations, products and services, and should be viewed with caution.

Because forward-looking statements relate to the future, they are subject to known and unknown risks, uncertainties, assumptions, and changes in circumstances, many of which are beyond our control, and that are difficult to predict as to timing, extent, likelihood and degree of occurrence, and that could cause actual results to differ materially from the results implied or anticipated by the statements. Important factors that could cause our actual results and financial condition to differ materially from those indicated in the forward-looking statements include, but are not limited to the following:

- negative economic and political conditions that adversely affect the general economy, the banking sector, housing prices, the real estate market, the job market, consumer confidence, the financial condition of our borrowers and consumer spending habits, which may affect, among other things, the levels of NPAs, charge-offs and provision expense;
- changes in loan underwriting, credit review or loss policies associated with economic conditions, examination conclusions or regulatory developments;
- the potential effects of pandemics or public health conditions on the economic and business environments in which we operate, including the impact of actions taken by governmental authorities to address these situations;
- strategic, market, operational, liquidity and interest rate risks associated with our business;
- potential fluctuations or unanticipated changes in the interest rate environment, including interest rate changes made by the Federal Reserve, **replacements of LIBOR and replacement or reform of other interest rate benchmarks**, as well as cash flow reassessments may reduce net interest margin and/or the volumes and values of loans made or held as well as the value of other financial assets;
- any unanticipated or greater than anticipated adverse conditions in the national or local economies in which we operate;
- our loan concentration in industries or sectors that may experience unanticipated or greater than anticipated adverse conditions than other industries or sectors in the national or local economies in which we operate;
- the risks of expansion into new geographic or product markets;
- risks with respect to our ability to identify and complete future mergers or acquisitions as well as our ability to successfully expand and integrate those businesses and operations that we acquire;
- our ability to attract and retain key employees;
- competition from financial institutions and other financial service providers including non-bank financial technology providers and our ability to attract customers from other financial institutions;
- losses due to fraudulent and negligent conduct of our customers, third-party service providers or employees;
- cybersecurity risks and the vulnerability of our network and online banking portals, and the systems or parties with whom we contract, to unauthorized access, computer viruses, phishing schemes, spam attacks, human error, natural disasters, power loss and other security breaches that could adversely affect our business and financial performance or reputation;
- our reliance on third parties to provide key components of our business infrastructure and services required to operate our business;
- the risk that we may be required to make substantial expenditures to keep pace with regulatory initiatives and the rapid technological changes in the financial services market;
- the availability of and access to capital, particularly if there were to be increased capital requirements or enhanced regulatory supervision;
- legislative, regulatory or accounting changes that may adversely affect us;
- volatility in the ACL resulting from the CECL methodology, either alone or as that may be affected by conditions affecting our business;
- adverse results (including judgments, costs, fines, reputational harm, inability to obtain necessary approvals and/or other negative effects) from current or future litigation, regulatory proceedings, examinations, investigations, or similar matters, or developments related thereto;
- any matter that would cause us to conclude that there was impairment of any asset, including intangible assets, such as goodwill;
- limitations on our ability to declare and pay dividends and other distributions from the Bank to the Holding Company, which could affect Holding Company liquidity, including its ability to pay dividends to shareholders or take other capital actions;
- the potential effects of events beyond our control that may have a destabilizing effect on financial markets and the economy, such as inflation or recession, terrorist activities, wars and other foreign conflicts, climate change, disruptions in our customers' supply chains, disruptions in transportation, essential utility outages or trade disputes and related tariffs; and
- other risks and uncertainties disclosed in documents filed or furnished by us with or to the SEC, any of which could cause actual results to differ materially from future results expressed, implied or otherwise anticipated by such forward-looking statements.

We caution readers that the foregoing list of factors is not exclusive, is not necessarily in order of importance and readers should not place undue reliance on forward-looking statements. Additional factors that may cause actual results to differ materially from those contemplated by any forward-looking statements also may be found in our **2022 2023** 10-K (including the "Risk Factor" section of that report), Quarterly Reports on Form 10-Q, and Current Reports on Form 8-K filed with the SEC and available at the SEC's website at <http://www.sec.gov>. We do not intend to and, except as required by law, hereby disclaim any obligation to update or revise any forward-looking statement contained in this Report, which speaks only as of the date of its filing with the SEC, whether as a result of new information, future events, or otherwise. The financial statements and information contained herein have not been reviewed, or confirmed for accuracy or relevance, by the FDIC or any other regulator.

Part I. FINANCIAL INFORMATION

Item 1. Financial Statements

UNITED COMMUNITY BANKS, INC.

Consolidated Balance Sheets (Unaudited)

		September 30, 2023	December 31, 2022		
(in thousands, except share data)		(in thousands, except share data)		March 31, 2024	December 31, 2023
ASSETS	ASSETS	ASSETS			
Cash and due from banks	Cash and due from banks	\$ 192,726	\$ 195,771		
Interest-bearing deposits in banks	Interest-bearing deposits in banks	566,779	316,082		
Federal funds and other short-term investments		—	135,000		
Cash and cash equivalents					
Cash and cash equivalents					
Cash and cash equivalents	Cash and cash equivalents	759,505	646,853		
Debt securities available-for-sale	Debt securities available-for-sale	3,182,112	3,614,333		
Debt securities held-to-maturity (fair value \$1,992,364 and \$2,191,073, respectively)		2,518,773	2,613,648		
Debt securities held-to-maturity (fair value \$2,042,912 and \$2,095,620, respectively)					
Loans held for sale	Loans held for sale	37,110	13,600		
Loans and leases held for investment	Loans and leases held for investment	18,202,807	15,334,627		
Less allowance for credit losses - loans and leases		(201,557)	(159,357)		
Allowance for credit losses - loans and leases					
Loans and leases, net	Loans and leases, net	18,001,250	15,175,270		
Premises and equipment, net	Premises and equipment, net	371,435	298,456		
Bank owned life insurance	Bank owned life insurance	344,647	299,297		
Goodwill and other intangible assets, net	Goodwill and other intangible assets, net	994,142	779,248		
Goodwill and other intangible assets, net					
Goodwill and other intangible assets, net					
Other assets	Other assets	660,233	568,179		
Total assets	Total assets	\$26,869,207	\$24,008,884		
LIABILITIES AND SHAREHOLDERS' EQUITY					
Liabilities:	Liabilities:				
Liabilities:					

Liabilities:			
Deposits:	Deposits:		
Deposits:			
Deposits:			
Noninterest-bearing demand			
Noninterest-bearing demand			
Noninterest-bearing demand	Noninterest-bearing demand	\$ 6,782,031	\$ 7,643,081
Interest-bearing deposits	Interest-bearing deposits	16,075,837	12,233,426
Interest-bearing deposits			
Interest-bearing deposits			
Total deposits	Total deposits	22,857,868	19,876,507
Short-term borrowings		37,348	158,933
Federal Home Loan Bank advances		—	550,000
Total deposits			
Total deposits			
Long-term debt			
Long-term debt			
Long-term debt	Long-term debt	324,786	324,663
Accrued expenses and other liabilities	Accrued expenses and other liabilities	465,381	398,107
Accrued expenses and other liabilities			
Accrued expenses and other liabilities			
Total liabilities	Total liabilities	23,685,383	21,308,210
Shareholders' equity:	Shareholders' equity:		
Preferred stock, \$1 par value: 10,000,000 shares authorized; 3,745 and 4,000 shares Series I issued and outstanding, respectively; \$25,000 per share liquidation preference	90,283	96,422	
Common stock, \$1 par value: 200,000,000 shares authorized, 118,975,652 and 106,222,758 shares issued and outstanding, respectively	118,976	106,223	
Common stock issuable: 608,646 and 607,128 shares, respectively	12,782	12,307	
Preferred stock, \$1 par value: 10,000,000 shares authorized; 3,662 shares Series I issued and outstanding; \$25,000 per share liquidation preference			
Preferred stock, \$1 par value: 10,000,000 shares authorized; 3,662 shares Series I issued and outstanding; \$25,000 per share liquidation preference			
Preferred stock, \$1 par value: 10,000,000 shares authorized; 3,662 shares Series I issued and outstanding; \$25,000 per share liquidation preference			

Common stock, \$1 par value: 200,000,000 shares authorized, 119,136,518 and 119,010,319 shares issued and outstanding, respectively			
Common stock issuable: 560,833 and 620,108 shares, respectively			
Capital surplus	Capital surplus	2,697,671	2,306,366
Retained earnings	Retained earnings	596,617	508,844
Accumulated other comprehensive loss	Accumulated other comprehensive loss	(332,505)	(329,488)
Total shareholders' equity	Total shareholders' equity	<u>3,183,824</u>	<u>2,700,674</u>
Total liabilities and shareholders' equity	Total liabilities and shareholders' equity	<u><u>\$26,869,207</u></u>	<u><u>\$24,008,884</u></u>

See accompanying notes to consolidated financial statements (unaudited).

UNITED COMMUNITY BANKS, INC.

Consolidated Statements of Income (Unaudited)

(in thousands, except per share data)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2023	2022	2023	2022
Interest revenue:				
Loans, including fees	\$ 273,781	\$ 174,065	\$ 760,696	\$ 476,072
Investment securities, including tax exempt of \$1,722, \$2,568, \$5,563 and \$7,762, respectively	44,729	36,953	125,775	91,043
Deposits in banks and short-term investments	4,637	2,869	11,938	5,209
Total interest revenue	323,147	213,887	898,409	572,324
Interest expense:				
Deposits	116,733	9,880	263,811	17,313
Short-term borrowings	189	27	3,186	27
Federal Home Loan Bank advances	—	—	5,761	—
Long-term debt	3,669	4,206	11,339	12,515
Total interest expense	120,591	14,113	284,097	29,855
Net interest revenue	202,556	199,774	614,312	542,469
Provision for credit losses	30,268	15,392	74,804	44,082
Net interest revenue after provision for credit losses	172,288	184,382	539,508	498,387
Noninterest income:				
Service charges and fees	10,315	9,569	28,791	28,644
Mortgage loan gains and other related fees	6,159	6,297	17,264	29,420
Wealth management fees	6,451	5,879	17,775	17,759

Gains from sales of other loans, net	2,688	2,228	6,909	9,226
Lending and loan servicing fees	2,985	2,946	9,979	7,518
Securities losses, net	—	—	(1,644)	(3,688)
Other	3,379	5,003	19,499	15,474
Total noninterest income	31,977	31,922	98,573	104,353
Total revenue	204,265	216,304	638,081	602,740
Noninterest expenses:				
Salaries and employee benefits	81,173	67,823	236,121	208,062
Communications and equipment	10,902	8,795	31,654	27,718
Occupancy	10,941	9,138	31,024	27,381
Advertising and public relations	2,251	2,544	6,914	6,332
Postage, printing and supplies	2,386	2,190	7,305	6,308
Professional fees	7,006	4,821	19,670	14,670
Lending and loan servicing expense	2,697	2,333	7,546	7,746
Outside services - electronic banking	2,561	3,159	8,646	8,629
FDIC assessments and other regulatory charges	4,314	2,356	12,457	6,796
Amortization of intangibles	4,171	1,678	11,120	5,207
Merger-related and other charges	9,168	1,746	21,444	17,905
Other	6,904	6,172	22,785	16,066
Total noninterest expenses	144,474	112,755	416,686	352,820
Income before income taxes	59,791	103,549	221,395	249,920
Income tax expense	11,925	22,388	47,941	53,898
Net income	\$ 47,866	\$ 81,161	\$ 173,454	\$ 196,022
Net income available to common shareholders	\$ 46,775	\$ 79,035	\$ 168,245	\$ 189,858
Net income per common share:				
Basic	\$ 0.39	\$ 0.74	\$ 1.44	\$ 1.78
Diluted	0.39	0.74	1.44	1.78
Weighted average common shares outstanding:				
Basic	119,506	106,687	116,925	106,616
Diluted	119,624	106,800	117,084	106,732

	Three Months Ended	
	March 31,	
	2024	2023
<i>(in thousands, except per share data)</i>		
Interest revenue:		
Loans, including fees	\$ 283,983	\$ 236,431
Investment securities, including tax exempt of \$1,721 and \$2,110, respectively	46,436	39,986
Deposits in banks and short-term investments	6,309	3,070
Total interest revenue	336,728	279,487
Interest expense:		
Deposits	133,784	57,861
Short-term borrowings	—	1,148
Federal Home Loan Bank advances	—	5,112
Long-term debt	3,795	3,896
Total interest expense	137,579	68,017
Net interest revenue	199,149	211,470
Provision for credit losses	12,899	21,783
Net interest revenue after provision for credit losses	186,250	189,687

Noninterest income:			
Service charges and fees	9,264	8,699	
Mortgage loan gains and other related fees	7,511	4,521	
Wealth management fees	6,313	5,724	
Gains from sales of other loans	1,537	1,916	
Lending and loan servicing fees	4,210	4,016	
Securities losses, net	—	(1,644)	
Other	10,752	6,977	
Total noninterest income	39,587	30,209	
Total revenue	225,837	219,896	
Noninterest expenses:			
Salaries and employee benefits	84,985	78,698	
Communications and equipment	11,920	10,008	
Occupancy	11,099	9,889	
Advertising and public relations	1,901	2,349	
Postage, printing and supplies	2,648	2,537	
Professional fees	5,988	6,072	
Lending and loan servicing expense	1,827	2,319	
Outside services - electronic banking	2,918	3,425	
FDIC assessments and other regulatory charges	7,566	4,001	
Amortization of intangibles	3,887	3,528	
Merger-related and other charges	2,087	8,631	
Other	8,176	8,348	
Total noninterest expenses	145,002	139,805	
Income before income taxes	80,835	80,091	
Income tax expense	18,204	17,791	
Net income	\$ 62,631	\$ 62,300	
Net income available to common shareholders	\$ 60,713	\$ 60,242	
Net income per common share:			
Basic	\$ 0.51	\$ 0.52	
Diluted	0.51	0.52	
Weighted average common shares outstanding:			
Basic	119,662	115,451	
Diluted	119,743	115,715	

See accompanying notes to consolidated financial statements (unaudited).

UNITED COMMUNITY BANKS, INC.

Consolidated Statements of Comprehensive Income (Loss) (Unaudited) (in thousands)

	Three Months Ended March 31,				
	Three Months Ended March 31,				
	Three Months Ended March 31,				
(in thousands)		(in thousands)		Before-tax Amount	Tax (Expense) Benefit
2024					Net of Tax Amount

Net income						
Net income						
Net income						
Other						
comprehensive						
income:						
	Three Months Ended September 30,			Nine Months Ended September 30,		
	Before- tax Amount	Tax (Expense) Benefit	Net of Tax Amount	Before- tax Amount	Tax (Expense) Benefit	Net of Tax Amount
2023						
Net income	\$ 59,791	\$ (11,925)	\$ 47,866	\$ 221,395	\$ (47,941)	\$ 173,454
Other comprehensive income:						
Unrealized losses on available-for-sale securities:						
Unrealized holding losses	(38,209)	8,900	(29,309)	(14,683)	3,398	(11,285)
Reclassification adjustment for losses included in net income	—	—	—	1,644	(374)	1,270
Net unrealized losses	(38,209)	8,900	(29,309)	(13,039)	3,024	(10,015)
Unrealized gains on available-for-sale securities						
Unrealized gains on available-for-sale securities						
Unrealized gains on available-for-sale securities						
Amortization of unrealized losses on held-to-maturity securities transferred from available-for-sale	Amortization of unrealized losses on held-to-maturity securities transferred from available-for-sale	2,478	(593)	1,885	7,964	(1,917)
Amortization of unrealized losses on held-to-maturity securities transferred from available-for-sale						
Amortization of unrealized losses on held-to-maturity securities transferred from available-for-sale						
Derivative instruments designated as cash flow hedges:	Derivative instruments designated as cash flow hedges:					
Derivative instruments designated as cash flow hedges:						
Derivative instruments designated as cash flow hedges:						
Unrealized holding gains on derivatives	Unrealized holding gains on derivatives	1,091	(279)	812	3,192	(815)
Unrealized holding gains on derivatives						

Gains on derivative instruments realized in net income	Gains on derivative instruments realized in net income	(42)	11	(31)	(2,098)	536	(1,562)
Net cash flow hedge activity	Net cash flow hedge activity	1,049	(268)	781	1,094	(279)	815
Amortization of defined benefit pension plan net periodic pension cost components	Amortization of defined benefit pension plan net periodic pension cost components	61	(16)	45	183	(47)	136
Amortization of defined benefit pension plan net periodic pension cost components	Amortization of defined benefit pension plan net periodic pension cost components						
Total other comprehensive loss	Total other comprehensive loss	(34,621)	8,023	(26,598)	(3,798)	781	(3,017)
Amortization of defined benefit pension plan net periodic pension cost components	Amortization of defined benefit pension plan net periodic pension cost components						
Total other comprehensive income	Total other comprehensive income						
Total other comprehensive income	Total other comprehensive income						
Comprehensive income	Comprehensive income	\$ 25,170	\$ (3,902)	\$ 21,268	\$ 217,597	\$ (47,160)	\$ 170,437
2022							
2023							
2023							
2023							
Net income	Net income	\$ 103,549	\$ (22,388)	\$ 81,161	\$ 249,920	\$ (53,898)	\$ 196,022
Other comprehensive loss:							
Unrealized losses on available-for-sale securities:							
Unrealized holding losses	Unrealized holding losses	(104,754)	24,495	(80,259)	(429,607)	101,269	(328,338)
Reclassification of securities from available-for-sale to held-to-maturity	Reclassification of securities from available-for-sale to held-to-maturity	—	—	—	87,444	(20,770)	66,674
Net income	Net income						
Net income	Net income						
Other comprehensive income:							
Unrealized gains on available-for-sale securities:							
Unrealized gains on available-for-sale securities:							
Unrealized gains on available-for-sale securities:							
Unrealized holding gains	Unrealized holding gains						
Unrealized holding gains	Unrealized holding gains						
Unrealized holding gains	Unrealized holding gains						
Reclassification adjustment for losses included in net income	Reclassification adjustment for losses included in net income	—	—	—	3,688	(979)	2,709
Net unrealized losses	Net unrealized losses	(104,754)	24,495	(80,259)	(338,475)	79,520	(258,955)

Unrealized losses on held-to-maturity securities transferred from available-for-sale:						
Reclassification of unrealized losses	—	—	—	(87,444)	20,770	(66,674)
Amortization of unrealized losses	4,473	(1,073)	3,400	6,242	(1,495)	4,747
Net activity	4,473	(1,073)	3,400	(81,202)	19,275	(61,927)
Reclassification adjustment for losses included in net income						
Reclassification adjustment for losses included in net income						
Net unrealized gains						
Amortization of unrealized losses on held-to-maturity securities transferred from available-for-sale						
Amortization of unrealized losses on held-to-maturity securities transferred from available-for-sale						
Amortization of unrealized losses on held-to-maturity securities transferred from available-for-sale						
Derivative instruments designated as cash flow hedges:	Derivative instruments designated as cash flow hedges:					
Unrealized holding gains on derivatives	5,034	(1,286)	3,748	12,914	(3,299)	9,615
Losses on derivative instruments realized in net income	48	(12)	36	295	(75)	220
Derivative instruments designated as cash flow hedges:						
Derivative instruments designated as cash flow hedges:						
Unrealized holding losses on derivatives						
Unrealized holding losses on derivatives						
Unrealized holding losses on derivatives						
Gains on derivative instruments realized in net income						
Net cash flow hedge activity	Net cash flow hedge activity					
Amortization of defined benefit pension plan net periodic pension cost components	Amortization of defined benefit pension plan net periodic pension cost components					
Amortization of defined benefit pension plan net periodic pension cost components	169	(43)	126	510	(130)	380
Total other comprehensive loss						
Comprehensive income (loss)	\$ 8,519	\$ (307)	\$ 8,212	\$ (156,038)	\$ 41,393	\$ (114,645)

Amortization of defined benefit pension plan net periodic pension cost components	
Total other comprehensive income	
Total other comprehensive income	
Total other comprehensive income	
Comprehensive income	

See accompanying notes to consolidated financial statements (unaudited).

UNITED COMMUNITY BANKS, INC.

Consolidated Statement of Changes in Shareholders' Equity (Unaudited)

(in thousands except share data)

For the Three Months Ended March 31,

	Accumulated							
	Shares of		Common			Other		
	Common Stock	Preferred Stock	Common Stock	Stock Issuable	Capital Surplus	Retained Earnings	Comprehensive Income (Loss)	Total
Balance at June 30, 2022	106,033,960	\$ 96,422	\$ 106,034	\$ 11,448	\$ 2,304,608	\$ 396,970	\$ (264,194)	\$ 2,651,288
Net income						81,161		81,161
Other comprehensive loss							(72,949)	(72,949)
Preferred stock dividends						(1,719)		(1,719)
Common stock dividends (\$0.22 per share)						(23,624)		(23,624)
Impact of equity-based compensation awards	126,400		126	389	(168)			347
Impact of other United sponsored equity plans	2,501		3	129	74			206
Balance at September 30, 2022	106,162,861	\$ 96,422	\$ 106,163	\$ 11,966	\$ 2,304,514	\$ 452,788	\$ (337,143)	\$ 2,634,710
Balance at June 30, 2023	115,265,912	\$ 96,165	\$ 115,266	\$ 12,228	\$ 2,610,523	\$ 577,316	\$ (305,907)	\$ 3,105,591
Net income						47,866		47,866
Other comprehensive loss							(26,598)	(26,598)
Impact of acquisitions	3,508,604		3,508		84,171			87,679
Preferred stock dividends					(1,624)			(1,624)
Common stock dividends (\$0.23 per share)					(27,733)			(27,733)
Purchases of preferred stock		(5,882)			792			(5,090)
Impact of equity-based compensation awards	197,700		198	411	2,895			3,504
Impact of other United sponsored equity plans	3,436		4	143	82			229
Balance at September 30, 2023	118,975,652	\$ 90,283	\$ 118,976	\$ 12,782	\$ 2,697,671	\$ 596,617	\$ (332,505)	\$ 3,183,824

	(in thousands, except share data)								A
	Shares	except share data)	of	Common Stock	Preferred Stock	Common Stock	Capital Surplus	Retained Earnings	
Balance at December 31, 2021	89,349,826	\$ 96,422	\$ 89,350	\$ 11,288	\$ 1,721,007	\$ 330,654	\$ (26,476)	\$ 2,222,245	
December 31, 2023									
December 31, 2023									
Net income	Net income			196,022		196,022			

Other comprehensive loss		(310,667)	(310,667)
Other comprehensive income			
Preferred stock dividends			
Preferred stock dividends			
Preferred stock dividends			
Common stock dividends (\$0.23 per share)			
Impact of equity-based compensation awards			
Impact of other United sponsored equity plans			
March 31, 2024			
March 31, 2024			
March 31, 2024			
December 31, 2022			
December 31, 2022			
December 31, 2022			
Net income			
Other comprehensive income			
Impact of acquisitions	Impact of acquisitions	16,571,545	16,571
Preferred stock dividends	Preferred stock dividends		(5,157)
Common stock dividends (\$0.64 per share)			(68,731)
Preferred stock dividends			
Preferred stock dividends			
Common stock dividends (\$0.23 per share)			
Impact of equity-based compensation awards	Impact of equity-based compensation awards	175,843	176
Impact of other United sponsored equity plans	Impact of other United sponsored equity plans	65,647	66
Balance at September 30, 2022		106,162,861	\$ 96,422
		\$ 106,163	\$ 11,966
		\$ 2,304,514	\$ 452,788
		\$ (337,143)	\$ 2,634,710
Balance at December 31, 2022		106,222,758	\$ 96,422
		\$ 106,223	\$ 12,307
		\$ 2,306,366	\$ 508,844
		\$ (329,488)	\$ 2,700,674
Net income			173,454
Other comprehensive loss			(3,017)
Impact of acquisitions		12,279,135	12,279
Purchases of preferred stock		(6,139)	35
			792
			(5,312)

Preferred stock dividends		(5,062)	(5,062)
Common stock dividends (\$0.69 per share)		(81,411)	(81,411)
Impact of equity-based compensation awards	430,002	430	1,034
		8,784	
			10,248
Impact of other United sponsored equity plans	43,757	44	(559)
		625	
			110
Balance at September 30, 2023	118,975,652	\$ 90,283	\$ 118,976
			\$ 12,782
			\$ 2,697,671
			\$ 596,617
			\$ (332,505)
			\$ 3,183,824

March 31, 2023

March 31, 2023

March 31, 2023

See accompanying notes to consolidated financial statements (unaudited).

UNITED COMMUNITY BANKS, INC.

Consolidated Statements of Cash Flows (Unaudited)

(in thousands)

		Nine Months Ended September 30,			
		2023	2022		
		Three Months Ended March 31,			
		31,			
(in thousands)		(in thousands)		2024	2023
Operating activities:	Operating activities:	Operating activities:			
Net income	Net income	\$ 173,454	\$ 196,022		
Adjustments to reconcile net income to net cash provided by operating activities:	Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation, amortization and accretion, net	Depreciation, amortization and accretion, net				
Depreciation, amortization and accretion, net	Depreciation, amortization and accretion, net				
Depreciation, amortization and accretion, net	Depreciation, amortization and accretion, net	34,027	34,707		
Provision for credit losses	Provision for credit losses	74,804	44,082		
Stock based compensation	Stock based compensation	7,093	6,649		
Deferred income tax expense	Deferred income tax expense	14,645	6,063		
Securities losses, net	Securities losses, net	1,644	3,688		
Gains from sales of other loans	Gains from sales of other loans	(6,909)	(9,226)		

Changes in assets and liabilities:	Changes in assets and liabilities:
Changes in assets and liabilities:	
Changes in assets and liabilities:	
Other assets	
Other assets	
Accrued expenses and other liabilities	Accrued expenses and other liabilities
Loans held for sale	Loans held for sale
Net cash provided by operating activities	Net cash provided by operating activities
Investing activities:	Investing activities:
Debt securities held-to-maturity:	
Debt securities held-to-maturity:	
Debt securities held-to-maturity:	
Proceeds from maturities and calls	Proceeds from maturities and calls
Purchases	— (326,494)
Proceeds from maturities and calls	
Proceeds from maturities and calls	
Debt securities available-for-sale:	Debt securities available-for-sale:
Debt securities available-for-sale:	
Proceeds from sales	
Proceeds from sales	
Proceeds from sales	Proceeds from sales
Proceeds from maturities and calls	Proceeds from maturities and calls
Purchases	Purchases (295,054) (1,665,466)

Net increase in loans	Net increase in loans	(875,223)	(772,740)
Equity investments, outflows		(134,439)	(29,685)
Equity investments, inflows		124,056	17,336
Payments for other investments			
Proceeds from other investments			
Proceeds from sales of premises and equipment	Proceeds from sales of premises and equipment	2,529	4,846
Purchases of premises and equipment	Purchases of premises and equipment	(59,157)	(26,300)
Net cash received in acquisition	Net cash received in acquisition	207,566	35,243
Net cash paid for whole branch disposal		(93,613)	—
Other investing inflows	Other investing inflows	3,413	3,997
Net cash used in investing activities		(2,368)	(1,843,641)
Other investing inflows			
Net cash (used in) provided by investing activities			
Financing activities:	Financing activities:		
Net increase (decrease) in deposits		886,440	(423,750)
Financing activities:			
Financing activities:			
Net increase in deposits			
Net increase in deposits			
Net increase in deposits			
Net decrease in short-term borrowings	Net decrease in short-term borrowings	(310,267)	—
Proceeds from FHLB advances	Proceeds from FHLB advances	2,225,000	—
Proceeds from FHLB advances			
Repayment of FHLB advances	Repayment of FHLB advances	(2,870,000)	—
Cash dividends on common stock			
Cash dividends on common stock			

Cash	Cash		
dividends on common stock	dividends on common stock	(77,352)	(63,256)
Cash	Cash		
dividends on preferred stock	dividends on preferred stock	(5,062)	(5,157)
Other financing inflows	Other financing inflows	5,405	560
Other financing outflows	Other financing outflows	(11,340)	(7,648)
Net cash used in financing activities	Net cash used in financing activities	(157,176)	(499,251)
Net change in cash and cash equivalents	Net change in cash and cash equivalents	112,652	(1,834,490)
Net change in cash and cash equivalents			
Net change in cash and cash equivalents			
Cash and cash equivalents, beginning of period	Cash and cash equivalents, beginning of period	646,853	2,318,510
Cash and cash equivalents, beginning of period			
Cash and cash equivalents, beginning of period			
Cash and cash equivalents, end of period	Cash and cash equivalents, end of period	\$ 759,505	\$ 484,020
Cash and cash equivalents, end of period			
Cash and cash equivalents, end of period			

See accompanying notes to consolidated financial statements (unaudited).

UNITED COMMUNITY BANKS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Unaudited)

Note 1 – Basis of Presentation and Updates to Significant Accounting Policies

Basis of Presentation

United's accounting and financial reporting policies conform to GAAP and reporting guidelines of banking regulatory authorities. 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 **2022** **2023** 10-K.

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. The accompanying unaudited consolidated financial statements should be read in conjunction with the consolidated financial statements and related notes appearing in United's **2022** **2023** 10-K.

Updates to Significant Accounting Policies

Effective January 1, 2023, United adopted ASU 2022-02, which updated the guidance on modifications to financing receivables by effectively replacing the concept of troubled debt restructurings with a new concept, loan modifications to borrowers experiencing financial difficulty. See Note 2 for further detail. Below summarizes the policy surrounding FDMS.

FDMs: A loan for which the terms have been modified as a result of the borrower experiencing financial difficulty is generally considered to be a FDM. Modified terms that result in a FDM include one or a combination of the following: a reduction of the stated interest rate of the loan, an extension of the term or amortization period, a more than insignificant payment delay or principal forgiveness. The ACL on FDMs is calculated using the same method as other loans held for investment.

Note 2 – Accounting Standards Updates and Recently Adopted Standards

Recently Adopted Standards

In October 2021, the FASB issued ASU No. 2021-08, *Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from contracts with Customers*. The update requires that an acquiring entity apply the guidance from *Revenue from Contracts with Customers (Topic 606)* to recognize and measure contract assets and contract liabilities in a business combination, rather than fair value. Adoption of this update as of January 1, 2023 did not have a material impact on the consolidated financial statements.

In March 2022, the FASB issued ASU No. 2022-01, *Derivatives and Hedging (Topic 815): Fair Value Hedging - Portfolio Layer Method*. The update expands the current last-of-layer method to a portfolio layer method which allows multiple hedged layers of a single closed portfolio and non-prepayable financial assets. In addition, the update specifies that eligible hedging instruments may include spot-starting or forward-starting swaps and that the number of hedged layers corresponds with the number of hedges designated. Finally, the update provides additional guidance on the accounting for and disclosure of hedge basis adjustments. Adoption of this update as of January 1, 2023 did not have a material impact on the consolidated financial statements.

In March 2022, the FASB issued ASU No. 2022-02, *Financial Instruments - Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures*. The update eliminates the previous accounting guidance for TDRs by creditors, while enhancing disclosure requirements for certain loan refinancings and restructurings when a borrower is experiencing financial difficulty. The update also requires that an entity disclose current-period gross charge-offs by year of origination. United adopted this update using a modified retrospective transition method as of January 1, 2023. The quantitative impact of adoption related to the CECL calculation for FDMs was not material; thus, no corresponding cumulative effect adjustment to retained earnings was recorded.

Recently Issued Standards

In March 2023, the FASB issued ASU No. 2023-02, *Investments - Equity Method and Joint Ventures (Topic 323): Accounting for Investments in Tax Credit Structures Using the Proportional Amortization Method*. The update broadens the application of the proportional amortization method (PAM) and related disclosures to tax equity investments other than LIHTC, providing certain conditions are met. The election to apply the proportional amortization method (PAM) must be made on a tax-credit-program by tax-credit-program basis rather than at the reporting entity level or to individual investments. The United adopted this update also requires certain disclosures related using a modified retrospective transition method as of January 1, 2024, with no impact to those investments for which the proportional amortization method has been applied. For public entities, this guidance is effective for fiscal years beginning after December 15, 2023. United does not expect the new guidance to have a material impact on its consolidated financial statements.

In August 2023, the FASB issued ASU No. 2023-05, *Business Combinations - Joint Venture Formations (Subtopic 805-60): Recognition and Initial Measurement*. The update addresses the accounting for contributions made to a joint venture, upon formation.

UNITED COMMUNITY BANKS, INC. AND SUBSIDIARIES Notes to Consolidated Financial Statements (Unaudited)

In a joint venture's separate financial statements. Specifically, a joint venture must apply a new basis of accounting upon formation and will initially measure its assets and liabilities at fair value. This guidance is effective prospectively for all joint venture formations dated on or after January 1, 2025. United does not expect the new guidance to have a material impact on its consolidated financial statements.

In October 2023, the FASB issued ASU No. 2023-06, *Disclosure Improvements - Codification Amendments in Response to the SEC's Disclosure Update and Simplification Initiative*. The update clarifies or improves disclosure and presentation requirements for a variety of topics, including cash flows from derivative instruments, methods used in the diluted retained earnings per share computation and weighted-average interest rates on short term borrowings. This guidance is effective prospectively from the date on which the SEC's removal of that related disclosure from Regulation S-X or Regulation S-K becomes effective. United does not expect the new guidance to have a material impact on its consolidated financial statements.

Note 3 – Supplemental Cash Flow Information

The supplemental schedule of significant non-cash investing and financing activities for the nine months ended September 30, 2023 March 31, 2024 and 2022 2023 is as follows (in thousands).

Three Months Ended March 31, (in thousands)	Nine Months Ended September 30, (in thousands)	2024	2023	Three Months Ended March 31,
Significant non-cash investing and financing transactions:				

	2023	2022
Significant non-cash investing and financing transactions:		
Significant non-cash investing and financing transactions:	Significant non-cash investing and financing transactions:	
Commitments to fund equity investments	Commitments to fund equity investments	\$ 16,410 \$ —
Transfers of AFS securities to HTM securities		— 1,288,982
Commitments to fund equity investments		
Commitments to fund equity investments		
Acquisitions:	Acquisitions:	
Acquisitions:		
Acquisitions:		
Assets acquired		
Assets acquired		
Assets acquired	Assets acquired	2,922,243 3,254,173
Liabilities assumed	Liabilities assumed	2,527,654 2,657,173
Net assets acquired	Net assets acquired	394,589 597,000
Common stock issued and options converted	Common stock issued and options converted	394,140 596,376

UNITED COMMUNITY BANKS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Unaudited)

Note 4 – Acquisitions

Acquisition of First Miami

On July 1, 2023, United acquired all of the outstanding common stock of First Miami in a stock transaction. First Miami operated three branches. Information related to the fair value of assets and liabilities acquired is included in United's 2023 10-K. During the Miami metropolitan area, which facilitated United's expansion first quarter of 2024, within that market. United's operating results for the three and nine months ended September 30, 2023 include the operating results of the acquired business for the one-year measurement period subsequent related to the acquisition date of July 1, 2023.

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

First Miami

Fair Value Recorded by United ^(a)

July 1, 2023

Assets	
Cash and cash equivalents	\$ 150,467
Debt securities	216,703
Loans held for investment	577,183
Premises and equipment	11,905
Core deposit intangible	17,950
Other assets	20,909
Total assets acquired	995,117
Liabilities	
Deposits	865,387
Short-term borrowings	47,664
Other liabilities	17,581
Total liabilities assumed	930,632
Total identifiable net assets	64,485
Consideration transferred	
Cash	2
Common stock issued (3,508,604 shares)	87,679
Total fair value of consideration transferred	87,681
Goodwill	\$ 23,196

(a) 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.

Goodwill represents the intangible value of First Miami's business and reputation within the markets it served and is not expected to be deductible for income tax purposes. The First Miami, core deposit intangible will be amortized over its expected useful life of 10 years using the sum-of-the-years-digits method.

The following table presents United received additional information related regarding the lack of realizability of certain tax credits. As a result, the provisional fair value assigned to the acquired First Miami loan portfolio at the acquisition date (in thousands).

July 1, 2023

PCD Loans	
Par value	\$ 94,902
ACL at acquisition	(3,717)
Non-credit discount	(6,607)
Purchase price	\$ 84,578
Non- PCD:	
Fair value	\$ 492,605
Gross contractual amounts receivable	622,181
Estimate of contractual cash flows not expected to be collected	7,012

UNITED COMMUNITY BANKS, INC. AND SUBSIDIARIES

Notes other assets was adjusted to Consolidated Financial Statements (Unaudited)

Acquisition \$18.8 million, other liabilities was adjusted to \$16.9 million and goodwill was adjusted to \$24.5 million, which represents a decrease of Progress

On January 3, 2023, United acquired all \$2.06 million, a decrease of the outstanding common stock \$726,000 and an increase of Progress in a stock transaction. Progress operated 13 offices primarily located in Alabama and the Florida Panhandle, which facilitated United's growth into those markets. United's operating results for the three and nine months ended September 30, 2023 include the operating results of the acquired business for the period subsequent to the acquisition date of January 3, 2023.

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

Progress

Fair Value Recorded by United ⁽¹⁾

January 3, 2023

Assets		
Cash and cash equivalents	\$	57,548
Debt securities		111,006
Loans held for sale		2,087
Loans held for investment		1,442,959
Premises and equipment		21,118
Bank-owned life insurance		40,723
Core deposit intangible		39,980
Other assets		42,965
Total assets acquired		1,758,386
Liabilities		
Deposits		1,334,476
Short-term borrowings		141,017
Federal Home Loan Bank advances		95,000
Other liabilities		26,529
Total liabilities assumed		1,597,022
Total identifiable net assets		161,364
Consideration transferred		
Cash		447
Common stock issued (8,770,531 shares)		296,444
Options converted		10,017
Total fair value of consideration transferred		306,908
Goodwill	\$	145,544

⁽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.

Goodwill represents the intangible value of Progress' business and reputation within the markets it served and is not expected to be deductible for income tax purposes. The Progress core deposit intangible will be amortized over its expected useful life of 10 years using the sum-of-the-years-digits method.

UNITED COMMUNITY BANKS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Unaudited)

The following table presents additional information related to the acquired Progress loan portfolio at the acquisition date (*in thousands*).

January 3, 2023		
PCD loans:		
Par value	\$	64,913
ACL at acquisition		(2,704)
Non-credit discount		(150)
Purchase price	\$	62,059
Non-PCD loans:		
Fair value	\$	1,380,900
Gross contractual amounts receivable		1,626,243
Estimate of contractual cash flows not expected to be collected		9,287

\$1.34 million, respectively.

Pro forma information - Progress

The following table discloses the impact of the First Miami and Progress acquisitions since their respective dates of acquisition. The table also presents certain pro forma information as if First Miami and Progress had been acquired on January 1, 2022 and Reliant had been acquired on January 1, 2021. These results combine the historical results of the acquired entities entity with United's consolidated statement of income. Adjustments were made for the estimated impact of certain fair value adjustments and other acquisition-related activity; however pro forma financial results presented are not necessarily indicative of what would have occurred had the acquisitions taken place in earlier years.

Merger-related costs related to the First Miami acquisition for the three and nine months ended September 30, 2023 of \$6.53 million and \$6.91 million, respectively, have been excluded from the pro forma information for those periods presented below and included in the three and nine months ended September 30, 2022 pro forma information. Merger-related costs related to the Progress acquisition for the three and nine months ended September 30, 2023 of \$182,000 and \$9.96 million, respectively, have been excluded from the pro forma information for those periods presented below and included in the three and nine months ended September 30, 2022 pro forma information. Merger-related costs related to the Reliant acquisition for the three and nine months ended September 30, 2022 of \$760,000 and \$14.8 million, respectively, have been excluded from the pro forma information presented below. The actual results and pro forma information were as follows (in thousands):

		Three Months Ended September 30,		Nine Months Ended September 30,	
		Revenue	Net Income	Revenue	Net Income
2023					
Actual Progress results included in statement of income since acquisition date		\$ 16,934	\$ 7,569	\$ 41,555	\$ 12,667
Actual First Miami results included in statement of income since acquisition date		3,488	(3,330)	3,488	(3,330)
Supplemental consolidated pro forma as if Progress and First Miami had been acquired January 1, 2022		207,523	55,538	667,155	197,929
2022					
Actual Reliant results included in statement of income since acquisition date		\$ 29,618	\$ 16,516	\$ 72,685	\$ 32,931
Supplemental consolidated pro forma as if Progress and First Miami had been acquired January 1, 2022 and Reliant had been acquired January 1, 2021		\$ 246,612	\$ 83,642	\$ 691,694	\$ 215,264

UNITED COMMUNITY BANKS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Unaudited)

Merger-related costs related to the Progress acquisition of \$7.49 million have been excluded from the three months ended March 31, 2023 pro forma information presented below. The actual results and pro forma information were as follows:

		Three Months Ended March 31, 2023	
		Revenue	Net Income
<i>(in thousands)</i>			
Actual Progress results included in statement of income since acquisition date		\$ 6,652	\$ 1,810
Supplemental consolidated pro forma as if Progress had been acquired January 1, 2022		229,541	75,209

Note 5 – Investment Securities

The amortized cost basis, unrealized gains and losses and fair value of HTM debt securities as of the dates indicated are as follows *(in thousands)*.follows.

		Gross		Gross				
		Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value			
As of September 30, 2023								
<i>(in thousands)</i>								
As of March 31, 2024						As of March 31, 2024		
U.S. Treasuries	U.S. Treasuries	\$ 19,857	\$ —	\$ 2,591	\$ 17,266			
U.S. Government agencies & GSEs	U.S. Government agencies & GSEs	98,989	—	21,216	77,773			

State and political subdivisions	State and political subdivisions	294,187	4	71,485	222,706
Residential MBS, Agency & GSEs	Residential MBS, Agency & GSEs	1,407,762	—	277,747	1,130,015
Commercial MBS, Agency & GSEs	Commercial MBS, Agency & GSEs	682,978	—	150,248	532,730
Commercial MBS, Agency & GSEs	Commercial MBS, Agency & GSEs				
Supranational entities	Supranational entities				
Supranational entities	Supranational entities	15,000	—	3,126	11,874
Total	Total	\$2,518,773	\$ 4	\$ 526,413	\$1,992,364
As of December 31, 2022					
As of December 31, 2023					
As of December 31, 2023					
As of December 31, 2023					
U.S. Treasuries	U.S. Treasuries				
U.S. Treasuries	U.S. Treasuries	\$ 19,834	\$ —	\$ 2,417	\$ 17,417
U.S. Government agencies & GSEs	U.S. Government agencies & GSEs	99,679	—	18,169	81,510
State and political subdivisions	State and political subdivisions	295,945	56	64,340	231,661
Residential MBS, Agency & GSEs	Residential MBS, Agency & GSEs	1,488,028	35	223,566	1,264,497
Commercial MBS, Agency & GSEs	Commercial MBS, Agency & GSEs	695,162	—	111,586	583,576
Commercial MBS, Agency & GSEs	Commercial MBS, Agency & GSEs				
Supranational entities	Supranational entities	\$ 15,000	\$ —	\$ 2,588	\$ 12,412
Supranational entities	Supranational entities				
Total	Total	\$2,613,648	\$ 91	\$ 422,666	\$2,191,073

UNITED COMMUNITY BANKS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Unaudited)

The amortized cost basis, unrealized gains and losses, and fair value of AFS debt securities as of the dates indicated are presented below (*in thousands*). During the second quarter of 2023, United entered into fair value hedges on stated amounts of a closed portfolio of AFS debt securities using the portfolio layer method, which is further explained in Note

7.below.

		Gross	Gross					
		Amortized	Unrealized	Unrealized	Fair			
		Cost	Gains	Losses	Value			
As of September 30, 2023								
(in thousands)		(in thousands)				Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses
As of March 31, 2024		As of March 31, 2024						Fair Value
U.S. Treasuries	U.S. Treasuries	\$ 297,943	\$ 25	\$ 14,138	\$ 283,830			
U.S. Government agencies & GSEs	U.S. Government agencies & GSEs	242,642	255	18,202	224,695			
State and political subdivisions	State and political subdivisions	183,261	—	27,016	156,245			
Residential MBS, Agency & GSEs	Residential MBS, Agency & GSEs	1,408,719	16	185,026	1,223,709			
Residential MBS, Non-agency	Residential MBS, Non-agency	352,872	—	30,159	322,713			
Commercial MBS, Agency & GSEs	Commercial MBS, Agency & GSEs	666,283	—	90,653	575,630			
Commercial MBS, Non-agency	Commercial MBS, Non-agency	27,633	—	1,203	26,430			
Corporate bonds	Corporate bonds	218,584	84	23,863	194,805			
Asset-backed securities	Asset-backed securities	177,876	1	3,822	174,055			
Total	Total	3,575,813	381	394,082	3,182,112			
As of December 31, 2022								
As of December 31, 2023								
As of December 31, 2023								
U.S. Treasuries								
U.S. Treasuries								
U.S. Treasuries	U.S. Treasuries	\$ 163,972	\$ —	\$ 14,620	\$ 149,352			
U.S. Government agencies & GSEs	U.S. Government agencies & GSEs	266,347	463	16,694	250,116			

State and political subdivisions	State and political subdivisions	329,723	151	26,126	303,748
Residential MBS, Agency & GSEs	Residential MBS, Agency & GSEs	1,609,442	13	160,636	1,448,819
Residential MBS, Non-agency	Residential MBS, Non-agency	374,535	—	27,873	346,662
Commercial MBS, Agency & GSEs	Commercial MBS, Agency & GSEs	720,282	471	79,407	641,346
Commercial MBS, Non-agency	Commercial MBS, Non-agency	31,624	—	1,058	30,566
Corporate bonds	Corporate bonds	236,181	34	23,763	212,452
Asset-backed securities	Asset-backed securities	239,220	—	7,948	231,272
Total	Total	\$3,971,326	\$ 1,132	\$ 358,125	\$3,614,333

UNITED COMMUNITY BANKS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Unaudited)

Securities with a carrying value of **\$4.17 billion** **\$2.90 billion** and **\$2.53 billion** **\$4.12 billion**, respectively, were pledged, primarily to secure public deposits at March 31, 2024 and to secure public deposits and provide contingent liquidity through the Bank Term Funding Program at the Federal Reserve Bank, at **September 30, 2023** and **December 31, 2022**, respectively. **December 31, 2023**. The Bank Term Funding Program was discontinued in the first quarter of 2024.

The following table summarizes HTM debt securities in an unrealized loss position as of the dates indicated (in thousands).

		Less than 12 Months		12 Months or More		Total	
		Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
		As of September 30, 2023		As of December 31, 2022		As of December 31, 2022	
U.S. Treasuries		\$ —	\$ —	\$ 17,266	\$ 2,591	\$ 17,266	\$ 2,591
U.S. Government agencies & GSEs		—	—	77,773	21,216	77,773	21,216
State and political subdivisions		18,580	660	203,422	70,825	222,002	71,485
Residential MBS, Agency & GSEs		1,763	44	1,128,250	277,703	1,130,013	277,747
Commercial MBS, Agency & GSEs		6,019	655	526,711	149,593	532,730	150,248
Supranational entities		—	—	11,874	3,126	11,874	3,126
Total unrealized loss position		\$ 26,362	\$ 1,359	\$ 1,965,296	\$ 525,054	\$ 1,991,658	\$ 526,413
U.S. Treasuries		\$ 17,417	\$ 2,417	\$ —	\$ —	\$ 17,417	\$ 2,417
U.S. Government agencies & GSEs		10,687	1,813	70,823	16,356	81,510	18,169
State and political subdivisions		104,243	20,639	117,115	43,701	221,358	64,340
Residential MBS, Agency & GSEs		296,673	38,289	965,785	185,277	1,262,458	223,566
Commercial MBS, Agency & GSEs		176,848	24,497	406,728	87,089	583,576	111,586
Supranational entities		12,412	2,588	—	—	12,412	2,588
Total unrealized loss position		\$ 618,280	\$ 90,243	\$ 1,560,451	\$ 332,423	\$ 2,178,731	\$ 422,666

The following table summarizes AFS debt securities in an unrealized loss position as of the dates indicated (in thousands).

		Less than 12 Months						Less than 12 Months		12 Months or More		Total	
		Less than 12 Months		12 Months or More		Total		Less than 12 Months		12 Months or More			
		Unrealized		Unrealized		Unrealized		Unrealized		Unrealized			
		Fair Value	Loss	Fair Value	Loss	Fair Value	Loss	Fair Value	Loss	Fair Value	Loss		
As of September 30, 2023	(in thousands)												
As of March 31, 2024													
U.S. Treasuries	U.S. Treasuries	\$ 24,860	\$ 3	\$ 100,267	\$ 14,135	\$ 125,127	\$ 14,138						
U.S. Government agencies & GSEs	U.S. Government agencies & GSEs	33,990	155	163,009	18,047	196,999	18,202						
State and political subdivisions	State and political subdivisions	764	5	155,480	27,011	156,244	27,016						
Residential MBS, Agency & GSEs	Residential MBS, Agency & GSEs	51,018	669	1,166,396	184,357	1,217,414	185,026						
Residential MBS, Non-agency		—	—	322,713	30,159	322,713	30,159						
Commercial MBS, Agency & GSEs	Commercial MBS, Agency & GSEs	63,198	2,876	512,431	87,777	575,629	90,653						
Commercial MBS, Non-agency		—	—	26,430	1,203	26,430	1,203						
Corporate bonds		4,277	351	187,132	23,512	191,409	23,863						
Asset-backed securities		8,766	45	161,689	3,777	170,455	3,822						
Commercial MBS, Agency & GSEs													
Commercial MBS, Agency & GSEs													
Supranational entities													
Supranational entities													
Supranational entities													
Total unrealized loss position	Total unrealized loss position	\$ 186,873	\$ 4,104	\$ 2,795,547	\$ 389,978	\$ 2,982,420	\$ 394,082						
As of December 31, 2022													
As of December 31, 2023													
As of December 31, 2023													
As of December 31, 2023													
U.S. Treasuries													
U.S. Treasuries													

U.S. Treasuries	U.S. Treasuries	\$ 49,259	\$ 724	\$ 100,093	\$ 13,896	\$ 149,352	\$ 14,620
U.S. Government agencies & GSEs	U.S. Government agencies & GSEs	93,015	2,124	108,093	14,570	201,108	16,694
State and political subdivisions	State and political subdivisions	207,749	9,906	62,606	16,220	270,355	26,126
Residential MBS, Agency & GSEs	Residential MBS, Agency & GSEs	1,049,648	102,852	392,288	57,784	1,441,936	160,636
Residential MBS, Non-agency		338,399	27,095	8,263	778	346,662	27,873
Commercial MBS, Agency & GSEs	Commercial MBS, Agency & GSEs	288,787	17,304	332,088	62,103	620,875	79,407
Commercial MBS, Non-agency		30,566	1,058	—	—	30,566	1,058
Corporate bonds		83,010	7,776	127,603	15,987	210,613	23,763
Asset-backed securities		97,705	2,664	133,567	5,284	231,272	7,948
Commercial MBS, Agency & GSEs							
Commercial MBS, Agency & GSEs							
Supranational entities							
Supranational entities							
Supranational entities							
Total unrealized loss position	Total unrealized loss position	\$ 2,238,138	\$ 171,503	\$ 1,264,601	\$ 186,622	\$ 3,502,739	\$ 358,125

UNITED COMMUNITY BANKS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Unaudited)

The following table summarizes AFS debt securities in an unrealized loss position as of the dates indicated.

(in thousands)		Less than 12 Months		12 Months or More		Total	
		Unrealized		Unrealized		Unrealized	
		Fair Value	Loss	Fair Value	Loss	Fair Value	Loss
As of March 31, 2024							
U.S. Treasuries		\$ 270,743	\$ 1,566	\$ 102,963	\$ 11,299	\$ 373,706	\$ 12,865
U.S. Government agencies & GSEs		40,825	216	177,406	15,025	218,231	15,241
State and political subdivisions		—	—	162,495	18,566	162,495	18,566
Residential MBS, Agency & GSEs		81,990	331	1,086,333	131,902	1,168,323	132,233
Residential MBS, Non-agency		—	—	312,372	20,673	312,372	20,673
Commercial MBS, Agency & GSEs		170,175	724	379,980	38,929	550,155	39,653
Commercial MBS, Non-agency		—	—	19,623	542	19,623	542
Corporate bonds		3,201	49	190,753	17,552	193,954	17,601
Asset-backed securities		3,214	3	118,321	1,775	121,535	1,778
Total unrealized loss position		\$ 570,148	\$ 2,889	\$ 2,550,246	\$ 256,263	\$ 3,120,394	\$ 259,152

As of December 31, 2023									
U.S. Treasuries	\$ 100,369	\$ 39	\$ 103,535	\$ 10,672	\$ 203,904	\$ 10,711			
U.S. Government agencies & GSEs	41,960	141	184,184	14,336	226,144	14,477			
State and political subdivisions	—	—	163,278	18,502	163,278	18,502			
Residential MBS, Agency & GSEs	50,014	672	1,108,290	124,340	1,158,304	125,012			
Residential MBS, Non-agency	—	—	317,247	22,084	317,247	22,084			
Commercial MBS, Agency & GSEs	98,052	2,494	342,390	36,523	440,442	39,017			
Commercial MBS, Non-agency	—	—	23,594	675	23,594	675			
Corporate bonds	4,016	116	195,329	17,011	199,345	17,127			
Asset-backed securities	11,855	53	149,857	2,963	161,712	3,016			
Total unrealized loss position	\$ 306,266	\$ 3,515	\$ 2,587,704	\$ 247,106	\$ 2,893,970	\$ 250,621			

At **September 30, 2023** **March 31, 2024**, there were **672,639** AFS debt securities and **331,315** HTM debt securities that were in an unrealized loss position. United does not intend to sell nor does it believe 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, 2023** **March 31, 2024** were primarily attributable to changes in interest rates.

At **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**, estimated credit losses and, thus, the related ACL on HTM debt securities were de minimis due to the high credit quality of the portfolio, which included securities issued or guaranteed by U.S. Government agencies, GSEs, high credit quality municipalities and supranational entities. As a result, no ACL was recorded on the HTM portfolio at **September 30, 2023** **March 31, 2024** or **December 31, 2022** **December 31, 2023**. In addition, based on the assessments performed at **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**, there was no ACL required related to the AFS portfolio.

The following table presents accrued interest receivable **for the periods indicated** on HTM and AFS debt securities, **(in thousands)**, which was excluded from the estimate of credit losses, for the periods indicated.

	Accrued Interest Receivable	
	September 30, 2023	
	HTM	December 31, 2022
AFS	\$ 6,040	\$ 7,234
	10,983	15,281

	Accrued Interest Receivable	
	March 31, 2024	
	(in thousands)	December 31, 2023
HTM	\$ 5,942	\$ 6,143
AFS	15,050	12,568

UNITED COMMUNITY BANKS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Unaudited)

The amortized cost and fair value of AFS and HTM debt securities at **September 30, 2023** **March 31, 2024**, by contractual maturity, are presented in the following table **(in thousands)**.

	AFS		HTM	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
(in thousands)				
Within 1 year:				
U.S. Treasuries	\$ 122,246	\$ 122,094	—	—
U.S. Government agencies & GSEs	371	357	—	—
State and political subdivisions	3,147	3,114	1,200	1,194
Corporate bonds	16,878	16,413	—	—
	142,642	141,978	1,200	1,194
1 to 5 years:				
U.S. Treasuries	289,394	276,686	19,872	17,779
U.S. Government agencies & GSEs	46,818	43,034	—	—
State and political subdivisions	27,823	25,762	27,197	25,579
Corporate bonds	152,155	140,542	—	—
	516,190	486,024	47,069	43,358

5 to 10 years:				
U.S. Government agencies & GSEs	129,138	122,597	72,635	61,301
State and political subdivisions	59,827	51,150	55,664	47,296
Corporate bonds	43,528	38,029	—	—
Supranational entities	—	—	15,000	12,218
	232,493	211,776	143,299	120,815
More than 10 years:				
U.S. Government agencies & GSEs	136,081	131,438	26,417	21,078
State and political subdivisions	91,032	83,237	208,175	165,388
Corporate bonds	810	916	—	—
	227,923	215,591	234,592	186,466
Debt securities not due at a single maturity date:				
Asset-backed securities	148,738	147,056	—	—
Residential MBS	1,670,549	1,517,893	1,360,395	1,136,965
Commercial MBS	713,176	673,081	678,578	554,114
	2,532,463	2,338,030	2,038,973	1,691,079
Total	\$ 3,651,711	\$ 3,393,399	\$ 2,465,133	\$ 2,042,912

Expected maturities may differ from contractual maturities because issuers and borrowers may have the right to call or prepay obligations.

	AFS		HTM	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Within 1 year:				
U.S. Treasuries	\$ 183,791	\$ 183,807	\$ —	\$ —
U.S. Government agencies & GSEs	284	280	—	—
State and political subdivisions	2,019	1,969	1,200	1,198
Corporate bonds	9,601	9,316	—	—
	195,695	195,372	1,200	1,198
1 to 5 years:				
U.S. Treasuries	114,152	100,023	19,857	17,266
U.S. Government agencies & GSEs	39,182	35,445	—	—
State and political subdivisions	26,560	23,998	28,316	25,992
Corporate bonds	155,080	139,674	—	—
	334,974	299,140	48,173	43,258
5 to 10 years:				
U.S. Government agencies & GSEs	66,994	57,698	72,566	58,057
State and political subdivisions	49,741	39,977	42,809	34,348
Corporate bonds	53,099	44,945	—	—
Supranational entities	—	—	15,000	11,874
	169,834	142,620	130,375	104,279
More than 10 years:				
U.S. Government agencies & GSEs	136,182	131,272	26,423	19,716
State and political subdivisions	104,941	90,301	221,862	161,168
Corporate bonds	804	870	—	—
	241,927	222,443	248,285	180,884
Debt securities not due at a single maturity date:				
Asset-backed securities	177,876	174,055	—	—
Residential MBS	1,761,591	1,546,422	1,407,762	1,130,015
Commercial MBS	693,916	602,060	682,978	532,730
	2,633,383	2,322,537	2,090,740	1,662,745

Total	\$ 3,575,813	\$ 3,182,112	\$ 2,518,773	\$ 1,992,364
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UNITED COMMUNITY BANKS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Unaudited)

Realized gains and losses are derived using the specific identification method for determining the cost of securities sold. The following table summarizes AFS securities sales activity for the three and nine months ended **September 30, 2023** **March 31, 2024** and **2022** **2023** (*in thousands*).

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2023	2022	2023	2022
Proceeds from sales	\$ 214,573	\$ —	\$ 595,234	\$ 281,521
Gross realized gains	\$ —	\$ —	\$ 1,373	\$ 1,009
Gross realized losses	—	—	(3,017)	(4,697)
Securities gains (losses), net	\$ —	\$ —	\$ (1,644)	\$ (3,688)
Income tax expense (benefit) attributable to sales	\$ —	\$ —	\$ (374)	\$ (979)

<i>(in thousands)</i>	Three Months Ended	
	March 31,	
	2024	2023
Proceeds from sales	\$ 647	\$ 380,661
Gross realized gains	\$ —	\$ 1,373
Gross realized losses	—	(3,017)
Securities losses, net	\$ —	\$ (1,644)
Income tax benefit attributable to sales	\$ —	\$ (374)

Investment securities sold in the third quarter of 2023 were those received through the First Miami acquisition. The securities were sold within a few days of the acquisition date and therefore resulted in no gain or loss as the sales price confirmed the value on the acquisition date.

UNITED COMMUNITY BANKS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Unaudited)

Note 6 – Loans and Leases and Allowance for Credit Losses

Major classifications of the loan and lease portfolio (collectively referred to as the “loan portfolio” or “loans”) are summarized as of the dates indicated as **follows** (*in thousands*).

	September 30, 2023	December 31, 2022
Owner occupied commercial real estate	\$ 3,278,582	\$ 2,734,666
Income producing commercial real estate	4,130,099	3,261,626
Commercial & industrial	2,504,330	2,252,322
Commercial construction	1,849,507	1,597,848
Equipment financing	1,534,352	1,374,251
Total commercial	13,296,870	11,220,713
Residential mortgage	3,043,120	2,355,061
Home equity	940,729	850,269
Residential construction	398,765	442,553
Manufactured housing	343,219	316,741
Consumer	180,104	149,290

Total loans	18,202,807	15,334,627
Less allowance for credit losses - loans	(201,557)	(159,357)
Loans, net	\$ 18,001,250	\$ 15,175,270

(in thousands)	March 31, 2024	December 31, 2023
Owner occupied CRE	\$ 3,310,231	\$ 3,264,051
Income producing CRE	4,206,322	4,263,952
Commercial & industrial	2,404,505	2,411,045
Commercial construction	1,936,074	1,859,538
Equipment financing	1,543,905	1,541,120
Total commercial	13,401,037	13,339,706
Residential mortgage	3,239,687	3,198,928
Home equity	969,020	958,987
Residential construction	257,279	301,650
Manufactured housing	328,121	336,474
Consumer	180,102	181,117
Total loans excluding fair value hedge basis adjustment	18,375,246	18,316,862
Fair value hedge basis adjustment	(402)	1,893
Total loans	18,374,844	18,318,755
Less ACL - loans	(210,934)	(208,071)
Loans, net	\$ 18,163,910	\$ 18,110,684

Accrued interest receivable related to loans totaled **\$63.1 million** **\$67.0 million** at both March 31, 2024 and **\$52.0 million** at September 30, 2023 and December 31, 2022 December 31, 2023, respectively, and was reported in other assets on the consolidated balance sheets. Accrued interest receivable was excluded from the estimate of credit losses.

At September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the loan portfolio was subject included certain loans specifically pledged to the Federal Reserve as well as loans covered by a blanket pledges lien on certain qualifying loan types with the FHLB and FRB to secure contingent funding sources.

The following table presents the amortized cost of certain loans held for investment that were sold in the periods indicated (in thousands), indicated. The gains on these loan sales were included in noninterest income on the consolidated statements of income.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023		2022	
	\$	20,381	\$	20,405
Guaranteed portion of SBA/USDA loans	\$	20,381	\$	20,405
Equipment financing receivables		37,671		21,557
Total	\$	64,052	\$	41,962

	Three Months Ended March 31,	
	2024	
	\$	9,388
Guaranteed portion of SBA/USDA loans	\$	9,388
Equipment financing receivables		28,323
Total	\$	37,711

UNITED COMMUNITY BANKS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Unaudited)

At September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, equipment financing receivables included leases of **\$65.7 million** **\$74.8 million** and **\$46.0 million** **\$68.9 million**, respectively. The components of the net investment in leases, which included both sales-type and direct financing, are presented below (in thousands) below.

	September 30, 2023	December 31, 2022
Minimum future lease payments receivable	\$ 71,773	\$ 49,723

Estimated residual value of leased equipment	3,971	2,804
Initial direct costs	1,349	767
Security deposits	(418)	(429)
Unearned income	(10,997)	(6,877)
Net investment in leases	\$ 65,678	\$ 45,988

Minimum future lease payments expected to be received from equipment financing lease contracts as of September 30, 2023 were as follows (in thousands):

Year		
Remainder of 2023	\$	6,138
2024		22,773
2025		18,549
2026		13,320
2027		8,589
Thereafter		2,404
Total	\$	71,773

(in thousands)	March 31, 2024	December 31, 2023
Minimum future lease payments receivable	\$ 81,882	\$ 75,198
Estimated residual value of leased equipment	4,737	4,445
Initial direct costs	1,566	1,402
Security deposits	(437)	(413)
Unearned income	(12,978)	(11,711)
Net investment in leases	\$ 74,770	\$ 68,921

UNITED COMMUNITY BANKS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Unaudited)

Minimum future lease payments expected to be received from equipment financing lease contracts as of March 31, 2024 were as follows:

(in thousands)		
Year		
Remainder of 2024	\$	20,668
2025		23,996
2026		18,243
2027		12,703
2028		5,675
Thereafter		597
Total	\$	81,882

Nonaccrual and Past Due Loans

The following table presents the aging of the amortized cost basis in loans by aging category and accrual status as of the dates indicated (in thousands). Past due status is based on contractual terms of the loan. The accrual of interest is generally discontinued when a loan becomes 90 days past due.

	Accruing					
	Loans Past Due					
	60 -		> 90		Nonaccrual	
	Current Loans	30 - 59 Days	89 Days	> 90 Days	Nonaccrual Loans	Total Loans
As of September 30, 2023						
Owner occupied						
commercial real estate	\$ 3,271,847	\$ 1,303	\$ 298	\$ —	\$ 5,134	\$ 3,278,582

Income producing commercial real estate	4,099,376	409	59	—	30,255	4,130,099	
	Current Loans	Current Loans					
(in thousands)	Current Loans						
(in thousands)							
(in thousands)							
As of March 31, 2024							
Owner occupied CRE							
Owner occupied CRE							
Owner occupied CRE							
Income producing CRE							
Commercial & industrial	Commercial & industrial	2,485,006	5,575	367	—	13,382	2,504,330
Commercial construction	Commercial construction	1,848,362	80	—	—	1,065	1,849,507
Equipment financing	Equipment financing	1,517,824	4,068	3,254	—	9,206	1,534,352
Total commercial	Total commercial	13,222,415	11,435	3,978	—	59,042	13,296,870
Residential mortgage	Residential mortgage	3,026,653	3,995	579	—	11,893	3,043,120
Home equity	Home equity	934,376	1,285	1,057	2	4,009	940,729
Residential construction	Residential construction	394,566	2,125	—	—	2,074	398,765
Manufactured housing	Manufactured housing	317,831	10,388	2,289	—	12,711	343,219
Consumer	Consumer	179,314	498	203	—	89	180,104
Total loans	Total loans	\$18,075,155	\$29,726	\$8,106	\$ 2	\$89,818	\$18,202,807
As of December 31, 2022							
Owner occupied commercial real estate	\$ 2,731,574	\$ 1,522	\$ 1,047	\$ —	\$ 523	\$ 2,734,666	
Income producing commercial real estate	3,257,232	468	41	—	3,885	3,261,626	
As of December 31, 2023							
As of December 31, 2023							
As of December 31, 2023							
Owner occupied CRE							
Owner occupied CRE							
Owner occupied CRE							
Income producing CRE							
Commercial & industrial	Commercial & industrial	2,234,284	3,288	274	6	14,470	2,252,322
Commercial construction	Commercial construction	1,597,268	447	—	—	133	1,597,848
Equipment financing	Equipment financing	1,362,622	4,285	1,906	—	5,438	1,374,251
Total	Total						

commercial	commercial	11,182,980	10,010	3,268	6	24,449	11,220,713
Residential	Residential						
mortgage	mortgage	2,342,196	1,939	7	—	10,919	2,355,061
Home equity	Home equity	844,888	2,709	784	—	1,888	850,269
Residential	Residential						
construction	construction	441,673	20	455	—	405	442,553
Manufactured	Manufactured						
housing	housing	302,386	6,913	924	—	6,518	316,741
Consumer	Consumer	148,943	237	48	9	53	149,290
Total loans	Total loans	<u>\$15,263,066</u>	<u>\$21,828</u>	<u>\$5,486</u>	<u>\$15</u>	<u>\$44,232</u>	<u>\$15,334,627</u>

The following table presents nonaccrual loans held for investment by loan class for the periods indicated (in thousands).

	Nonaccrual Loans					
	September 30, 2023			December 31, 2022		
	With no allowance	With an allowance	Total	With no allowance	With an allowance	Total
Owner occupied commercial real estate	\$ 4,702	\$ 432	\$ 5,134	\$ 276	\$ 247	\$ 523
Income producing commercial real estate	11,117	19,138	30,255	3,798	87	3,885
Commercial & industrial	11,448	1,934	13,382	13,917	553	14,470
Commercial construction	1,004	61	1,065	69	64	133
Equipment financing	19	9,187	9,206	85	5,353	5,438
Total commercial	28,290	30,752	59,042	18,145	6,304	24,449
Residential mortgage	2,222	9,671	11,893	2,159	8,760	10,919
Home equity	1,405	2,604	4,009	430	1,458	1,888
Residential construction	1,405	669	2,074	311	94	405
Manufactured housing	—	12,711	12,711	—	6,518	6,518
Consumer	1	88	89	3	50	53
Total	<u>\$ 33,323</u>	<u>\$ 56,495</u>	<u>\$ 89,818</u>	<u>\$ 21,048</u>	<u>\$ 23,184</u>	<u>\$ 44,232</u>

UNITED COMMUNITY BANKS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Unaudited)

At March 31, 2024 and December 31, 2023, United had \$55.5 million and \$48.5 million, respectively, in loans for which repayment is expected to be provided substantially through the operation or sale of the collateral. Estimated credit losses for these loans are based on the net realizable value of the collateral relative to the amortized cost of the loan. The majority of these loans are income producing CRE and commercial and industrial loans.

The following table presents nonaccrual loans held for investment by loan class for the periods indicated.

(in thousands)	Nonaccrual Loans					
	March 31, 2024			December 31, 2023		
	With no allowance	With an allowance	Total	With no allowance	With an allowance	Total
Owner occupied CRE	\$ 1,072	\$ 1,238	\$ 2,310	\$ 2,451	\$ 643	\$ 3,094
Income producing CRE	29,153	33	29,186	11,003	19,125	30,128
Commercial & industrial	14,038	6,096	20,134	11,940	1,527	13,467
Commercial construction	1,778	84	1,862	1,784	94	1,878
Equipment financing	92	8,737	8,829	57	8,448	8,505
Total commercial	46,133	16,188	62,321	27,235	29,837	57,072
Residential mortgage	3,368	13,201	16,569	1,836	12,108	13,944
Home equity	1,426	3,558	4,984	1,276	2,496	3,772
Residential construction	781	463	1,244	398	546	944
Manufactured housing	—	19,797	19,797	—	15,861	15,861
Consumer	—	54	54	2	92	94

Total	\$ 51,708	\$ 53,261	\$ 104,969	\$ 30,747	\$ 60,940	\$ 91,687
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Risk Ratings

United categorizes commercial loans with the exception of equipment financing receivables, into risk categories based on relevant information about the ability of borrowers to service their debt such as: current financial information, historical payment experience, 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:

Pass. Loans in this category are considered to have a low probability of default and do not meet the criteria of the risk categories below.

Special Mention. 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.

Equipment Financing Receivables and Consumer Purpose Loans. United applies a pass / fail grading system to all equipment financing receivables and consumer purpose loans. Under this system, loans that are on nonaccrual status, become past due 90 days, or are in bankruptcy and 30 or more days past due are classified as "fail" and all other loans are classified as "pass". For reporting purposes, loans in these categories that are classified as "fail" are reported as substandard and all other loans are reported as pass.

UNITED COMMUNITY BANKS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Unaudited)

The following tables present the risk category of term loans and for 2023, gross charge-offs by vintage year, which is the year of origination or most recent renewal, as of the date indicated (*in thousands*).

Current period gross charge-offs	Current period gross charge-offs	\$ 207	\$ —	\$ 656	\$ —	\$ —	\$ —	\$ —	\$ 863	
Income producing commercial real estate										
Income producing CRE										
Pass										
Pass										
Pass	Pass	\$480,148	\$ 943,710	\$798,023	\$761,973	\$306,892	\$466,308	\$ 56,787	\$ 12,413	\$ 3,826,254
Special	Special									
Mention	Mention	42,427	37,350	19,078	26,535	35,108	9,627	—	—	170,125
Substandard	Substandard	37,236	20,604	8,061	20,766	17,418	29,579	—	56	133,720
Total income producing commercial real estate										
\$559,811 \$ 1,001,664 \$825,162 \$809,274 \$359,418 \$505,514 \$ 56,787 \$ 12,469 \$ 4,130,099										
Total income producing CRE										
Total income producing CRE										
Current period gross charge-offs	Current period gross charge-offs	\$ 3,033	\$ 2,534	\$ —	\$ —	\$ 2,291	\$ —	\$ —	\$ 7,858	
Commercial & industrial										
Pass										
Pass										
Pass	Pass	\$536,057	\$ 475,831	\$316,737	\$141,890	\$105,098	\$172,251	\$583,560	\$ 14,397	\$ 2,345,821
Special	Special									
Mention	Mention	5,901	2,843	3,788	5,624	8,490	776	25,636	294	53,352
Substandard	Substandard	18,786	5,802	25,867	6,583	4,265	2,060	39,830	1,964	105,157
Total commercial & industrial										
\$560,744 \$ 484,476 \$346,392 \$154,097 \$117,853 \$175,087 \$649,026 \$ 16,655 \$ 2,504,330										
Total commercial & industrial										
Current period gross charge-offs	Current period gross charge-offs	\$ 5,433	\$ 1,551	\$ 13,056	\$ 2,379	\$ 315	\$ 41	\$ —	\$ 1,578	\$ 24,353
Commercial construction										
Pass										
Pass										
Pass	Pass	\$508,200	\$ 668,556	\$333,915	\$177,196	\$ 58,028	\$ 29,494	\$ 56,061	\$ 899	\$ 1,832,349
Special	Special									
Mention	Mention	57	129	8	50	—	—	—	—	244
Substandard	Substandard	6,612	1,004	6,838	2,136	—	87	—	237	16,914
Total commercial construction										
\$514,869 \$ 669,689 \$340,761 \$179,382 \$ 58,028 \$ 29,581 \$ 56,061 \$ 1,136 \$ 1,849,507										

Total	commercial													
construction														
Total	commercial													
construction														
Current	Current													
period gross	period gross													
charge-offs	charge-offs	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—	
Equipment	Equipment													
financing	financing													
Pass	Pass	\$557,422	\$	544,029	\$	266,554	\$	99,360	\$	51,089	\$	5,637	\$	
Pass		—	\$	—	\$	—	\$	—	\$	—	\$	—	\$	
Pass		—	\$	—	\$	—	\$	—	\$	—	\$	—	\$	
Special														
Mention														
Substandard	Substandard	961		4,106		2,996		1,287		880		31		
Total	Total	—		—		—		—		—		—		
equipment	equipment													
financing	financing	\$558,383	\$	548,135	\$	269,550	\$	100,647	\$	51,969	\$	5,668	\$	
Current	Current	—		—		—		—		—		—		
period gross	period gross													
charge-offs	charge-offs	\$	32	\$	6,840	\$	5,818	\$	1,244	\$	748	\$	312	\$
Residential	Residential	—		—		—		—		—		—		
mortgage	mortgage													
Pass		—		—		—		—		—		—		
Pass														
Pass	Pass	\$652,060	\$	959,694	\$	746,217	\$	326,186	\$	86,697	\$	254,232	\$	
Substandard	Substandard	443		2,499		1,573		887		1,565		6,944		
Total	Total	—		—		—		—		—		—		
residential	residential													
mortgage	mortgage	\$652,503	\$	962,193	\$	747,790	\$	327,073	\$	88,262	\$	261,176	\$	
Current	Current	—		—		—		—		—		—		
period gross	period gross													
charge-offs	charge-offs	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—	
Home equity	Home equity													
Pass	Pass	\$	—	\$	—	\$	—	\$	—	\$	—	\$	—	
Pass		—		—		—		—		—		—		
Pass														
Substandard	Substandard	—		—		—		—		—		38		
Total home	Total home											4,203		
equity	equity	\$	—	\$	—	\$	—	\$	—	\$	—	\$909,467	\$	
Current	Current	—		—		—		—		—		31,262		
period gross	period gross													
charge-offs	charge-offs	\$	—	\$	—	\$	—	\$	—	\$	—	167	\$	
Residential	Residential													
construction	construction													
Pass														
Pass														
Pass	Pass	\$213,572	\$	138,093	\$	29,365	\$	5,527	\$	1,203	\$	6,435	\$	
Substandard	Substandard	2,639		1,163		425		7		18		224		
Total	Total	—		—		—		—		—		—		
residential	residential													
construction	construction	\$216,211	\$	139,256	\$	29,790	\$	5,534	\$	1,221	\$	6,659	\$	
Current	Current	—		—		—		—		—		—		
period gross	period gross													
charge-offs	charge-offs	\$	—	\$	1,111	\$	—	\$	—	\$	—	\$	—	

Manufactured	Manufactured												
housing	housing												
Pass	Pass	\$ 45,600	\$ 71,672	\$ 50,298	\$ 45,392	\$ 32,324	\$ 83,385	\$ —	\$ —	\$ —	\$ 328,671		
Pass													
Pass													
Substandard	Substandard	436	3,834	3,196	2,214	1,037	3,831	—	—	—	14,548		
Total	Total												
consumer	consumer	\$ 46,036	\$ 75,506	\$ 53,494	\$ 47,606	\$ 33,361	\$ 87,216	\$ —	\$ —	\$ —	\$ 343,219		
Current	Current												
period gross	period gross												
charge-offs	charge-offs	\$ 3	\$ 1,097	\$ 503	\$ 300	\$ 205	\$ 337	\$ —	\$ —	\$ —	\$ 2,445		
Consumer	Consumer												
Pass													
Pass													
Pass	Pass	\$ 74,136	\$ 46,324	\$ 20,955	\$ 11,624	\$ 1,644	\$ 1,013	\$ 24,053	\$ 175	\$ 179,924			
Substandard	Substandard	20	64	56	23	—	17	—	—	—	180		
Total	Total												
consumer	consumer	\$ 74,156	\$ 46,388	\$ 21,011	\$ 11,647	\$ 1,644	\$ 1,030	\$ 24,053	\$ 175	\$ 180,104			
Current	Current												
period gross	period gross												
charge-offs	charge-offs	\$ 2,472	\$ 120	\$ 229	\$ 29	\$ 14	\$ 1	\$ 1	\$ 141	\$ 3,007			

UNITED COMMUNITY BANKS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Unaudited)

<i>(in thousands)</i>													
As of													
December 31,													
2023													
Owner occupied CRE													
Owner occupied CRE													
Owner occupied CRE													
Pass													
Pass													
Pass													
Special													
Mention													
Substandard													

Income producing									
commercial real estate	812,804	753,936	733,946	248,259	171,108	255,485	50,026	9,953	3,035,517
Pass									
Pass									
Special									
Mention									
Substandard									
Total income producing CRE									
Total income producing CRE									
Total income producing CRE									
Current									
period gross									
charge-offs									
Commercial	Commercial								
& industrial	& industrial	535,594	388,851	186,292	134,789	119,547	71,503	670,161	15,880
Pass									
Pass									
Pass									
Special									
Mention									
Substandard									
Total commercial & industrial									
Total commercial & industrial									
Total commercial & industrial									
Current									
period gross									
charge-offs									
Commercial	Commercial								
construction	construction	732,147	391,963	256,087	78,778	11,977	19,973	70,819	1,433
Pass									
Pass									
Pass									
Special									
Mention									
Substandard									
Total commercial construction									
Total commercial construction									
Total commercial construction									
Current									
period gross									
charge-offs									
Equipment	Equipment								
financing	financing	714,044	374,030	162,463	93,690	22,753	1,214	—	—
Total commercial		3,464,040	2,580,175	1,950,688	760,506	453,123	602,065	905,981	33,045
Pass									
Pass									
Pass									
Substandard									
Total equipment financing									
Total equipment financing									
Total equipment financing									

Current									
period gross									
charge-offs									
Residential	Residential								
mortgage	mortgage	894,960	742,821	329,762	91,300	55,785	223,846	8	3,133
									2,341,615
Pass									
Pass									
Pass									
Substandard									
Total									
residential									
mortgage									
Current									
period gross									
charge-offs									
Home equity	Home equity	—	—	—	—	—	—	824,153	23,948
									848,101
Pass									
Pass									
Pass									
Substandard									
Total home									
equity									
Current									
period gross									
charge-offs									
Residential	Residential								
construction	construction	344,443	82,289	4,478	1,742	1,545	7,549	—	31
									442,077
Pass									
Pass									
Pass									
Substandard									
Total									
residential									
construction									
Current									
period gross									
charge-offs									
Manufactured	Manufactured								
housing	housing	78,097	54,976	48,908	34,836	31,060	61,148	—	—
									309,025
Pass									
Pass									
Pass									
Substandard									
Total									
consumer									
Current									
period gross									
charge-offs									
Consumer	Consumer	71,899	29,322	15,406	3,987	1,837	588	25,963	126
									149,128
Pass									
Pass									
Pass									
Substandard									
Total									
consumer									

Current period gross charge-offs	4,853,439	3,489,583	2,349,242	892,371	543,350	895,196	1,756,105	60,283	14,839,569
Special Mention									
Owner occupied commercial									
real estate									
real estate	4,236	8,036	4,641	10,299	1,232	11,596	3,875	279	44,194
Income producing									
commercial real estate	41,423	1,137	44,802	32,821	21,647	50	805	—	142,685
Commercial & industrial	1,695	21,745	2,686	1,047	1,244	167	10,449	309	39,342
Commercial construction	850	33	1,640	13,237	4,891	28	—	—	20,679
Equipment financing	—	—	—	—	—	—	—	—	—
Total commercial	48,204	30,951	53,769	57,404	29,014	11,841	15,129	588	246,900
Residential mortgage	—	—	—	—	—	—	—	—	—
Home equity	—	—	—	—	—	—	—	—	—
Residential construction	—	—	—	—	—	—	—	—	—
Manufactured housing	—	—	—	—	—	—	—	—	—
Consumer	—	—	—	—	—	—	—	—	—
	48,204	30,951	53,769	57,404	29,014	11,841	15,129	588	246,900
Substandard									
Owner occupied commercial									
real estate	9,835	77	2,873	4,490	1,204	8,055	209	3,611	30,354
Income producing									
commercial real estate	52,384	1,357	1,867	4,180	13,209	10,365	—	62	83,424
Commercial & industrial	10,431	19,477	3,880	4,557	11,019	1,189	39,333	477	90,363
Commercial construction	133	—	45	2	3,876	9,693	—	243	13,992
Equipment financing	1,625	2,160	1,303	705	236	28	—	—	6,057
Total commercial	74,408	23,071	9,968	13,934	29,544	29,330	39,542	4,393	224,190
Residential mortgage	1,195	964	1,364	1,836	2,589	5,296	—	202	13,446
Home equity	—	—	—	—	—	—	93	2,075	2,168
Residential construction	32	268	—	20	3	153	—	—	476
Manufactured housing	1,130	1,267	1,427	990	1,188	1,714	—	—	7,716
Consumer	20	77	34	1	25	4	1	—	162
	76,785	25,647	12,793	16,781	33,349	36,497	39,636	6,670	248,158
Total	\$4,978,428	\$3,546,181	\$2,415,804	\$966,556	\$605,713	\$943,534	\$1,810,870	\$ 67,541	\$15,334,627

UNITED COMMUNITY BANKS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Unaudited)

Modifications to Borrowers Experiencing Financial Difficulty.

The period-end amortized cost and additional information regarding the modified terms of loans modified under the terms of a FDM during the **nine** three months ended **September 30, 2023** is **March 31, 2024** and 2023 are presented in the following table **(in thousands)**.

Three Months Ended March 31, 2024	New FDMs
Three Months Ended March 31, 2024	New FDMs
Three Months Ended March 31, 2024	New FDMs
	New FDMs
(in thousands)	
(in thousands)	
(in thousands)	
	New FDMs

		Post-Modification Amortized Cost by Type of Modification						% of Total Class of Receivable	
		Extension	Payment Delay	Payment Delay & Extension	Rate Reduction & Extension	Total			
Owner occupied CRE									
Nine Months Ended September 30, 2023									
Owner occupied commercial real estate		\$ 782	\$ 276	\$ —	\$ —	\$ 1,058		—	%
Income producing commercial real estate		38,139	—	—	35,369	73,508	1.8	%	
Owner occupied CRE									
Owner occupied CRE									
Income producing CRE									
Income producing CRE									
Income producing CRE									
Commercial & industrial	Commercial & industrial	4,029	13,673	1,663	—	19,365	0.8		
Commercial construction		—	366	—	—	366	—		
Commercial & industrial									
Commercial & industrial									
Equipment financing									
Equipment financing									
Equipment financing	Equipment financing	15,888	—	1,763	—	17,651	1.2		
Residential mortgage	Residential mortgage	57	—	—	930	987	—		
Residential mortgage									
Residential mortgage									
Residential construction									
Residential construction									
Residential construction	Residential construction	—	—	—	47	47	—		
Manufactured housing	Manufactured housing	—	—	—	256	256	0.1		
Total loans		\$ 58,895	\$ 14,315	\$ 3,426	\$ 36,602	\$ 113,238	0.6		
Manufactured housing									
Manufactured housing									
Consumer									

Consumer			
Consumer			
Total			
Total			
Total			

Three Months Ended March 31, 2024			
(dollars in thousands)	New FDMs		Weighted Average Modification
	Extension	Payment Delay	
Owner occupied CRE	\$ 243		1 year
Commercial & industrial	6,117		7 months
Residential mortgage	27		1 year
Consumer	125		5 months
Total	6,512		
Payment Delay			
Owner occupied CRE (1)	266		N/A
Income producing CRE	28,540		1 year
Commercial & industrial (1)	179		6 months
Residential construction	100		6 months
Total	29,085		
Payment Delay and Extension			
Commercial & industrial	279		Payment delay: 4 months; Extension: 3 years
Equipment financing	1,393		Extension and payment delay: 7 months
Total	1,672		
Rate Reduction and Extension			
Residential mortgage	1,201		Rate reduction: 444 basis points; Extension: 2 years
Manufactured housing	128		Rate reduction: 624 basis points; Extension: 6 years
Total	1,329		
Rate Reduction and Payment Delay			
Owner occupied CRE	1,441		Rate reduction: 75 basis points; Payment delay: 6 months
Total	\$ 40,039		

(1) Payment delay FDMs in bankruptcy status are excluded from the weighted average payment delay calculation.

UNITED COMMUNITY BANKS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Unaudited)

Three Months Ended March 31, 2023								
(in thousands)	New FDMs							
	Amortized Cost by Type of Modification						% of Total Class of Receivable	Defaults within 12 months of modification
	Extension	Payment Delay	Extension	Rate Reduction & Extension	Total			
Commercial & industrial	\$ —	\$ 6,170	\$ —	\$ 6,170	\$ 6,170	0.3 %	\$ —	—
Equipment financing	5,211	—	—	—	5,211	0.4	—	—
Residential mortgage	—	—	57	57	57	—	—	—
Manufactured housing	—	—	152	152	152	—	—	—
Total	\$ 5,211	\$ 6,170	\$ 209	\$ 11,590		0.1	\$ —	—

During the three months ended March 31, 2023, equipment financing FDMs typically consist of extensions and/or payment delays in which the borrower receives one or more three-month payment delays and/or extensions beyond the original maturity. For the remainder of extension FDMs occurring during the first nine months of 2023, the weighted average extension granted was approximately 13 months. maturity date.

Commercial For the three months ended March 31, 2023, commercial and industrial payment delay FDMs include \$2.86 million modifications consisted of loans in bankruptcy status. Excluding bankruptcy status loans, the remainder of FDMs in this category had a weighted average payment delay of approximately three months.

Commercial and industrial payment delay and extension FDMs received a weighted average payment delay of approximately nine months and extensions of less than one year. or more three-month periods during which principal payments were deferred but interest payments continued to be paid.

During the ~~nine~~ three months ended ~~September 30, 2023~~ March 31, 2023, income producing commercial real estate FDMs categorized as rate reduction and extensions in the residential mortgage and manufactured housing categories resulted in a decrease in the weighted average interest rate on these FDMs of ~~158~~ basis points ~~621~~ bps and extended the weighted average maturity by two years. Residential mortgage and manufactured housing FDMs resulted in a decrease in weighted average interest rate of 562 basis points and extended the weighted average maturity by ~~17.5~~ ~~6.5~~ years.

During the nine months ended September 30, 2023, there were \$910,000 in equipment financing extension FDMs modified during 2023 that subsequently defaulted under modified loan terms.

Allowance for Credit Losses

The ACL for loans represents management's estimate of life of loan credit losses in the portfolio as of the end of the period. The ACL related to unfunded commitments is included in other liabilities in the consolidated balance sheet.

At both ~~September 30, 2023~~ March 31, 2024 and ~~December 31, 2022~~ December 31, 2023, United used a one-year reasonable and supportable forecast period. Expected credit losses were estimated using a regression model for each segment based on historical data from peer banks combined with a third party vendor's baseline economic forecast to predict the change in credit losses. These estimates were then combined with a starting value that was based on United's recent charge-off experience to produce an expected default rate, with the results subject to a floor.

In the case of residential construction, commercial construction, income producing ~~commercial real estate and~~ CRE, owner occupied CRE, multifamily loans (included in income producing CRE) and commercial real estate & industrial loans, at March 31, 2024, the expected default rate was adjusted by a model overlay based on expectations of future performance. For

At March 31, 2024, the third quarter of 2023, management party vendor's baseline forecast was similar to the forecast at December 31, 2023. At March 31, 2024 United applied qualitative factors adjustments to the model output for the residential mortgage and owner occupied commercial real estate portfolios portfolio to account for observable differences in national economic trends reflected in the economic forecast ongoing performance stability of the portfolio. United also applied qualitative adjustments to the equipment finance portfolio due to an elevated default rate that are not being observed at the same resulted from a higher level of severity within United's geographic footprint recent charge-offs that was mostly coming from the long-haul trucking equipment segment, a small portion of the portfolio deemed not representative of the entire equipment financing portfolio.

For periods beyond the reasonable and supportable forecast period of one year, United reverted to historical credit loss information on a straight line basis over two years. For most collateral types, United reverted to through-the-cycle average default rates using peer data from 2000 to 2017. For loans secured by residential mortgages and manufactured housing, the peer data was adjusted for changes in lending practices designed to mitigate the magnitude of losses observed during the 2008 mortgage crisis.

UNITED COMMUNITY BANKS, INC. AND SUBSIDIARIES Notes to Consolidated Financial Statements (Unaudited)

The following table presents the balance and activity in the ACL by portfolio segment for the periods indicated (in thousands).

	Three Months Ended September 30,																							
	Three Months Ended March 31, 2024																							
	2022																							
Initial ACL																								
Owner occupied commercial real estate	\$ 21,788	\$ 92	\$ (656)	\$ 74	\$ 2,686	\$ 23,984	\$ 16,774	\$ —	\$ 90	\$ 2,192	\$ 19,056													
Income producing commercial real estate	38,775	3,092	(3,044)	33	6,732	45,588	33,284	(202)	26	(1,498)	31,610													
Three Months Ended March 31, 2024																								
(in thousands)																								
(in thousands)																								

(in thousands)

Owner occupied CRE

Owner occupied CRE

Owner occupied CRE

Income producing CRE

Income producing CRE

Income producing CRE

Commercial & industrial

Commercial & industrial

Commercial & industrial	Commercial & industrial	29,856	533	(19,702)	2,160	18,370	31,217	18,267	(373)	1,117	1,907	20,918
Commercial construction	Commercial construction	22,276	—	—	49	(1,686)	20,639	16,062	—	(10)	1,902	17,954

Commercial construction

Commercial construction

Equipment financing

Equipment financing

Equipment financing	Equipment financing	28,604	—	(7,215)	890	8,083	30,362	18,409	(1,987)	866	3,277	20,565
Residential mortgage	Residential mortgage	25,431	—	(16)	145	1,324	26,884	17,035	—	66	2,234	19,335

Residential mortgage

Residential mortgage

Home equity

Home equity

Home equity	Home equity	10,609	—	(22)	2,806	(3,594)	9,799	7,487	(27)	129	884	8,473
Residential construction	Residential construction	3,446	—	(474)	133	(231)	2,874	2,086	—	109	109	2,304

Residential construction

Residential construction

Manufactured housing

Manufactured housing

Manufactured housing	Manufactured housing	9,204	—	(1,171)	3	1,342	9,378	6,614	(225)	5	958	7,352
Consumer	Consumer	716	—	(863)	232	747	832	907	(1,010)	292	746	935

Consumer

Consumer

ACL - loans

ACL - loans

ACL - loans	ACL - loans	190,705	3,717	(33,163)	6,525	33,773	201,557	136,925	(3,824)	2,690	12,711	148,502
ACL - unfunded commitments	ACL - unfunded commitments	21,572	—	—	—	(3,505)	18,067	16,117	—	—	2,681	18,798

ACL - unfunded commitments

ACL - unfunded commitments

Total ACL	Total ACL	\$ 212,277	\$ 3,717	\$ (33,163)	\$ 6,525	\$ 30,268	\$ 219,624	\$ 153,042	\$ (3,824)	\$ 2,690	\$ 15,392	\$ 167,300
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Total ACL

Total ACL

Nine Months Ended September 30,

2023

2022

	Initial ACL - PCD						Initial ACL - PCD						
	Beginning Balance	loans (1)	Charge- Offs	Recoveries	(Release) Provision	Ending Balance	Beginning Balance	loans (2)	Charge- Offs	Recoveries	(Release) Provision	Ending Balance	
	Owner occupied commercial real estate	\$ 19,834	\$ 273	\$ (863)	\$ 396	\$ 4,344	\$ 23,984	\$ 14,282	\$ 266	\$ —	\$ 1,631	\$ 2,877	\$ 19,056
Income producing commercial real estate	32,082	3,399	(7,858)	1,357	16,608	45,588	24,156	4,366	(202)	432	2,858	31,610	

Three Months Ended March 31, 2023

(in thousands)	Initial ACL - PCD												
	(in thousands)	Beginning Balance	loans (1)	Charg Offs	Recoveries	(Release) Provision	Ending Balance	Beginning Balance	loans (2)	Charg Offs	Recoveries	(Release) Provision	Ending Balance
Owner occupied CRE													
Income producing CRE													
Commercial & industrial	Commercial & industrial	23,504	1,891	(24,353)	3,840	26,335	31,217	16,592	2,337	(4,978)	3,095	3,872	20,918
Commercial construction	Commercial construction	20,120	39	—	191	289	20,639	9,956	2,857	(41)	548	4,634	17,954
Equipment financing	Equipment financing	23,395	—	(14,994)	2,757	19,204	30,362	16,290	—	(4,644)	2,349	6,570	20,565
Residential mortgage	Residential mortgage	20,809	157	(61)	320	5,659	26,884	12,390	385	(53)	267	6,346	19,335
Home equity	Home equity	8,707	534	(167)	2,977	(2,252)	9,799	6,568	60	(36)	565	1,316	8,473
Residential construction	Residential construction	2,049	124	(1,111)	162	1,650	2,874	1,847	1	—	208	248	2,304
Manufactured housing	Manufactured housing	8,098	—	(2,445)	29	3,696	9,378	—	2,438	(533)	14	5,433	7,352
Consumer	Consumer	759	4	(3,007)	709	2,367	832	451	27	(2,544)	879	2,122	935
ACL - loans	ACL - loans	159,357	6,421	(54,859)	12,738	77,900	201,557	102,532	12,737	(13,031)	9,988	36,276	148,502
ACL - unfunded commitments	ACL - unfunded commitments	21,163	—	—	—	(3,096)	18,067	10,992	—	—	—	7,806	18,798
Total ACL	Total ACL	\$ 180,520	\$ 6,421	\$ (54,859)	\$ 12,738	\$ 74,804	\$ 219,624	\$ 113,524	\$ 12,737	\$ (13,031)	\$ 9,988	\$ 44,082	\$ 167,300

(1) For the three months ended September 30, 2023, represents the initial ACL related to PCD loans acquired in the First Miami transaction. For the three and nine months ended September 30, 2023, represents the initial ACL related to PCD loans acquired in the First Miami and Progress transactions.

(2) Represents the initial ACL related to PCD loans acquired in the Reliant transaction during the nine months ended September 30, 2022. Progress transaction.

UNITED COMMUNITY BANKS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Unaudited)

Note 7 – Derivatives and Hedging Activities

The table below presents the fair value of derivative financial instruments, which are included in other assets and other liabilities on the consolidated balance sheet, as of the dates indicated (in thousands): indicated:

	September 30, 2023		December 31, 2022	
	Notional Amount	Fair Value	Notional Amount	Fair Value

	Derivative Asset	Derivative Liability		Derivative Asset	Derivative Liability				
	March 31, 2024			March 31, 2024					
(in thousands)	Notional Amount			(in thousands)				Fair Value	
	Derivatives designated as hedging instruments:	Derivatives designated as hedging instruments:		Derivatives Asset	Derivatives Liability			Notional Amount	Derivative Asset
Derivatives designated as hedging instruments:									Derivative Liability
Cash flow hedge of subordinated debt	Cash flow hedge of subordinated debt	\$ 100,000	\$ 16,632	\$ —	\$ 100,000	\$ 16,191	\$ —		Notional Amount
Cash flow hedge of trust preferred securities		20,000	—	—	20,000	—	—		Derivative Asset
Fair value hedge of AFS debt securities		666,286	—	—	—	—	—		Derivative Liability
Cash flow hedge of subordinated debt									Notional Amount
Cash flow hedge of subordinated debt									Derivative Asset
Cash flow hedges of trust preferred securities									Derivative Liability
Fair value hedges of AFS debt securities									Notional Amount
Fair value hedges of loans									Derivative Asset
Total	Total	786,286	16,632	—	120,000	16,191	—		Derivative Liability
Derivatives not designated as hedging instruments:	Derivatives not designated as hedging instruments:								Notional Amount
Derivatives not designated as hedging instruments:									Derivative Asset
Derivatives not designated as hedging instruments:									Derivative Liability
Customer derivative positions									Notional Amount
Customer derivative positions									Derivative Asset
Customer derivative positions	Customer derivative positions	1,158,829	89	103,620	1,097,578	341	86,358		Derivative Liability
Dealer offsets to customer derivative positions	Dealer offsets to customer derivative positions	1,158,691	35,370	83	1,097,578	22,393	274		Notional Amount
Risk participations	Risk participations	85,442	—	4	88,586	15	1		Derivative Asset
Mortgage banking - loan commitment		61,864	1,031	—	19,685	394	—		Derivative Liability

Mortgage banking - loan commitments						
Mortgage banking - forward sales commitment	Mortgage banking - forward sales commitment	77,948	527	14	49,750	198
Bifurcated embedded derivatives	Bifurcated embedded derivatives	51,935	12,048	—	51,935	11,104
Dealer offsets to bifurcated embedded derivatives	Dealer offsets to bifurcated embedded derivatives	51,935	—	13,634	51,935	—
Total	Total	2,646,644	49,065	117,355	2,457,047	34,445
Total derivatives	Total derivatives	\$3,432,930	\$65,697	\$117,355	\$2,577,047	\$50,636
Total derivatives						
Total derivatives						
Total gross derivative instruments						
Total gross derivative instruments						
Total gross derivative instruments	Total gross derivative instruments	\$65,697	\$117,355	\$50,636	\$99,543	
Less: Amounts subject to master netting agreements	Less: Amounts subject to master netting agreements	(107)	(107)	(346)	(346)	
Less: Cash collateral received/pledged	Less: Cash collateral received/pledged	(54,548)	(14,179)	(38,386)	(13,089)	
Net amount	Net amount	<u><u>\$11,042</u></u>	<u><u>\$103,069</u></u>	<u><u>\$11,904</u></u>	<u><u>\$86,108</u></u>	

United clears certain derivatives centrally through the CME. CME rules legally characterize variation margin payments for centrally cleared derivatives as settlements of the derivatives' exposure rather than as collateral. As a result, the variation margin payment and the related derivative instruments are considered a single unit of account for accounting purposes. Variation margin, as determined by the CME, is settled daily. As a result, derivative contracts that clear through the CME have an estimated fair value of zero.

Hedging Derivatives

Cash Flow Hedges of Interest Rate Risk

United enters into cash flow hedges to mitigate exposure to the variability of future cash flows or other forecasted transactions. As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, United utilized interest rate caps and swaps to hedge the variability of cash flows due to changes in interest rates on certain of its variable-rate subordinated debt and trust preferred securities. United considers these derivatives to be highly effective at achieving offsetting changes in cash flows attributable to changes in interest rates. Therefore, changes in the fair value of these derivative instruments are recognized in OCI. Gains and losses related to changes in fair value are reclassified into earnings in the periods the hedged forecasted transactions occur. Losses representing amortization of the premium recorded on cash flow hedges, which is a component excluded from the assessment of effectiveness, are recognized in earnings on a straight-line basis in the same caption as the hedged item over the term of the hedge. Over the next twelve months, United expects to reclassify \$5.75 \$5.32 million of gains from AOCI into earnings related to these agreements.

Fair Value Hedges of Interest Rate Risk

United is exposed to changes in the fair value of certain of its fixed-rate investments and obligations due to changes in interest rates. United uses interest rate derivatives to manage its exposure to changes in fair value on these instruments attributable to changes in interest rates, rates on certain of its fixed-rate financial instruments. 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 second first quarter of 2024, United entered into additional fair value hedges on stated amounts of closed portfolios of loans using the portfolio layer method.

UNITED COMMUNITY BANKS, INC. AND SUBSIDIARIES Notes to Consolidated Financial Statements (Unaudited)

quarter of 2023, United entered into fair value hedges on stated amounts of closed portfolios of AFS debt securities using the portfolio layer method.

The table below presents the effect of derivatives in hedging relationships, all of which are interest rate contracts, on net interest income for the periods indicated (in thousands), indicated.

	Affected Income Statement Line Item	Three Months Ended September 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022
Fair value hedges:					
Brokered time deposits:					
Net income recognized	Interest expense- deposits	\$	—	\$	—
AFS securities:					
Recognized on derivative interest settlements		\$	3,011	\$	—
Recognized on derivatives			9,139		23,028
Recognized on hedged items			(8,382)		(23,671)
Net income recognized	Interest revenue- investment securities	\$	3,768	\$	—
		<hr/>	<hr/>	<hr/>	<hr/>
Cash flow hedges:					
Long-term debt (1)	Interest expense- long term debt	\$	42	\$	(48)

(in thousands)	Affected Income Statement Line Item Increase/(Decrease) to Earnings	Three Months Ended March 31,	
		2024	2023
Fair value hedges:			
AFS securities:			
Amounts related to interest settlements on derivatives		\$	2,856
Gain recognized on derivative			9,462
Loss recognized on hedged items			(9,798)
Net income recognized on AFS securities fair value hedges	Interest revenue- investment securities	\$	2,520
Loans:		<hr/>	<hr/>
Amounts related to interest settlements on derivatives			1,298
Gain recognized on derivatives			2,158
Loss recognized on hedged items			(2,295)
Net income recognized on loan fair value hedges	Interest revenue - loans, including fees	\$	1,161
		<hr/>	<hr/>
Cash flow hedges:			
Long-term debt (1)	Interest expense- long term debt	\$	1,440
			822

(1) Includes premium amortization expense excluded from the assessment of hedge effectiveness of \$119,000 \$118,000 and \$116,000 for both the three months ended September 30, 2023 March 31, 2024 and 2022, respectively, and \$348,000 and \$353,000 for the nine months ended September 30, 2023 and 2022, 2023, respectively.

The table below presents the **amortized cost carrying amount** of hedged AFS debt securities items and cumulative fair value hedging basis adjustments for the periods presented (in thousands), presented. All fair value hedges of AFS debt securities and loans at September 30, March 31, 2024 and December 31, 2023 were designated under the the portfolio layer method. At September 30, 2023, the aggregate designated hedged items using the portfolio layer method had a notional amount of \$666 million.

September 30, 2023									
(in thousands)						March 31, 2024		December 31, 2023	
Balance Sheet Location	Balance Sheet Location	Hedge Accounting Basis Adjustment	Accounting Balance Sheet Location	Carrying Amount	Hedge Accounting Basis Adjustment	Hedged Portfolio Layer	Carrying Amount	Hedge Accounting Basis Adjustment	Hedged Portfolio Layer
Debt securities AFS	\$ 797,177	\$ (23,671)							
Debt securities AFS (1)									

Loans and
leases
held for
investment

⁽¹⁾ Excludes cumulative Carrying amount for AFS debt securities reflects amortized cost, which excludes the hedge accounting basis adjustment.

Derivatives Not Designated as Hedging Instruments

Customer derivative positions include swaps, caps, and collars between United and certain commercial loan customers with offsetting positions to dealers under a back-to-back program. In addition, United occasionally enters into credit risk participation agreements with counterparty banks to accept or transfer a portion of the credit risk related to interest rate swaps. The agreements, which are typically executed in conjunction with a participation in a loan with the same customer, allow customers to execute an interest rate swap with one bank while allowing for the distribution of the credit risk among participating members.

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 are marked to market through earnings. The fair value marks on the market-linked swaps and the bifurcated embedded derivatives tend to move in opposite directions and therefore provide an 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, United is subject to the risk of variability in market prices. United enters into forward sale agreements to mitigate risk and to protect the expected gain on the eventual loan sale. The commitments to originate residential mortgage loans and forward loan sales commitments are freestanding derivative instruments. Fair value adjustments on these derivative instruments are recorded within mortgage loan gains and other related fee income in the consolidated statements of income.

UNITED COMMUNITY BANKS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Unaudited)

The table below presents the gains and losses recognized in income on derivatives not designated as hedging instruments for the periods indicated (in thousands).

		Location of Gain (Loss)						Amount of Gain (Loss) Recognized in Income on Derivatives											
		Recognized in Income	Location of Gain (Loss)	Recognized in Income	Location of Gain (Loss)	on Derivatives	Three Months Ended March 31,	on Derivatives	Recognized in Income	Three Months Ended March 31,	Amount of Gain (Loss) Recognized in Income on Derivatives								
		(in thousands)		(in thousands)				(in thousands)			Three Months Ended March 31,								
Location of Gain (Loss)																			
Amount of Gain (Loss) Recognized in Income on Derivatives																			
		Location of Gain (Loss)		Amount of Gain (Loss) Recognized in Income on Derivatives															
		Recognized in Income	Three Months Ended September 30,	Nine Months Ended September 30,															
		on Derivatives	2023	2023		2023		2023		2023									
Customer derivatives and dealer offsets																			
Customer derivatives and dealer offsets																			
Customer derivatives and dealer offsets	Customer derivatives and dealer offsets	Other noninterest income	\$ 789	\$ 471	\$ 1,701	\$ 1,685													
Bifurcated embedded derivatives and dealer offsets	Bifurcated embedded derivatives and dealer offsets	Other noninterest income	(651)	(108)	(1,658)	90													
Mortgage banking derivatives	Mortgage banking derivatives	Mortgage loan revenue	1,034	1,047	2,435	8,297													

Mortgage banking derivatives				
Mortgage banking derivatives				
Risk	Risk	Other		
participations	participations	noninterest		
		19	(1)	161
		\$ 1,191	\$ 1,409	\$ 2,639
				93
				\$ 10,165

Credit-Risk-Related Contingent Features

United manages its credit exposure on derivatives transactions by entering into a bilateral credit support agreement with each non-customer 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.

United's agreements with each of its derivative counterparties provide that if either party defaults on any of its indebtedness, then it could also be declared in default on its derivative obligations. The agreements with derivative 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 provide that 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. Derivatives that are centrally cleared do not have credit-risk-related features that would require additional collateral if United's credit rating were downgraded.

Note 8 – Goodwill and Other Intangible Assets

The carrying amount of goodwill and other intangible assets as of the dates indicated is summarized below (*in thousands*).

	September 30, 2023	December 31, 2022
Core deposit intangible	\$ 104,174	\$ 46,900
Less: accumulated amortization	(36,638)	(26,112)
Net core deposit intangible	67,536	20,788
Customer relationship intangible	8,400	8,400
Less: accumulated amortization	(1,708)	(1,114)
Net customer relationship intangible	6,692	7,286
Total intangibles subject to amortization, net ⁽¹⁾	74,228	28,074
Goodwill	919,914	751,174
Total goodwill and other intangible assets, net	\$ 994,142	\$ 779,248

(<i>in thousands</i>)	March 31, 2024	December 31, 2023
Core deposit intangible	\$ 100,694	\$ 104,174
Less: accumulated amortization	(40,704)	(40,495)
Net core deposit intangible	59,990	63,679
Customer relationship intangible	8,400	8,400
Less: accumulated amortization	(2,104)	(1,906)
Net customer relationship intangible	6,296	6,494
Total intangibles subject to amortization, net ⁽¹⁾	66,286	70,173
Goodwill	921,253	919,914
Total goodwill and other intangible assets, net	\$ 987,539	\$ 990,087

(1) As intangible assets become fully amortized, they are excluded from balances presented.

During the first quarter of 2023, as a result of the Progress acquisition, United recorded a core deposit intangible of \$40.0 million. During the third quarter of 2023, as a result of the First Miami acquisition, United recorded a core deposit intangible of \$18.0 million. See Note 4 for further details. Also during the third quarter of 2023, United reduced its core deposit intangible related to the Reliant acquisition by \$656,000 as a result of the sale of core deposits in connection with a whole branch disposal.

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

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2023	2022	2023	2022
Balance, beginning of period ⁽¹⁾	\$ 896,718	\$ 751,174	\$ 751,174	\$ 452,007

Acquisitions	23,196	—	168,740	299,167
Balance, end of period ⁽¹⁾	\$ 919,914	\$ 751,174	\$ 919,914	\$ 751,174

(in thousands)	Three Months Ended March 31,	
	2024	2023
Balance, beginning of period ⁽¹⁾	\$ 919,914	\$ 751,174
Acquisitions	—	145,544
Measurement period adjustment - First Miami ⁽²⁾	1,339	—
Balance, end of period ⁽¹⁾	\$ 921,253	\$ 896,718

⁽¹⁾ Goodwill balances are shown net of accumulated impairment losses of \$306 million incurred prior to 2022, 2023.

⁽²⁾ See Note 4 for further details.

UNITED COMMUNITY BANKS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Unaudited)

The estimated aggregate amortization expense for future periods for finite-lived intangibles is as follows (in thousands):

Remainder of 2023	\$ 4,030
2024	14,872
2025	12,774
2026	10,896
2027	9,018
Thereafter	22,638
Total	\$ 74,228

(in thousands)	Year	
Remainder of 2024	\$ 10,960	
2025	12,774	
2026	10,896	
2027	9,018	
2028	7,236	
Thereafter	15,402	
Total	\$ 66,286	

Note 9 – Preferred Stock

In May 2023, United's Board of Directors approved a preferred stock repurchase program, authorizing United to repurchase up to \$25.0 million of its outstanding Series I Non-Cumulative Preferred Stock directly or through the repurchase of depositary shares representing 1/1000th of a share of Series I Non-Cumulative Preferred Stock. The program is scheduled to expire on the earlier of the repurchase of preferred stock having an aggregate purchase price of \$25.0 million or December 31, 2023. During the three and nine months ended September 30, 2023, 244,012 and 254,680 depositary shares were repurchased, respectively. As of September 30, 2023, United had remaining authorization to repurchase up to \$19.7 million of outstanding preferred stock under the program.

Note 10 – 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 those assumptions, United uses a fair value hierarchy that distinguishes between 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 (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 when 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. The 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.

Investment Securities

AFS debt securities and equity securities with readily determinable fair values 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 MBS issued by GSEs, municipal bonds, corporate debt securities, asset-backed securities and supranational entity 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 those traded in less liquid markets and are valued based on estimates obtained from broker-dealers that are not directly observable or models which incorporate unobservable inputs.

UNITED COMMUNITY BANKS, INC. AND SUBSIDIARIES **Notes to Consolidated Financial Statements (Unaudited)**

Deferred Compensation Plan Assets and Liabilities

Included in other assets in the consolidated balance sheet are assets purchased to provide returns mirroring those promised to participants in the employee deferred compensation plan. These assets are mutual funds classified as Level 1. Deferred compensation liabilities, also classified as Level 1, are carried at the fair value of the obligation to the participant, which mirrors the fair value of the invested assets and is included in other liabilities in the consolidated balance sheet. Deferred compensation plan liabilities are unsecured general obligations of United.

UNITED COMMUNITY BANKS, INC. AND SUBSIDIARIES **Notes to Consolidated Financial Statements (Unaudited)**

Mortgage Loans Held for Sale

United has elected the fair value option for most of its newly originated mortgage loans held for sale in order to reduce certain timing differences and better match changes in fair values of the loans with changes in the value of derivative instruments used to economically hedge them. The fair value of mortgage loans held for sale is determined using quoted prices for a similar asset, adjusted for specific attributes of that loan, and are classified as Level 2. **As of December 31, 2022, United had certain mortgage loans held for sale that were acquired from Reliant for which the fair value option was not elected; these loans were carried at the lower of aggregate cost or fair value. These loans were subsequently sold in 2023.**

Derivative Financial Instruments

United uses derivatives to manage 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.

United incorporates CVAs as necessary to appropriately reflect 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 and guarantees.

Management has determined that the majority of the inputs used to value its derivatives fall within Level 2 of the fair value hierarchy. However, the CVAs associated with these derivatives utilize Level 3 inputs, such as estimates of current credit spreads, to evaluate the likelihood of default by itself and its counterparties. Generally, management's assessment of the significance of the CVAs has indicated that they are not a significant input to the overall valuation of the derivatives. In cases when management's assessment indicates that the CVA is a significant input, the related derivative is disclosed as a Level 3 value. **In other cases, derivatives are categorized as Level 3 when there is not an observable forward-rate curve available for the duration of the contract.**

Other derivatives classified as Level 3 include structured derivatives for which broker quotes, used as a key valuation input, were not observable. Risk participation agreements are classified as Level 3 instruments due to the incorporation of significant Level 3 inputs used to evaluate the probability of funding and the likelihood of customer default. Interest rate lock commitments, which relate to mortgage loan commitments, are categorized as Level 3 instruments as the fair value of these instruments is based on unobservable inputs for commitments that United does not expect to fund.

Servicing Rights for Residential and SBA/USDA Loans

United recognizes servicing rights upon the sale of residential and SBA/USDA loans sold with servicing retained. Management has elected to carry these assets at fair value. Given the nature of these assets, the key valuation inputs are unobservable and management classifies these assets as Level 3.

UNITED COMMUNITY BANKS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Unaudited)

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 the dates indicated, aggregated by the level in the fair value hierarchy within which those measurements fall (*in thousands*).

September 30, 2023	Level 1	Level 2	Level 3	Total	September 30, 2023	Level 1	Level 2	Level 3	Total
<i>(in thousands)</i>									
March 31, 2024									
March 31, 2024									
March 31, 2024									
Assets:	Assets:				Assets:				
AFS debt securities:	AFS debt securities:				AFS debt securities:				
U.S. Treasuries	Treasuries	\$283,830	\$ —	\$ —	\$ 283,830				
U.S. Government agencies & GSEs	GSEs	—	224,695	—	224,695				
State and political subdivisions	State and political subdivisions	—	156,245	—	156,245				
Residential MBS	Residential MBS	—	1,546,422	—	1,546,422				
Commercial MBS	Commercial MBS	—	602,060	—	602,060				
Corporate bonds	Corporate bonds	—	192,626	2,179	194,805				
Asset-backed securities	Asset-backed securities	—	174,055	—	174,055				
Equity securities with readily determinable fair values	Equity securities with readily determinable fair values	8,400	1,576	—	9,976				
Mortgage loans held for sale	Mortgage loans held for sale	—	37,110	—	37,110				
Deferred compensation plan assets	Deferred compensation plan assets	12,436	—	—	12,436				
Servicing rights for SBA/USDA loans	Servicing rights for SBA/USDA loans	—	—	5,431	5,431				
Residential mortgage servicing rights	Residential mortgage servicing rights	—	—	38,234	38,234				
Derivative financial instruments	Derivative financial instruments	—	52,618	13,079	65,697				

Total assets	Total assets	\$304,666	\$2,987,407	\$58,923	\$3,350,996
Liabilities:					
Liabilities:					
Deferred compensation plan liability					
Deferred compensation plan liability					
Deferred compensation plan liability	Deferred compensation plan liability	\$ 12,476	\$ —	\$ —	\$ 12,476
Derivative financial instruments	Derivative financial instruments	—	103,717	13,638	117,355
Total liabilities	Total liabilities	\$ 12,476	\$ 103,717	\$ 13,638	\$ 129,831
Total liabilities					
Total liabilities					

December 31, 2022	Level 1	Level 2	Level 3	Total
(in thousands)				
December 31, 2023				
December 31, 2023				
December 31, 2023				
Assets:	Assets:	Assets:	Level 1	Level 2
AFS debt securities:	AFS debt securities:	AFS debt securities:		Level 3
U.S. Treasuries	U.S. Treasuries	U.S. Treasuries	\$149,352	\$ 149,352
U.S. Government agencies & GSEs	U.S. Government agencies & GSEs	U.S. Government agencies & GSEs	— 250,116	— 250,116
State and political subdivisions	State and political subdivisions	State and political subdivisions	— 303,748	— 303,748
Residential MBS	Residential MBS	Residential MBS	— 1,795,481	— 1,795,481
Commercial MBS	Commercial MBS	Commercial MBS	— 671,912	— 671,912
Corporate bonds	Corporate bonds	Corporate bonds	— 210,240	2,212 212,452
Asset-backed securities	Asset-backed securities	Asset-backed securities	— 231,272	— 231,272
Equity securities with readily determinable fair values	Equity securities with readily determinable fair values	Equity securities with readily determinable fair values	12,278 1,359	— 13,637
Mortgage loans held for sale	Mortgage loans held for sale	Mortgage loans held for sale	— 11,794	— 11,794

Deferred compensation plan assets	Deferred compensation plan assets	11,436	—	—	11,436
Servicing rights for SBA/USDA loans	Servicing rights for SBA/USDA loans	—	—	5,188	5,188
Residential mortgage servicing rights	Residential mortgage servicing rights	—	—	36,559	36,559
Derivative financial instruments	Derivative financial instruments	—	39,123	11,513	50,636
Total assets	Total assets	\$173,066	\$3,515,045	\$55,472	\$3,743,583

Liabilities:

Liabilities:

Deferred compensation plan liability
Deferred compensation plan liability

Deferred compensation plan liability	Deferred compensation plan liability	\$ 11,460	\$ —	\$ —	\$ 11,460
Derivative financial instruments	Derivative financial instruments	—	86,703	12,840	99,543
Total liabilities	Total liabilities	\$ 11,460	\$ 86,703	\$ 12,840	\$ 111,003

UNITED COMMUNITY BANKS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Unaudited)

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

(in thousands)	2024																							
	2024																							
	2024																							
SBA/USDA Residential																								
loan mortgage																								
(in thousands)																								
Derivative Assets																								
Derivative Liabilities																								
servicing rights																								
Corporate Bonds																								
Derivative Assets																								
Derivative Liabilities																								
servicing rights																								
Corporate Bonds																								
Three Months Ended September 30,																								
Three Months Ended March 31,																								
Three Months Ended March 31,																								
Three Months Ended March 31,																								
Beginning balance																								
Beginning balance																								
\$ 11,872																								
\$ 12,564																								
\$ 6,148																								
\$ 37,194																								
\$ 2,183																								
\$ 10,199																								
\$ 10,795																								
\$ 6,167																								
\$ 35,131																								
\$ 2,287																								

Beginning balance													
Beginning balance													
Business combinations													
Additions	Additions	—	—	525	826	—	—	—	—	411	704	—	
Transfers from Level 2													
Transfers from Level 2													
Transfers from Level 2													
Sales and settlements	Sales and settlements	—	—	(418)	(534)	—	—	—	—	(220)	(602)	—	
Fair value adjustments included in OCI	Fair value adjustments included in OCI	—	—	—	—	(4)	—	—	—	—	—	(61)	
Fair value adjustments included in earnings	Fair value adjustments included in earnings	1,207	1,074	(824)	748	—	1,819	2,866	(280)	1,921	—		
Ending balance	Ending balance	\$ 13,079	\$ 13,638	\$ 5,431	\$ 38,234	\$ 2,179	\$ 12,018	\$ 13,661	\$ 6,078	\$ 37,154	\$ 2,226		
Nine Months Ended September 30,													
Beginning balance		\$ 11,513	\$ 12,840	\$ 5,188	\$ 36,559	\$ 2,212	\$ 6,758	\$ 5,048	\$ 6,513	\$ 25,161	\$ 2,395		
Business combinations		—	—	95	—	—	—	—	—	—	—	—	
Additions		—	170	1,449	2,306	—	—	99	1,799	4,594	—		
Transfers from Level 3		—	—	—	—	—	(290)	—	—	—	—	—	
Sales and settlements		(11)	—	(869)	(1,482)	—	—	(1)	(857)	(1,916)	—		
Fair value adjustments included in OCI		—	—	—	—	(33)	—	—	—	—	—	(169)	
Fair value adjustments included in earnings		1,577	628	(432)	851	—	5,550	8,515	(1,377)	9,315	—		
Ending balance	Ending balance	\$ 13,079	\$ 13,638	\$ 5,431	\$ 38,234	\$ 2,179	\$ 12,018	\$ 13,661	\$ 6,078	\$ 37,154	\$ 2,226		

The following table presents quantitative information about significant Level 3 inputs for fair value on a recurring basis as of the dates indicated.

Level 3 Assets and Liabilities	Level 3 Assets and Liabilities	Significant Unobservable Inputs				December 31, 2022	Level 3 Assets and Liabilities	Level 3 Valuation Technique	Significant Unobservable Inputs	March 31, 2024	December 31, 2023						
		September 30, 2023		Weighted Range													
		Valuation Technique	Inputs	Average	Weighted Average												
Range																	
SBA/USDA	SBA/USDA	Discounted cash flow	Discount rate	9.6% - 25.0%	16.5 %	11.9% - 25.0%	SBA/USDA	Discounted cash flow	Discount rate	3.6% - 25.0%	8.4% - 25.0%						
loan servicing rights	loan servicing rights		Prepayment rate	4.2 - 36.7	17.8	0.0 - 35.4				12.7 %	16.2 %						
Range																	
Residential mortgage servicing rights	Residential mortgage servicing rights	Discounted cash flow	Discount rate	10.0 - 12.5	10.1	9.5 - 11.5	9.5										
Range																	
		Prepayment rate	6.5 - 28.2	7.3	7.0 - 31.2	7.5											

Prepayment rate								
Corporate bonds	Corporate bonds	Discounted cash flow	Discount rate	6.8 - 7.3	7.1	6.1 - 6.4	6.3	
Derivative assets - mortgage								
Derivative assets - mortgage								
Derivative assets - mortgage	Derivative assets - mortgage	Internal model	Pull through rate	60.0 - 100	89.2	26.5 - 100	90.7	
Derivative assets and liabilities - other	Derivative assets and liabilities - other	Dealer priced	Dealer priced	N/A	N/A	N/A	Derivative assets and liabilities - other	Dealer priced
								N/A

Fair Value Option

United generally records mortgage loans held for sale at fair value under the fair value option. Interest income on these loans is calculated based on the note rate of the loan and is recorded in interest revenue. In connection with the Reliant acquisition, United acquired mortgage loans held for sale accounted for under the lower of cost or fair value method. These loans are separately disclosed under the heading "Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis" within this footnote. The following tables present the fair value and outstanding principal balance of loans accounted for under the fair value option, as well as the gain or loss recognized from the change in fair value for the periods indicated (in thousands).¹

Mortgage Loans Held for Sale			
	September 30, 2023	December 31, 2022	
Outstanding principal balance	\$ 36,317	\$ 11,473	
Fair value	37,110	11,794	

Mortgage Loans Held for Sale			
(in thousands)	March 31, 2024	December 31, 2023	
Outstanding principal balance	\$ 36,951	\$ 31,788	
Fair value	38,140	33,008	

UNITED COMMUNITY BANKS, INC. AND SUBSIDIARIES **Notes to Consolidated Financial Statements (Unaudited)**

Gain (Loss) from Change in Fair Value on Mortgage Loans Held for Sale						
Location	Three Months Ended			Nine Months Ended		
	September 30,			September 30,		
	2023	2022		2023	2022	
Mortgage loan gains and other related fees	\$ 209	\$ (809)		\$ 473	\$ (1,820)	

Gain (Loss) from Change in Fair Value on Mortgage Loans Held for Sale				
Location	Three Months Ended			
	March 31,			2023
(in thousands)				
Mortgage loan gains and other related fees	\$ (31)	\$ 231		

Changes in fair value were mostly offset by hedging activities. An immaterial portion of these amounts was attributable to changes in instrument-specific credit risk.

UNITED COMMUNITY BANKS, INC. AND SUBSIDIARIES **Notes to Consolidated Financial Statements (Unaudited)**

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 adjustments to fair value usually result from the application of the lower of the 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 assets that were still held as of **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**, for which a nonrecurring fair value adjustment was recorded during the year-to-date periods presented (in thousands) presented.

	Level 1	Level 2	Level 3	Total
September 30, 2023				
Loans held for investment	\$ —	\$ —	\$ 37,236	\$ 37,236
December 31, 2022				
Loans held for investment	\$ —	\$ —	\$ 7,808	\$ 7,808
Mortgage loans held for sale	—	—	1,806	1,806

Mortgage loans held for sale that were acquired from Reliant were subject to a nonrecurring fair value adjustment resulting from the application of the lower of the amortized cost or fair value accounting. As of December 31, 2022, these loans were classified as nonrecurring Level 3 because the valuation of these loans was based on indicative bids provided by a broker, not corroborated by market transactions. These loans were subsequently sold during the first half of 2023.

(in thousands)	Level 1	Level 2	Level 3	Total
March 31, 2024				
Loans held for investment	\$ —	\$ —	\$ 15,579	\$ 15,579
December 31, 2023				
Loans held for investment	\$ —	\$ —	\$ 36,984	\$ 36,984

Loans held for investment 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 loans that are collateral dependent are generally written down to net realizable value, which reflects fair value less the estimated costs to sell. Specific reserves that are established based on appraised value of collateral are considered nonrecurring fair value adjustments as well. 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.

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.

Cash and cash equivalents and repurchase agreements have short maturities and therefore the carrying value approximates fair 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. All estimates are inherently subjective in nature. Changes in assumptions could significantly affect the estimates.

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

UNITED COMMUNITY BANKS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Unaudited)

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) for which draws can be reasonably predicted are generally short-term in maturity and are priced at variable rates. Therefore, the estimated fair value values associated with these instruments are immaterial.

UNITED COMMUNITY BANKS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Unaudited)

The carrying amount and fair values as of the dates indicated for other financial instruments that are not measured at fair value on a recurring basis are as follows (in thousands) follows.

	Fair Value Level					Fair Value Level						
	Carrying Amount	Level 1	Level 2	Level 3	Total	Carrying Amount	Level 1	Level 2	Total			
September 30, 2023												
(in thousands)						(in thousands)						
March 31, 2024						March 31, 2024						
Assets:	Assets:					Assets:						
HTM debt securities	HTM debt securities	\$2,518,773	\$17,266	\$1,975,098	\$—	\$1,992,364						
Loans and leases, net	Loans and leases, net	18,001,250	—	—	17,215,625	17,215,625						
Liabilities:	Liabilities:					Liabilities:						
Deposits	Deposits	22,857,868	—	22,849,880	—	22,849,880						
Long-term debt	Long-term debt	324,786	—	—	307,234	307,234						
Long-term debt	Long-term debt											
December 31, 2022												
December 31, 2023												
December 31, 2023												
Assets:	Assets:					Assets:						
Assets:						Assets:						
HTM debt securities	HTM debt securities											
HTM debt securities	HTM debt securities											
HTM debt securities	HTM debt securities	\$2,613,648	\$17,417	\$2,173,656	\$—	\$2,191,073						
Loans and leases, net	Loans and leases, net	15,175,270	—	—	14,609,239	14,609,239						
Liabilities:	Liabilities:					Liabilities:						
Liabilities:						Liabilities:						
Deposits	Deposits	19,876,507	—	19,863,380	—	19,863,380						
FHLB advances	FHLB advances	550,000	—	—	549,913	549,913						
Deposits	Deposits											
Long-term debt	Long-term debt	324,663	—	—	313,380	313,380						

Long-term debt
Long-term debt

UNITED COMMUNITY BANKS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Unaudited)

Note 11.10 – Stock-Based Compensation

United has an equity compensation plan that allows for grants of various share-based compensation. The general terms of the plan include a vesting period (usually four years) with an **exercisable exercise** period not to exceed ten years. Certain options and restricted stock unit awards provide for accelerated vesting if there is a change in control (as defined in the plan document). As of **September 30, 2023** **March 31, 2024**, **2.28** the plan covered 2.13 million shares that could be issued pursuant to additional awards **could be granted** under the plan.

The table below presents restricted stock unit and option activity for the **nine** **three** months ended **September 30, 2023** **March 31, 2024**.

Restricted Stock Unit Awards						Options					
						Weighted-Average					
						Weighted-Average	Remaining	Aggregate	Weighted-Average	Remaining	Aggregate
		Grant-Date	Average	Aggregate	Intrinsic	Weighted-Average	Contractual	Intrinsic	Weighted-Average	Contractual	Intrinsic
		Date	Fair Value	Shares	Price	Exercise Price	Term (Years)	Value	Exercise Price	Term (Years)	Value
		Shares	Value	(\$000)		Shares		(\$000)			(\$000)
Outstanding at											
December 31, 2022		778,686	\$ 28.28			40,338	\$ 11.88				
Restricted Stock Unit Awards											
Restricted Stock Unit Awards											
Restricted Stock Unit Awards											
						Options					
						Weighted-Average					
						Weighted-Average	Remaining	Aggregate	Weighted-Average	Remaining	Aggregate
		Grant-Date	Average	Aggregate	Intrinsic	Weighted-Average	Contractual	Intrinsic	Weighted-Average	Contractual	Intrinsic
		Date	Fair Value	Shares	Price	Exercise Price	Term (Years)	Value	Exercise Price	Term (Years)	Value
		Shares	Value	(\$000)		Shares		(\$000)			(\$000)
Outstanding											
at											
December											
31, 2023											
Granted	Granted	529,611	29.11			643,298	20.91				
Granted	Granted										
Released / Exercised											
Released / Exercised											
Released											
Released	/										
Exercised	Exercised	(264,031)	25.99	\$ 7,861	(271,124)	19.08		\$ 2,367			
Cancelled	Cancelled	(50,110)	30.32		(4,620)	25.97					
Outstanding at											
September 30, 2023		994,156	29.23	25,262	407,892	21.17	5.4	1,769			
Cancelled											
Cancelled											
Outstanding at March											
31, 2024											
Outstanding at March											
31, 2024											
Outstanding at March											
31, 2024											

Vested / Exercisable at					
September 30, 2023	—	—	<u>407,892</u>	21.17	5.4 1,769
Vested / Exercisable at					
March 31, 2024					
Vested / Exercisable at					
March 31, 2024					
Vested / Exercisable at					
March 31, 2024					

Options granted in 2023 reflect fully vested options assumed in the Progress acquisition, with the weighted average exercise price of Progress' fully vested converted options determined pursuant to the purchase agreement. The value of the Progress options was determined using a Black-Scholes model and was included in the purchase price for the acquisition. No compensation expense relating to options was included in earnings for the **nine** **three** months ended **September 30, 2023** **March 31, 2024** and **2022, 2023**.

Compensation expense for restricted stock units and performance stock units without market conditions is based on the market value of United's common stock on the date of grant. Compensation expense for performance stock units with market conditions is based on the grant date per share fair value, which was estimated using the Monte Carlo Simulation valuation model. United recognizes the impact of forfeitures as they occur. The value of restricted stock unit and performance stock unit awards is amortized into expense over the service period.

UNITED COMMUNITY BANKS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Unaudited)

For the **nine** **three** months ended **September 30, 2023** **March 31, 2024** and **2022, 2023**, expense of **\$6.54 million** **\$2.22 million** and **\$6.24 million** **\$2.36 million**, respectively, was recognized related to restricted stock unit and performance stock unit awards granted to United employees, which was included in salaries and employee benefits expense. In addition, for the **nine** **three** months ended **September 30, 2023** **March 31, 2024** and **2022, 2023**, **\$555,000** **2023**, **\$183,000** and **\$412,000**, **\$122,000**, respectively, was recognized in other expense for restricted stock unit awards granted to members of United's Board of Directors.

A deferred income tax benefit related to stock-based compensation expense of **\$1.81 million** **\$614,000** and **\$1.70 million** **\$634,000** was included in the determination of income tax expense for the **nine** **three** months ended **September 30, 2023** **March 31, 2024** and **2022, 2023**, respectively. As of **September 30, 2023** **March 31, 2024**, there was **\$23.7 million** **\$22.3 million** of unrecognized expense related to non-vested restricted stock unit and performance stock unit awards granted under the plan. That cost is expected to be recognized over a weighted-average period of **2.7** **2.6** years.

Note 11 – Reclassifications Out of AOCI

The following table presents the details regarding amounts reclassified out of AOCI for the periods indicated. Amounts shown in parentheses reduce earnings.

(in thousands)

Details about AOCI Components	Three Months Ended		Affected Line Item in the Statement Where Net Income is Presented
	2024	2023	
Realized losses on AFS securities:			
	\$ —	\$ (1,644)	Securities losses, net
	—	374	Income tax expense
	<u>\$ —</u>	<u>\$ (1,270)</u>	Net of tax
Amortization of unrealized losses on HTM securities transferred from AFS:			
	\$ (2,063)	\$ (2,968)	Investment securities interest revenue
	493	720	Income tax expense
	<u>\$ (1,570)</u>	<u>\$ (2,248)</u>	Net of tax
Reclassifications related to derivative instruments accounted for as cash flow hedges:			
Interest rate contracts	\$ 1,440	\$ 822	Long-term debt interest expense
	(368)	(210)	Income tax expense
	<u>\$ 1,072</u>	<u>\$ 612</u>	Net of tax
Amortization of defined benefit pension plan net periodic pension cost components:			
Prior service cost	\$ (44)	\$ (61)	Salaries and employee benefits expense
	11	16	Income tax expense
	<u>\$ (33)</u>	<u>\$ (45)</u>	Net of tax

Total reclassifications for the period	\$ (531)	\$ (2,951)	Net of tax
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UNITED COMMUNITY BANKS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Unaudited)

Note 12 – Reclassifications Out of AOCI

The following table presents the details regarding amounts reclassified out of AOCI for the periods indicated (*in thousands*). Amounts shown in parentheses reduce earnings.

Details about AOCI Components	Three Months Ended		Nine Months Ended		Affected Line Item in the Statement Where Net Income is Presented
	September 30, 2023	2022	September 30, 2023	2022	
Realized losses on AFS securities:					
	\$ —	\$ —	\$ (1,644)	\$ (3,688)	Securities losses, net
	—	—	374	979	Income tax benefit
	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (1,270)</u>	<u>\$ (2,709)</u>	<u>Net of tax</u>
Amortization of unrealized losses on HTM securities transferred from AFS:					
	\$ (2,478)	\$ (4,473)	\$ (7,964)	\$ (6,242)	Investment securities interest revenue
	593	1,073	1,917	1,495	Income tax benefit
	<u>\$ (1,885)</u>	<u>\$ (3,400)</u>	<u>\$ (6,047)</u>	<u>\$ (4,747)</u>	<u>Net of tax</u>
Reclassifications related to derivative instruments accounted for as cash flow hedges:					
Interest rate contracts	\$ 42	\$ (48)	\$ 2,098	\$ (295)	Long-term debt interest expense
	(11)	12	(536)	75	Income tax (expense) benefit
	<u>\$ 31</u>	<u>\$ (36)</u>	<u>\$ 1,562</u>	<u>\$ (220)</u>	<u>Net of tax</u>
Amortization of defined benefit pension plan net periodic pension cost components:					
Prior service cost	\$ (61)	\$ (91)	\$ (183)	\$ (276)	Salaries and employee benefits expense
Actuarial losses	—	(78)	—	(234)	Other expense
	(61)	(169)	(183)	(510)	Total before tax
	16	43	47	130	Income tax benefit
	<u>\$ (45)</u>	<u>\$ (126)</u>	<u>\$ (136)</u>	<u>\$ (380)</u>	<u>Net of tax</u>
Total reclassifications for the period	\$ (1,899)	\$ (3,562)	\$ (5,891)	\$ (8,056)	Net of tax

UNITED COMMUNITY BANKS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Unaudited)

Note 13 – Earnings Per Share

The following table sets forth the computation of basic and diluted earnings per share for the periods indicated (*in thousands, except per share data*) indicated.

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2023	2022	2023	2022
Net income	\$ 47,866	\$ 81,161	\$ 173,454	\$ 196,022
Dividends on preferred stock	(1,624)	(1,719)	(5,062)	(5,157)
Discount on preferred shares repurchased	792	—	792	—
Earnings allocated to participating securities	(259)	(407)	(939)	(1,007)
Net income available to common shareholders	\$ 46,775	\$ 79,035	\$ 168,245	\$ 189,858
Weighted average shares outstanding:				
Basic	119,506	106,687	116,925	106,616
Effect of dilutive securities:				

Stock options	95	38	141	40
Restricted stock units	23	75	18	76
Diluted	<u>119,624</u>	<u>106,800</u>	<u>117,084</u>	<u>106,732</u>
Net income per common share:				
Basic	\$ 0.39	\$ 0.74	\$ 1.44	\$ 1.78
Diluted	\$ 0.39	\$ 0.74	\$ 1.44	\$ 1.78

	Three Months Ended March 31,	
	2024	2023
(in thousands, except per share data)		
Net income	\$ 62,631	\$ 62,300
Dividends on preferred stock	(1,573)	(1,719)
Earnings allocated to participating securities	(345)	(339)
Net income available to common shareholders	<u>60,713</u>	<u>60,242</u>
Weighted average shares outstanding:		
Basic	119,662	115,451
Effect of dilutive securities:		
Stock options	81	233
Restricted stock units	—	31
Diluted	<u>119,743</u>	<u>115,715</u>
Net income per common share:		
Basic	<u>0.51</u>	<u>0.52</u>
Diluted	<u>0.51</u>	<u>0.52</u>

At **September 30, 2023** **March 31, 2024**, United excluded from the computation **1,968** of earnings per share **984** potentially dilutive shares of common stock issuable upon exercise of stock options because of their antililutive effect. At **September 30, 2022** **March 31, 2023**, United had no potentially dilutive instruments outstanding that were not included in the computation.

Note 14.13 – Regulatory Matters

As of **September 30, 2023** **March 31, 2024**, United and the Bank were categorized as well-capitalized under the regulatory requirements in effect at that time. To be categorized as well-capitalized, United and the Bank must have exceeded the well-capitalized guideline ratios in effect at the time, as set forth in the table below, and have met certain other requirements. Management believes that United and the Bank exceeded all well-capitalized requirements at **September 30, 2023** **March 31, 2024**, and there have been no conditions or events since quarter-end that would change the status of well-capitalized.

Regulatory capital ratios at **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**, along with the minimum amounts required for capital adequacy purposes and to be well-capitalized under regulatory requirements in effect at such times, are presented below for United and the Bank (*dollars in thousands*):

United Community Banks, Inc.					
		(Consolidated)		United Community Bank	
Minimum	Well- Capitalized	September (⁽¹⁾)	December 2023	September 2023	December 2022
United Community Banks, Inc. (Consolidated)					
(dollars in thousands)					
(dollars in thousands)					
Minimum	Well- Capitalized	September (⁽¹⁾)	December 2024	March 31, 2024	December 31, 2023

Risk-based ratios:		Risk-based ratios:					
CET1 capital		CET1 capital					
CET1 capital		CET1 capital					
CET1 capital	CET1 capital	4.5 %	6.5 %	12.15 %	12.26 %	12.26 %	12.83 %
Tier 1 capital	Tier 1 capital	6.0	8.0	12.60	12.81	12.26	12.83
Total capital	Total capital	8.0	10.0	14.45	14.79	13.25	13.70
Leverage ratio	Leverage ratio	4.0	5.0	9.70	9.69	9.43	9.69
CET1 capital	CET1 capital			\$2,445,212	\$2,164,211	\$2,457,791	\$2,255,337
CET1 capital		CET1 capital					
Tier 1 capital	Tier 1 capital			2,535,495	2,260,633	2,457,791	2,255,337
Total capital	Total capital			2,907,824	2,610,216	2,654,380	2,408,895
Risk-weighted assets	Risk-weighted assets			20,129,470	17,648,573	20,039,784	17,583,347
Average total assets for the leverage ratio	Average total assets for the leverage ratio			26,141,324	23,322,018	26,059,562	23,285,253

⁽¹⁾ As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 the additional capital conservation buffer in effect was 2.50%

UNITED COMMUNITY BANKS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Unaudited)

Note 15/14 – 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 the contractual amount of off-balance sheet instruments as of the dates indicated (*in thousands*) indicated

	September 30, 2023	December 31, 2022		
(in thousands)			(in thousands)	
	Financial instruments	Financial instruments		March 31, 2024
whose contract amounts represent credit risk:	whose contract amounts represent credit risk:			December 31, 2023
Commitments to extend credit	Commitments to extend credit	\$4,608,549	\$4,683,790	

Letters of credit	Letters of credit	56,455	46,896
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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.

Tax Credit and Certain Equity Investments

United invests in certain LIHTC partnerships throughout its market area as a means of supporting local communities, as well as in entities that promote renewable energy sources. United receives tax credits related to these investments. For certain of the investments, United provides financing during the construction and development phase of the related projects and/or permanent financing upon completion of the project. United has concluded that these partnerships are VIEs of which it is not the primary beneficiary because it does not have the power to direct the activities that most significantly impact the VIEs' financial performance and, therefore, is not required to consolidate these VIEs. United's maximum potential exposure to losses relative to investments in these VIEs is generally limited to the sum of the outstanding investment balance, any future funding commitments and the balance of any related loans to the entity. Loans to these entities are underwritten in substantially the same manner as other loans and are generally secured.

United also has investments in and future funding commitments related to fintech fund limited partnerships, other community development entities and certain other equity method investments. United has concluded that these partnerships are VIEs of which it is not the primary beneficiary because it does not have the power to direct the activities that most significantly impact the VIEs' financial performance and, therefore, is not required to consolidate these VIEs. The risk exposure relating to such commitments is generally limited to the amount invested by United and any future funding commitments.

The following table summarizes, as of the dates indicated, tax credit and certain equity method investments:

(in thousands)	Balance Sheet Location	March 31, 2024	December 31, 2023
Investments in LIHTC:			
Carrying amount	Other assets	\$ 57,728	\$ 48,867
Amount of future funding commitments included in carrying amount	Other liabilities	22,178	14,176
Lending exposure	Loans and leases held for investment	11,691	803
Renewable energy investments:			
Carrying amount	Other assets	4,594	18,631
Amount of future funding commitments ⁽¹⁾	N/A	14,406	14,406
Fintech funds and certain other equity method investments:			
Carrying amount	Other assets	34,401	33,720
Amount of future funding commitments not included in carrying amount	N/A	28,313	25,008

⁽¹⁾ Starting in 2024, United no longer records future funding commitments related to its renewable energy investments *(on the balance sheet. Prior to 2024, these commitments were included in thousands) other liabilities.*

	Balance Sheet Location	September 30, 2023	December 31, 2022
Investments in LIHTC:			
Carrying amount	Other assets	\$ 50,432	\$ 50,054
Amount of future funding commitments included in carrying amount	Other liabilities	14,990	18,090
Renewable energy investments:			
Carrying amount	Other assets	37,343	19,617
Amount of future funding commitments included in carrying amount	Other liabilities	15,795	18,781
Fintech funds and certain other equity method investments:			
Carrying amount	Other assets	38,209	27,569
Amount of future funding commitments included in carrying amount	Other liabilities	5,786	470
Amount of future funding commitments not included in carrying amount	N/A	25,918	23,690

UNITED COMMUNITY BANKS, INC. AND SUBSIDIARIES **Notes to Consolidated Financial Statements (Unaudited)**

Note 16 – Short-term Borrowings

At September 30, 2023 and December 31, 2022, short-term borrowings consisted of repurchase agreements, which are borrowings secured by investment securities. The following table presents a summary of tax credits and amortization expense associated with the remaining contractual maturity of repurchase agreements by collateral pledged as of United's tax credit investment activity. Activity related to renewable energy investments was not material to the date indicated *(in thousands)*.

Remaining Contractual Maturity of the Agreements

	Overnight and Continuous	Up to 30 Days	30-90 Days	Greater than 90 days	Total
September 30, 2023					
U.S. Government agencies & GSEs	37,348	—	—	—	37,348
Total	\$ 37,348	\$ —	\$ —	\$ —	\$ 37,348
December 31, 2022					
U.S. Treasuries	\$ 158,933	\$ —	\$ —	\$ —	\$ 158,933
Total	\$ 158,933	\$ —	\$ —	\$ —	\$ 158,933

financials for the period presented.

United is obligated to promptly transfer additional securities if the market value of the pledged securities falls below the repurchase agreement price. United manages this risk by maintaining a portfolio of unpledged securities that it believes is sufficient to cover a decline in the market value of the securities sold under agreements to repurchase. At September 30, 2023, repurchase agreements were collateralized by securities with a carrying amount of \$62.3 million. At December 31, 2022, repurchase agreements were collateralized by securities with a carrying amount of \$163 million.

(dollars in thousands)	Income Statement Location	Three Months Ended	
		March 31, 2024	December 31, 2023
Investments in LIHTC:			
Income tax credits and other income tax benefits	Income tax expense	\$ (1,996)	
Amortization expense	Income tax expense	1,831	

Note 17 - Subsequent Events

Preferred Share Repurchases

Subsequent to quarter-end through November 1, 2023, United repurchased 83,670 depositary shares (each representing 1/1000 interest in a share of preferred stock), bringing to a total 338,350 depositary shares repurchased to date through its preferred stock repurchase program. As of November 1, 2023, United had remaining authorization to repurchase up to \$17.8 million of outstanding preferred stock under the program.

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

The following is a discussion of our financial condition at **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023** and our results of operations for the three and nine months ended **September 30, 2023** **March 31, 2024** and **2022** **2023**. The purpose of this discussion is to focus on information about our financial condition and results of operations which is not otherwise apparent from our consolidated financial statements and is intended to provide insight into our results of operations and financial condition. The following discussion and analysis should be read along with our consolidated financial statements and related notes included in Part I - Item 1 of this Report, "Cautionary Note Regarding Forward-Looking Statements" and the risk factors discussed in our **2022** **2023** 10-K and referenced in Part II, Item 1.A. of this Report, and the other reports we have filed with the SEC after we filed the **2022** **2023** 10-K.

Unless the context otherwise requires, the terms "we," "our," "us" refer to United on a consolidated basis.

Overview

We offer a wide array of commercial and consumer banking services and investment advisory services primarily through a 205 branch network throughout Georgia, South Carolina, North Carolina, Tennessee, Florida and Alabama. We have grown organically as well as through strategic acquisitions. At **September 30, 2023** **March 31, 2024**, we had consolidated total assets of **\$26.9 billion** **\$27.4 billion** and **3,151** **3,071** full-time equivalent employees.

Recent Developments

Mergers and Acquisitions

On January 3, 2023, we completed the acquisition of Progress, which operated 13 offices primarily located in Alabama and the Florida Panhandle. We acquired \$1.90 billion of assets and assumed \$1.60 billion of liabilities in the acquisition, which included \$1.44 billion in loans and \$1.33 billion in deposits. Progress results are included in the consolidated financial statements beginning on the acquisition date.

On July 1, 2023, we completed the acquisition of First Miami, which operated three offices in the Miami metropolitan area. We acquired \$1.02 billion of assets and assumed \$931 million of liabilities in the acquisition, which included \$577 million in loans and \$865 million in deposits. In addition to traditional banking products, First Miami offers private banking, trust and wealth management services with approximately \$303 million in assets under administration as of September 30, 2023. First Miami's results are included in the consolidated financial statements beginning on the acquisition date.

Discontinuance of LIBOR

Since the discontinuance of LIBOR that was effective immediately after June 30, 2023, our new adjustable rate loan production has been originated with an ARR, such as SOFR. All existing loans that had LIBOR as a reference rate converted to an ARR such as SOFR effective with the first rate reset after June 30, 2023.

Results of Operations

We reported net income and diluted earnings per common share of \$47.9 million \$62.6 million and \$0.39, \$0.51, respectively, for the **third** first quarter of 2023 2024. This compared to \$81.2 million net income and \$0.74, diluted earnings per common share of \$62.3 million and \$0.52, respectively, for the same period in 2022. Operating net income (non-GAAP), which excludes merger-related and other charges, was \$55.0 million for the third quarter of 2023, compared to \$82.5 million for the same period in 2022. The decrease in net income resulted primarily from higher noninterest expenses and an increase in provision for credit losses, which were partly offset by higher net interest revenue. 2023.

Net interest revenue increased decreased to \$203 million \$199 million for the **third** first quarter of 2023, 2024, compared to \$200 million \$211 million for the **third** first quarter of 2022, 2023. The decrease was mostly driven by an increase in deposit interest expense that exceeded the increase in interest revenue was provided by from interest-earning assets. The combination of strong interest-bearing deposit growth, both organic and from the acquisition of First Miami, and higher rates paid on deposits contributed to an increase in deposit interest expense of \$75.9 million. Interest revenue on interest-earning assets increased \$57.2 million due to loan growth, including loans acquired from First Miami, and Progress, and higher average interest rates earned on our average loan and securities portfolios. The In addition, decreased utilization of more costly wholesale borrowings also partially offset the increase in deposit interest revenue was offset by increases in interest expense resulting from higher rates paid on deposits, a less favorable deposit mix and utilization of wholesale borrowings, which are more costly than customer deposits. Our expense. The net interest spread margin decreased 116 basis points to 2.23%, reflecting a 3.20% for the three months ended March 31, 2024 from 3.61% for the same period in 2023 primarily due to the steeper increase in interest rates paid on deposits compared to that of the increase in interest rates earned on loans since the third quarter of 2022. The impact of rising deposit rates also negatively impacted our net interest margin, which decreased to 3.24% for the third quarter of 2023 compared to 3.57% for the same period of last year. and securities.

We recorded a provision for credit losses of \$30.3 million \$12.9 million and \$21.8 million for the **third** first quarters of 2024 and 2023, compared to a provision of \$15.4 million for the third quarter of 2022. The provision expense recorded in the third quarter of 2023 resulted from loan growth, the initial ACL for First Miami non-PCD loans and unfunded commitments of \$4.00 million and current period net charge offs of \$26.6 million. The provision for unfunded commitments for the quarter was a negative \$3.51 million due to a decrease in the amount of unfunded commitments.

Noninterest income of \$32.0 million for the third quarter of 2023 remained relatively flat compared to that of the third quarter of 2022. Increases in several of our noninterest income components, notably services charges and other fees, BOLI income, and wealth management fees, were mostly offset by a \$3.25 million decrease in other noninterest income. The decrease in other noninterest income is mostly attributable to a \$1.74 million increase in cash collateral losses related to our derivative instruments and a \$1.00 million loss on the disposal of two of our Tennessee branches.

For the third quarter of 2023, noninterest expenses of \$144 million increased \$31.7 million, or 28%, compared to the same period of 2022. The increase was primarily attributable to a \$13.4 million increase in salaries and employee benefits and a \$7.42 million increase in merger-related and other charges, both of which were largely driven by the acquisitions of First Miami and Progress. Other contributors to the increase included increases in amortization of intangibles, which was driven by the addition of the First Miami and Progress core deposit intangibles, and FDIC assessment expense resulting from the increase in the assessment rate that went into effect on January 1, 2023.

For the nine months ended September 30, 2023 and 2022, we reported net income of \$173 million and \$196 million, respectively, and diluted earnings per common share of \$1.44 and \$1.78, respectively. Operating net income (non-GAAP) for the nine months ended September 30, 2023 and 2022 was \$190 million and \$210 million, respectively, which excludes merger-related and other charges for both periods. Net interest revenue and net interest margin for the nine months ended September 30, 2023 were \$614 million and 3.41%, respectively, compared to \$542 million and 3.25%, respectively, for the same period in 2022. In addition to the factors affecting the third quarter of 2023, results of operations for the nine months ended September 30, 2023 include a reduction in mortgage loan gains and other related fees of \$12.2 million driven by a decrease in demand resulting from the rising interest rate environment. In addition, provision Provision expense for the nine months ended September 30, 2023 and 2022 first quarter of 2023 included initial provisions for credit losses on non-PCD loans and unfunded commitments acquired from Progress and Reliant of \$10.4 million. We recognized higher net charge-offs for the first quarter of 2024 of \$12.9 million compared to \$7.08 million for the same period in 2023, which contributed to the increase in non-acquisition-related provision for credit losses for the first quarter of 2024.

Noninterest income of \$39.6 million for the first quarter of 2024 was up \$9.38 million, or 31%, from the first quarter of 2023, primarily driven by a \$2.99 million increase in mortgage loan gains and \$18.3 million, respectively, related fees, a lease termination gain of \$2.40 million recorded in other noninterest income, and death benefits on BOLI policies recognized during the period. The increase in mortgage gains and related fees was primarily due to a \$1.50 million positive fair value adjustment on our mortgage servicing asset and higher gains on sales of mortgage loans.

For the first quarter of 2024, noninterest expenses of \$145 million increased by \$5.20 million compared to the same period of 2023. The increase was largely driven by a \$6.29 million increase in salaries and employee benefits and an increase in FDIC assessment and other regulatory charges of \$3.57 million. Salaries and benefits increased due to several factors, including the addition of First Miami employees, lower deferred origination costs and higher deferred compensation plan expense. During the first quarter of 2024, we recognized an additional \$2.50 million in FDIC assessment expense to increase our accrual for our estimated share of the FDIC special assessment. These increases were partially offset by a \$6.54 million decrease in merger-related and other charges due to lack of acquisition activity in the first quarter of 2024 compared to the first quarter of 2023 including the completion of the Progress acquisition.

Results for the **third** first quarter and first nine months of 2023 2024 are discussed in further detail throughout the following sections of MD&A.

Critical Accounting Estimates

In preparing the consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the balance sheet and revenues and expenses for the period. Our accounting and reporting estimates are in accordance with GAAP and conform to general practices within the banking industry. Estimates that are susceptible to significant changes include accounting for the ACL and fair value measurements, both of which require significant judgments by management. Actual results could differ significantly from those estimates. Also, different assumptions in the application of these accounting estimates could result in material changes in our consolidated financial position or consolidated results of operations. Our critical accounting estimates are discussed in MD&A in our 2022 2023 10-K.

Non-GAAP Reconciliation and Explanation

This Report contains financial information determined by methods other than in accordance with GAAP. Such non-GAAP financial information includes the following measures: "tangible book value per common share," and "tangible common equity to tangible assets." In addition, management presents non-GAAP operating performance measures, which

exclude merger-related and other items that are not part of our ongoing business operations. Operating performance measures include "expenses – operating," "net income – operating," "diluted income per common share – operating," "return on common equity – operating," "return on tangible common equity – operating," "return on assets – operating" and "efficiency ratio – operating." We have developed internal policies and procedures to accurately capture and account for merger-related and other charges and those charges are reviewed with the Audit Committee of our Board each quarter. We use these non-GAAP measures because we believe they provide useful supplemental information 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. We believe these non-GAAP measures may also provide users of our financial information with a meaningful measure for assessing our financial results and credit trends, as well as a comparison to financial results for prior periods. Nevertheless, non-GAAP measures have inherent limitations, are not required to be uniformly applied and are not audited. These non-GAAP measures should be viewed in addition to, and not as an alternative to or substitute for, measures determined in accordance with GAAP. In addition, because non-GAAP measures are not standardized, it may not be possible to compare our non-GAAP measures to similarly titled measures used by other companies. To the extent applicable, reconciliations of these non-GAAP measures to the most directly comparable measures as reported in accordance with GAAP are included in Table 1 of MD&A.

UNITED COMMUNITY BANKS, INC.		UNITED COMMUNITY BANKS, INC.															
UNITED COMMUNITY BANKS, INC.		UNITED COMMUNITY BANKS, INC.															
Table 1 - Financial Highlights		Table 1 - Financial Highlights															
Table 1 - Financial Highlights		Table 1 - Financial Highlights															
Table 1 - Financial Highlights		Table 1 - Financial Highlights															
(in thousands, except per share data)		(in thousands, except per share data)															
		2023					2022		Third Quarter 2023 - 2022 Change		For the Nine Months Ended September 30,						
(in thousands, except per share data)		Third Quarter		Second Quarter		First Quarter		Fourth Quarter		Third Quarter 2023 - 2022 Change							
		2024					2023		2022		YTD Change						
(in thousands, except per share data)		2024					2023		2022		YTD Change						
		2024					2023		2022		YTD Change						
		First Quarter					First Quarter		First Quarter		First Quarter						
INCOME SUMMARY		INCOME SUMMARY															
INCOME SUMMARY		INCOME SUMMARY															
Interest revenue		Interest revenue															
Interest revenue		\$ 323,147	\$ 295,775	\$ 279,487	\$ 240,831	\$ 213,887	\$ 898,409	\$ 572,324									
Interest revenue																	
Interest revenue																	
Interest expense																	
Interest expense		Interest expense															
Interest expense		120,591	95,489	68,017	30,943	14,113	284,097	29,855									
Net interest revenue		Net interest revenue															
Net interest revenue		202,556	200,286	211,470	209,888	199,774	1 1 %	614,312	542,469	13 13 %							
Net interest revenue																	
Net interest revenue																	
Provision for credit losses																	
Provision for credit losses																	
Provision for credit losses																	
Noninterest income		Noninterest income															
Noninterest income		31,977	36,387	30,209	33,354	31,922	—	98,573	104,353	(6)							
Noninterest income																	
Total revenue																	

Total revenue										
Total revenue										
Total revenue	Total revenue	204,265	213,920	219,896	223,411	216,304	(6)	638,081	602,740	6
Noninterest expenses	Noninterest expenses	144,474	132,407	139,805	117,329	112,755	28	416,686	352,820	18
Noninterest expenses										
Noninterest expenses										
Income before income tax expense										
Income before income tax expense										
Income before income tax expense	Income before income tax expense	59,791	81,513	80,091	106,082	103,549	(42)	221,395	249,920	(11)
Income tax expense	Income tax expense	11,925	18,225	17,791	24,632	22,388	(47)	47,941	53,898	(11)
Income tax expense										
Income tax expense										
Net income	Net income	47,866	63,288	62,300	81,450	81,161	(41)	173,454	196,022	(12)
Merger-related and other charges										
Income tax benefit of merger-related and other charges										
(2,000)		(820)		(1,955)		(323)		(385)		(4,775)
Net income										
Net income										
Non-operating items										
Non-operating items										
Non-operating items										
Income tax benefit of non-operating items										
Income tax benefit of non-operating items										
Income tax benefit of non-operating items										
Net income - operating ⁽¹⁾										
Net income - operating ⁽¹⁾										
Net income - operating ⁽¹⁾	Net income - operating ⁽¹⁾	\$ 55,034	\$ 66,113	\$ 68,976	\$ 82,597	\$ 82,522	(33)	\$ 190,123	\$ 210,004	(9)
PERFORMANCE MEASURES	PERFORMANCE MEASURES									
PERFORMANCE MEASURES										
PERFORMANCE MEASURES										
Per common share:										
Per common share:										
Per common share:	Per common share:									
Diluted net income - GAAP	Diluted net income - GAAP	\$ 0.39	\$ 0.53	\$ 0.52	\$ 0.74	\$ 0.74	(47)	\$ 1.44	\$ 1.78	(19)
Diluted net income - GAAP										
Diluted net income - GAAP										
Diluted net income - operating ⁽¹⁾										
Diluted net income - operating ⁽¹⁾										
Diluted net income - operating ⁽¹⁾	Diluted net income - operating ⁽¹⁾	0.45	0.55	0.58	0.75	0.75	(40)	1.58	1.91	(17)
Cash dividends declared	Cash dividends declared	0.23	0.23	0.23	0.22	0.22	5	0.69	0.64	8

Cash dividends declared										
Cash dividends declared										
Book value										
Book value										
Book value	Book value	25.87	25.98	25.76	24.38	23.78	9	25.87	23.78	9
Tangible book value ⁽³⁾	Tangible book value ⁽³⁾	17.70	17.83	17.59	17.13	16.52	7	17.70	16.52	7
Tangible book value ⁽³⁾										
Tangible book value ⁽³⁾										
Key performance ratios:										
Key performance ratios:										
Key performance ratios:	Key performance ratios:									
Return on common equity - GAAP ⁽²⁾⁽⁴⁾	Return on common equity - GAAP ⁽²⁾⁽⁴⁾	5.32 %	7.47 %	7.34 %	10.86 %	11.02 %		6.69 %	9.08 %	
Return on common equity - GAAP ⁽²⁾										
(4)										
Return on common equity - GAAP ⁽²⁾										
(4)										
Return on common equity - operating										
(1)(2)(4)										
Return on common equity - operating										
(1)(2)(4)										
Return on common equity - operating ⁽¹⁾⁽²⁾⁽⁴⁾	Return on common equity - operating ⁽¹⁾⁽²⁾⁽⁴⁾	6.14	7.82	8.15	11.01	11.21		7.35	9.75	
Return on tangible common equity - operating ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾	Return on tangible common equity - operating ⁽¹⁾⁽²⁾⁽³⁾									
(4)	(4)	9.03	11.35	11.63	15.20	15.60		10.65	13.64	
Return on tangible common equity - operating ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾										
Return on tangible common equity - operating ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾										
Return on assets - GAAP ⁽⁴⁾										
Return on assets - GAAP ⁽⁴⁾	Return on assets - GAAP									
(4)	(4)	0.68	0.95	0.95	1.33	1.32		0.86	1.06	
Return on assets - operating ⁽¹⁾⁽⁴⁾	Return on assets - operating ⁽¹⁾⁽⁴⁾									
(1)(4)	(1)(4)	0.79	1.00	1.06	1.35	1.34		0.95	1.13	
Return on assets - operating ⁽¹⁾⁽⁴⁾										
Return on assets - operating ⁽¹⁾⁽⁴⁾										
Net interest margin (FTE) ⁽⁴⁾										
Net interest margin (FTE) ⁽⁴⁾										
Net interest margin (FTE) ⁽⁴⁾	Net interest margin (FTE) ⁽⁴⁾	3.24	3.37	3.61	3.76	3.57		3.41	3.25	
Efficiency ratio - GAAP	Efficiency ratio - GAAP									
(GAAP)	(GAAP)	61.32	55.71	57.20	47.95	48.41		58.06	53.94	
Efficiency ratio - GAAP										
Efficiency ratio - GAAP										
Efficiency ratio - operating ⁽¹⁾										

Efficiency ratio - operating (1)										
Efficiency ratio - operating (1)	Efficiency ratio - operating (1)	57.43	54.17	53.67	47.35	47.66		55.07	51.20	
Equity to total assets	Equity to total assets	11.85	11.89	11.90	11.25	11.12		11.85	11.12	
Equity to total assets										
Equity to total assets										
Tangible common equity to tangible assets (3)										
Tangible common equity to tangible assets (3)										
Tangible common equity to tangible assets (3)	Tangible common equity assets (3)	8.18	8.21	8.17	7.88	7.70		8.18	7.70	
ASSET QUALITY	ASSET QUALITY									
ASSET QUALITY										
NPAs	NPAs	\$ 90,883	\$ 103,737	\$ 73,403	\$ 44,281	\$ 35,511	156	\$ 90,883	\$ 35,511	156
NPAs										
NPAs										
ACL - loans										
ACL - loans										
ACL - loans	ACL - loans	201,557	190,705	176,534	159,357	148,502	36	201,557	148,502	36
Net charge-offs	Net charge-offs	26,638	8,399	7,084	6,611	1,134		42,121	3,043	
Net charge-offs										
Net charge-offs										
ACL - loans to loans										
ACL - loans to loans	ACL - loans to loans	1.11 %	1.10 %	1.03 %	1.04 %	1.00 %		1.11 %	1.00 %	
Net charge-offs to average loans (4)	Net charge-offs to average loans (4)	0.59	0.20	0.17	0.17	0.03		0.32	0.03	
Net charge-offs to average loans (4)										
Net charge-offs to average loans (4)										
NPAs to total assets										
NPAs to total assets										
NPAs to total assets	NPAs to total assets	0.34	0.40	0.28	0.18	0.15		0.34	0.15	
AT PERIOD END (\$ in millions)	AT PERIOD END (\$ in millions)									
AT PERIOD END (\$ in millions)										
AT PERIOD END (\$ in millions)										
Loans										
Loans										
Loans	Loans	\$ 18,203	\$ 17,395	\$ 17,125	\$ 15,335	\$ 14,882	22	\$ 18,203	\$ 14,882	22
Investment securities	Investment securities	5,701	5,914	5,915	6,228	6,539	(13)	5,701	6,539	(13)
Investment securities										
Investment securities										
Total assets										
Total assets										

Total assets	Total assets	26,869	26,120	25,872	24,009	23,688	13	26,869	23,688	13
Deposits	Deposits	22,858	22,252	22,005	19,877	20,321	12	22,858	20,321	12
Deposits										
Deposits										
Shareholders' equity										
Shareholders' equity										
Shareholders' equity	Shareholders' equity	3,184	3,106	3,078	2,701	2,635	21	3,184	2,635	21
Common shares outstanding (thousands)	Common shares outstanding (thousands)	118,976	115,266	115,152	106,223	106,163	12	118,976	106,163	12
Common shares outstanding (thousands)										
Common shares outstanding (thousands)										

⁽¹⁾ Excludes merger-related and other charges. Excludes non-operating items as detailed on Non-GAAP Performance Measures Reconciliation on next page. ⁽²⁾ Net income less preferred stock dividends, divided by average realized common equity, which excludes AOCI. ⁽³⁾ Excludes effect of acquisition related intangibles and associated amortization. ⁽⁴⁾ Annualized.

UNITED COMMUNITY BANKS, INC.

Table 1 (Continued) - Financial Highlights

Non-GAAP Performance Measures Reconciliation

(in thousands, except per share data)

	For the Nine Months Ended					
	2023			2022		September 30,
	Third Quarter	Second Quarter	First Quarter	Fourth Quarter	Third Quarter	
Noninterest expense reconciliation						
Noninterest expenses (GAAP)	\$ 144,474	\$ 132,407	\$ 139,805	\$ 117,329	\$ 112,755	\$ 416,686 \$ 352,820
Merger-related and other charges	(9,168)	(3,645)	(8,631)	(1,470)	(1,746)	(21,444) (17,905)
Noninterest expenses - operating	<u>\$ 135,306</u>	<u>\$ 128,762</u>	<u>\$ 131,174</u>	<u>\$ 115,859</u>	<u>\$ 111,009</u>	<u>\$ 395,242</u> \$ 334,915
Net income reconciliation						
Net income (GAAP)	\$ 47,866	\$ 63,288	\$ 62,300	\$ 81,450	\$ 81,161	\$ 173,454 \$ 196,022
Merger-related and other charges	9,168	3,645	8,631	1,470	1,746	21,444 17,905
Income tax benefit of merger-related and other charges	(2,000)	(820)	(1,955)	(323)	(385)	(4,775) (3,923)
Net income - operating	<u>\$ 55,034</u>	<u>\$ 66,113</u>	<u>\$ 68,976</u>	<u>\$ 82,597</u>	<u>\$ 82,522</u>	<u>\$ 190,123</u> \$ 210,004
Diluted income per common share reconciliation						
Diluted income per common share (GAAP)	\$ 0.39	\$ 0.53	\$ 0.52	\$ 0.74	\$ 0.74	\$ 1.44 \$ 1.78
Merger-related and other charges, net of tax	0.06	0.02	0.06	0.01	0.01	0.14 0.13
Diluted income per common share - operating	<u>\$ 0.45</u>	<u>\$ 0.55</u>	<u>\$ 0.58</u>	<u>\$ 0.75</u>	<u>\$ 0.75</u>	<u>\$ 1.58</u> \$ 1.91
Book value per common share reconciliation						
Book value per common share (GAAP)	\$ 25.87	\$ 25.98	\$ 25.76	\$ 24.38	\$ 23.78	\$ 25.87 \$ 23.78
Effect of goodwill and other intangibles	(8.17)	(8.15)	(8.17)	(7.25)	(7.26)	(8.17) (7.26)
Tangible book value per common share	<u>\$ 17.70</u>	<u>\$ 17.83</u>	<u>\$ 17.59</u>	<u>\$ 17.13</u>	<u>\$ 16.52</u>	<u>\$ 17.70</u> \$ 16.52
Return on tangible common equity reconciliation						
Return on common equity (GAAP)	5.32 %	7.47 %	7.34 %	10.86 %	11.02 %	6.69 % 9.08 %
Merger-related and other charges, net of tax	0.82	0.35	0.81	0.15	0.19	0.66 0.67
Return on common equity - operating	6.14	7.82	8.15	11.01	11.21	7.35 9.75
Effect of goodwill and other intangibles	2.89	3.53	3.48	4.19	4.39	3.30 3.89
Return on tangible common equity - operating	<u>9.03 %</u>	<u>11.35 %</u>	<u>11.63 %</u>	<u>15.20 %</u>	<u>15.60 %</u>	<u>10.65 %</u> 13.64 %

Return on assets reconciliation							
Return on assets (GAAP)	0.68 %	0.95 %	0.95 %	1.33 %	1.32 %	0.86 %	1.06 %
Merger-related and other charges, net of tax	0.11	0.05	0.11	0.02	0.02	0.09	0.07
Return on assets - operating	<u>0.79 %</u>	<u>1.00 %</u>	<u>1.06 %</u>	<u>1.35 %</u>	<u>1.34 %</u>	<u>0.95 %</u>	<u>1.13 %</u>
Efficiency ratio reconciliation							
Efficiency ratio (GAAP)	61.32 %	55.71 %	57.20 %	47.95 %	48.41 %	58.06 %	53.94 %
Merger-related and other charges	(3.89)	(1.54)	(3.53)	(0.60)	(0.75)	(2.99)	(2.74)
Efficiency ratio - operating	<u>57.43 %</u>	<u>54.17 %</u>	<u>53.67 %</u>	<u>47.35 %</u>	<u>47.66 %</u>	<u>55.07 %</u>	<u>51.20 %</u>
Tangible common equity to tangible assets reconciliation							
Equity to total assets (GAAP)	11.85 %	11.89 %	11.90 %	11.25 %	11.12 %	11.85 %	11.12 %
Effect of goodwill and other intangibles	(3.33)	(3.31)	(3.36)	(2.97)	(3.01)	(3.33)	(3.01)
Effect of preferred equity	(0.34)	(0.37)	(0.37)	(0.40)	(0.41)	(0.34)	(0.41)
Tangible common equity to tangible assets	<u>8.18 %</u>	<u>8.21 %</u>	<u>8.17 %</u>	<u>7.88 %</u>	<u>7.70 %</u>	<u>8.18 %</u>	<u>7.70 %</u>

UNITED COMMUNITY BANKS, INC.

Table 1 (Continued) - Financial Highlights

Non-GAAP Performance Measures Reconciliation

(in thousands, except per share data)

	2024		2023		
	First Quarter	Fourth Quarter	Third Quarter	Second Quarter	First Quarter
Net income to operating income reconciliation					
Net income (GAAP)	\$ 62,631	\$ 14,090	\$ 47,866	\$ 63,288	\$ 62,300
Bond portfolio restructuring loss	—	51,689	—	—	—
Gain on lease termination	(2,400)	—	—	—	—
FDIC special assessment	2,500	9,995	—	—	—
Merger-related and other charges	2,087	5,766	9,168	3,645	8,631
Income tax benefit of non-operating items	(493)	(16,714)	(2,000)	(820)	(1,955)
Net income - operating	<u>\$ 64,325</u>	<u>\$ 64,826</u>	<u>\$ 55,034</u>	<u>\$ 66,113</u>	<u>\$ 68,976</u>
Diluted income per common share reconciliation					
Diluted income per common share (GAAP)	\$ 0.51	\$ 0.11	\$ 0.39	\$ 0.53	\$ 0.52
Bond portfolio restructuring loss	—	0.32	—	—	—
Gain on lease termination	(0.02)	—	—	—	—
FDIC special assessment	0.02	0.06	—	—	—
Merger-related and other charges	0.01	0.04	0.06	0.02	0.06
Diluted income per common share - operating	<u>\$ 0.52</u>	<u>\$ 0.53</u>	<u>\$ 0.45</u>	<u>\$ 0.55</u>	<u>\$ 0.58</u>
Book value per common share reconciliation					
Book value per common share (GAAP)	\$ 26.83	\$ 26.52	\$ 25.87	\$ 25.98	\$ 25.76
Effect of goodwill and other intangibles	(8.12)	(8.13)	(8.17)	(8.15)	(8.17)
Tangible book value per common share	<u>\$ 18.71</u>	<u>\$ 18.39</u>	<u>\$ 17.70</u>	<u>\$ 17.83</u>	<u>\$ 17.59</u>
Return on tangible common equity reconciliation					
Return on common equity (GAAP)	7.14 %	1.44 %	5.32 %	7.47 %	7.34 %
Bond portfolio restructuring loss	—	4.47	—	—	—
Gain on lease termination	(0.22)	—	—	—	—
FDIC special assessment	0.23	0.86	—	—	—
Merger-related and other charges	0.19	0.50	0.82	0.35	0.81
Return on common equity - operating	7.34	7.27	6.14	7.82	8.15
Effect of goodwill and other intangibles	3.34	3.31	2.89	3.53	3.48

Return on tangible common equity - operating	10.68 %	10.58 %	9.03 %	11.35 %	11.63 %
Return on assets reconciliation					
Return on assets (GAAP)	0.90 %	0.18 %	0.68 %	0.95 %	0.95 %
Bond portfolio restructuring loss	—	0.57	—	—	—
Gain on lease termination	(0.03)	—	—	—	—
FDIC special assessment	0.03	0.11	—	—	—
Merger-related and other charges	0.03	0.06	0.11	0.05	0.11
Return on assets - operating	0.93 %	0.92 %	0.79 %	1.00 %	1.06 %
Efficiency ratio reconciliation					
Efficiency ratio (GAAP)	60.47 %	66.33 %	61.32 %	55.71 %	57.20 %
Gain on lease termination	0.60	—	—	—	—
FDIC special assessment	(1.05)	(4.29)	—	—	—
Merger-related and other charges	(0.87)	(2.47)	(3.89)	(1.54)	(3.53)
Efficiency ratio - operating	59.15 %	59.57 %	57.43 %	54.17 %	53.67 %
Tangible common equity to tangible assets reconciliation					
Equity to total assets (GAAP)	12.06 %	11.95 %	11.85 %	11.89 %	11.90 %
Effect of goodwill and other intangibles	(3.25)	(3.27)	(3.33)	(3.31)	(3.36)
Effect of preferred equity	(0.32)	(0.32)	(0.34)	(0.37)	(0.37)
Tangible common equity to tangible assets	8.49 %	8.36 %	8.18 %	8.21 %	8.17 %

Net Interest Revenue

Net interest revenue, which is 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. Management seeks to optimize this revenue while balancing interest rate, credit and liquidity risks.

The banking industry generally uses two ratios to measure the 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 noninterest-bearing deposits and shareholders' equity 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 noninterest-bearing deposits and stockholders' shareholders' equity.

The following discussion provides additional details on the daily average balances and net interest revenue for the periods presented. The tables that follow indicate the relationship between interest revenue and expense and the daily average amounts of assets and liabilities, which provides further insight into net interest spread and net interest margin for the periods indicated.

For Net interest revenue for the quarter:

first quarters of 2024 and 2023 was \$199 million and \$211 million, respectively. FTE net interest revenue for the third first quarter of 2023 2024 was \$204 million \$200 million, representing an increase a decrease of \$2.63 million \$12.4 million, or 6%, from the same period in 2022, 2023. The increase net interest spreads for the first quarters of 2024 and 2023 were 2.16% and 2.87%, respectively. The net interest margins for the first quarters of 2024 and 2023 were 3.20% and 3.61%, respectively.

The decrease in FTE net interest revenue was primarily driven by the \$3.40 billion increase average interest-bearing deposits, due to a combination of growth in average loans our deposit base and a 131 basis point increase in the average rate earned paid on loans. As those deposits. The average daily balance of interest-bearing deposits increased \$3.09 billion compared to the first quarter of 2023 and the average rate paid on those deposits increased 150 basis points, resulting in a result, \$75.9 million increase in deposit interest expense. The growth in interest-bearing deposits is partially attributable to the addition of deposits acquired in the First Miami transaction, in addition to organic growth. We have continued to attract and retain deposits by remaining competitive with our interest rate offerings, which has increased our average rate paid on deposits. The growth in our deposit base has allowed us to reduce our utilization of more costly short-term borrowings and FHLB advances, as the average balances of these combined decreased \$561 million compared to the first quarter of 2023 resulting in a reduction in interest expense on these types of borrowings of \$6.26 million.

The increase in loan interest revenue increased \$99.6 million compared to of \$47.4 million partially offsets the third quarter increase in interest expense paid on deposits. Growth in our average loans of 2022, \$1.40 billion and an increase in the yield on the loan portfolio of 56 basis points drove the increase in loan interest revenue. Approximately \$3.38 million \$594 million of the increase in average loans was a result of higher purchased loan accretion, which was mostly driven provided by the addition of the First Miami loan portfolio, while the remaining represented organic growth. The yield on the loan portfolio increased to 6.24% due to rising interest rates and Progress loans. The FOMC raised \$1.16 million in earnings from recent fair value hedges of loans, which were entered into during the targeted federal funds rate a total of 525 basis points beginning in March 2022 through the third fourth quarter of 2023, 2023 and the first quarter of 2024. Loan interest revenue for the first quarters of 2024 and 2023 included \$4.65 million and \$4.76 million, respectively, of discount accretion on loans received through business combinations. Additionally, the increase in yield earned on the investment securities portfolio, partially offset by despite a decrease in the average balance of the portfolio, contributed \$7.49 million in additional securities, FTE interest revenue on securities increased \$6.32 million compared to the same

period of last year, driven by an increase in the average interest rate earned on securities of 41 basis points. The increase in yield is mostly attributable to rising interest rates, the securities bond portfolio was positively impacted by restructuring we completed in the fourth quarter of 2023 and the earnings from the fair value hedges on our certain AFS securities portfolio of \$2.52 million, which we entered into during the second quarter of 2023, which contributed \$3.77 million in additional interest revenue. 2023.

Interest expense The decrease in net interest margin and net interest spread for the first quarter of 2024 compared to the first quarter of 2023 increased \$106 million compared to the same quarter of 2022. The increase is mostly attributable to the 259 basis point increase in rates paid on average interest-bearing deposits as a result of the rising interest rate environment and a deposit mix more heavily comprised of more costly time deposits and brokered time deposits. In addition, the daily average balance of interest-bearing deposits increased was driven by \$3.50 billion, which includes approximately \$1.54 billion of interest-bearing deposits received in the acquisitions of First Miami and Progress. We also saw attrition in our noninterest-bearing deposit balances as rising interest rates offered customers more attractive alternatives, which negatively impacts our net interest margin. As a result of the decrease in noninterest-bearing deposits, in the third quarter of 2023, 65% of our interest earning assets were funded by interest-bearing liabilities compared with 57% for the same period of 2022.

Our net interest spread decreased 116 basis points to 2.23% and our net interest margin decreased 33 basis points to 3.24%, reflecting a steeper increase in average rates paid on deposits compared to that of the increase in rates earned on loans during and securities. In addition, strong interest-bearing deposit growth contributed to the third quarter of 2023. The fact that increase in interest expense, decreasing our net interest spread fell much more than our revenue and contributing to net interest margin demonstrates the increasing contribution and value of noninterest-bearing funding sources in a higher interest rate environment.

For the nine months ended:

FTE net interest revenue for the first nine months of 2023 was \$617 million, representing a 13% increase from the first nine months of 2022, which was primarily driven by the same factors impacting the quarter. During the first nine months of 2023, our net interest spread decreased 62 basis points and our net interest margin increased by 16 basis points compared to the same period of 2022. Our net interest margin for the nine months ended September 30, 2023 benefited from higher purchased loan accretion of \$6.19 million and \$4.68 million in additional interest revenue from the fair value hedges on our AFS securities portfolio.

compression.

Table 2 - Average Consolidated Balance Sheets and Net Interest Analysis

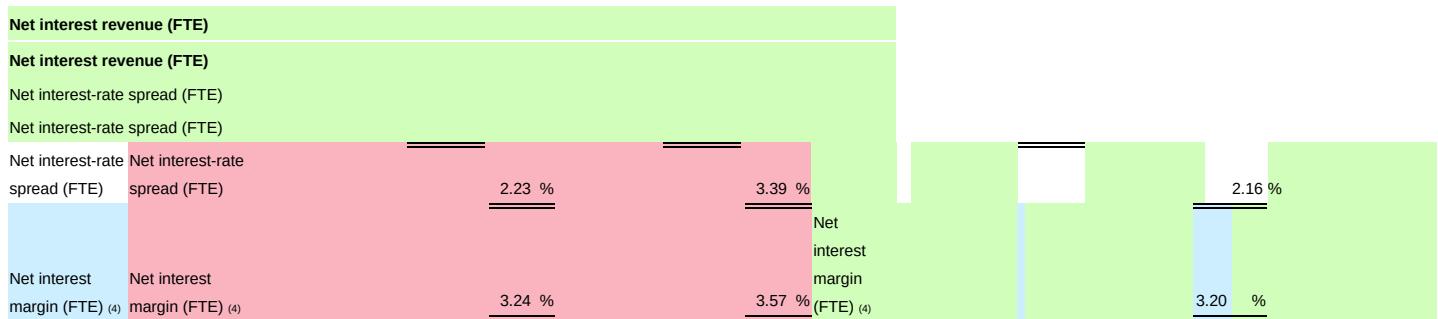
For the Three Months Ended September 30, March 31,

(dollars in thousands, (FTE))

		2023			2022			2024			20	
		Average Balance		Average Interest	Average Rate	Average Balance		Average Interest	Average Rate	Average Balance		
		Average Balance	Interest	Rate	Average Balance	Interest	Rate	Average Balance	Interest	Average Balance	Interest	
Assets:	Assets:											
Interest-earning assets:	Interest-earning assets:											
Loans, net of unearned income (FTE) (1)(2)	Loans, net of unearned income (FTE) (1)(2)	\$ 18,055,402	\$ 273,800	6.02 %	\$ 14,658,397	\$ 174,168	4.71 %	\$ 18,299,739	\$ 283,960	6.24 %	6.24 %	\$ 16
Taxable securities (3)	Taxable securities (3)	5,933,708	43,007	2.90	6,539,615	34,385	2.10					
Tax-exempt securities (FTE) (1)(3)	Tax-exempt securities (FTE) (1)(3)	368,148	2,313	2.51	493,115	3,449	2.80					
Federal funds sold and other interest-earning assets	Federal funds sold and other interest-earning assets	538,039	5,093	3.76	614,755	3,106	2.00					
Total interest-earning assets (FTE)	Total interest-earning assets (FTE)	24,895,297	324,213	5.17	22,305,882	215,108	3.83					
Noninterest-earning assets:	Noninterest-earning assets:											

Noninterest-earning assets:							
Noninterest-earning assets:							
Allowance for credit losses							
Allowance for credit losses							
Allowance for credit losses	Allowance for credit losses		(209,472)		(138,907)		
Cash and due from banks	Cash and due from banks		225,831		231,376		
Cash and due from banks							
Cash and due from banks							
Premises and equipment							
Premises and equipment							
Premises and equipment	Premises and equipment		367,217		290,768		
Other assets	Other assets		(3)		1,568,824		1,261,236
Other assets (3)	Other assets (3)						
Total assets							
Total assets							
Total assets	Total assets	\$	26,847,697		\$23,950,355		
Liabilities and Shareholders' Equity:							
Liabilities and Shareholders' Equity:							
Liabilities and Shareholders' Equity:							
Interest-bearing liabilities:							
Interest-bearing liabilities:							
Interest-bearing liabilities:	Interest-bearing liabilities:						
Interest-bearing deposits:	Interest-bearing deposits:						
Interest-bearing deposits:	Interest-bearing deposits:						
NOW and interest-bearing demand							
NOW and interest-bearing demand							
NOW and interest-bearing demand	NOW and interest-bearing demand	\$	5,285,513	35,613	2.67	\$ 4,335,619	3,992 0.37
Money market	Money market		5,622,355	46,884	3.31	4,849,705	4,503 0.37
Savings	Savings		1,301,047	868	0.26	1,515,350	178 0.05
Time	Time		3,473,191	31,072	3.55	1,635,580	984 0.24
Brokered time deposits	Brokered time deposits		209,119	2,296	4.36	51,530	223 1.72

Total interest-bearing deposits	Total interest-bearing deposits	15,891,225	116,733	2.91	12,387,784	9,880	0.32
Federal funds purchased and other borrowings	Federal funds purchased and other borrowings	44,164	189	1.70	3,442	27	3.11
Federal funds purchased and other borrowings	Federal funds purchased and other borrowings						
Federal Home Loan Bank advances	Federal Home Loan Bank advances	—	—	—	—	—	—
Long-term debt	Long-term debt	324,770	3,669	4.48	324,444	4,206	5.14
Total borrowed funds	Total borrowed funds	368,934	3,858	4.15	327,886	4,233	5.12
Total interest-bearing liabilities	Total interest-bearing liabilities	16,260,159	120,591	2.94	12,715,670	14,113	0.44
Noninterest-bearing liabilities:	Noninterest-bearing liabilities:						
Noninterest-bearing liabilities:	Noninterest-bearing liabilities:						
Noninterest-bearing deposits	Noninterest-bearing deposits						
Noninterest-bearing deposits	Noninterest-bearing deposits						
Noninterest-bearing deposits	Noninterest-bearing deposits	6,916,272			8,176,987		
Other liabilities	Other liabilities	435,592			349,647		
Other liabilities	Other liabilities						
Total liabilities	Total liabilities						
Total liabilities	Total liabilities						
Total liabilities	Total liabilities	23,612,023			21,242,304		
Shareholders' equity	Shareholders' equity	3,235,674			2,708,051		
Shareholders' equity	Shareholders' equity						
Total liabilities and shareholders' equity	Total liabilities and shareholders' equity						
Total liabilities and shareholders' equity	Total liabilities and shareholders' equity						
Total liabilities and shareholders' equity	Total liabilities and shareholders' equity	\$ 26,847,697			\$ 23,950,355		
Net interest revenue (FTE)	Net interest revenue (FTE)	\$ 203,622			\$ 200,995		



(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 26%, 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 on which the accrual of interest has been discontinued and loans that are held for sale.

(3) Unrealized losses on securities, including those related to the transfer from AFS to HTM, have been reclassified to other assets. Pretax unrealized losses of \$430 million \$322 million in 2024 and \$318 million \$419 million in 2023 and 2022, respectively, 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.

Table 3 - Average Consolidated Balance Sheets and Net Interest Analysis

For the Nine Months Ended September 30,

(dollars in thousands, (FTE))

	2023			2022		
	Average Balance	Interest	Average Rate	Average Balance	Interest	Average Rate
Assets:						
Interest-earning assets:						
Loans, net of unearned income (FTE) (1)(2)	\$ 17,377,210	\$ 760,802	5.85 %	\$ 14,426,470	\$ 475,989	4.41 %
Taxable securities (3)	5,982,615	120,212	2.68	6,274,230	83,281	1.77
Tax-exempt securities (FTE) (1)(3)	386,499	7,470	2.58	498,177	10,425	2.79
Federal funds sold and other interest-earning assets	490,703	13,103	3.57	1,271,287	6,192	0.65
Total interest-earning assets (FTE)	24,237,027	901,587	4.97	22,470,164	575,887	3.43
Non-interest-earning assets:						
Allowance for loan losses	(186,428)			(129,278)		
Cash and due from banks	249,411			200,463		
Premises and equipment	347,514			284,850		
Other assets (3)	1,518,503			1,308,647		
Total assets	\$ 26,166,027			\$ 24,134,846		
Liabilities and Shareholders' Equity:						
Interest-bearing liabilities:						
Interest-bearing deposits:						
NOW and interest-bearing demand	\$ 4,891,214	80,809	2.21	\$ 4,520,079	7,624	0.23
Money market	5,349,265	105,430	2.64	4,992,357	7,030	0.19
Savings	1,341,033	2,108	0.21	1,483,169	337	0.03
Time	2,936,873	65,856	3.00	1,688,250	2,009	0.16
Brokered time deposits	280,293	9,608	4.58	65,133	313	0.64
Total interest-bearing deposits	14,798,678	263,811	2.38	12,748,988	17,313	0.18
Federal funds purchased and other borrowings	98,884	3,186	4.31	1,383	27	2.61
Federal Home Loan Bank advances	166,355	5,761	4.63	—	—	—
Long-term debt	324,737	11,339	4.67	322,600	12,515	5.19
Total borrowed funds	589,976	20,286	4.60	323,983	12,542	5.18
Total interest-bearing liabilities	15,388,654	284,097	2.47	13,072,971	29,855	0.31

Noninterest-bearing liabilities:			
Noninterest-bearing deposits	7,226,096		7,958,392
Other liabilities	393,048		375,182
Total liabilities	23,007,798		21,406,545
Shareholders' equity	3,158,229		2,728,301
Total liabilities and shareholders' equity	\$ 26,166,027		\$ 24,134,846
 Net interest revenue (FTE)	 \$ 617,490		 \$ 546,032
Net interest-rate spread (FTE)		2.50 %	3.12 %
Net interest margin (FTE) ⁽⁴⁾		3.41 %	3.25 %

⁽ⁱ⁾ Interest revenue on tax-exempt securities and loans has been increased to reflect comparable interest on taxable securities and loans. The rate used was 26%, reflecting the statutory federal income tax rate and the federal tax adjusted state income tax rate.

^(j) Included in the average balance of loans outstanding are loans on which the accrual of interest has been discontinued and loans that are held for sale.

^(k) Unrealized gains and losses, including those related to the transfer from AFS to HTM, have been reclassified to other assets. Pretax unrealized losses of \$413 million and \$221 million in 2023 and 2022, respectively, are included in other assets for purposes of this presentation.

^(l) 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 43 - Change in Interest Revenue and Expense on a Taxable Equivalent Basis

(in thousands)

	Three Months Ended September 30, 2023			Nine Months Ended September 30, 2023		
	Compared to 2022 Increase (Decrease) Due to Changes in					
	Volume	Rate	Total	Volume	Rate	Total
Interest-earning assets:						
Loans (FTE)	\$ 45,449	\$ 54,183	\$ 99,632	\$ 109,607	\$ 175,206	\$ 284,813
Taxable securities	(3,423)	12,045	8,622	(4,036)	40,967	36,931
Tax-exempt securities (FTE)	(811)	(325)	(1,136)	(2,204)	(751)	(2,955)
Federal funds sold and other interest-earning assets	(424)	2,411	1,987	(5,874)	12,785	6,911
Total interest-earning assets (FTE)	40,791	68,314	109,105	97,493	228,207	325,700
Interest-bearing liabilities:						
NOW and interest-bearing demand accounts	1,060	30,561	31,621	677	72,508	73,185
Money market accounts	829	41,552	42,381	538	97,862	98,400
Savings deposits	(29)	719	690	(35)	1,806	1,771
Time deposits	2,255	27,833	30,088	2,541	61,306	63,847
Brokered deposits	1,380	693	2,073	3,254	6,041	9,295
Total interest-bearing deposits	5,495	101,358	106,853	6,975	239,523	246,498
Federal funds purchased & other borrowings	180	(18)	162	3,130	29	3,159
FHLB advances	—	—	—	5,761	—	5,761
Long-term debt	4	(541)	(537)	82	(1,258)	(1,176)
Total borrowed funds	184	(559)	(375)	8,973	(1,229)	7,744
Total interest-bearing liabilities	5,679	100,799	106,478	15,948	238,294	254,242
Increase in net interest revenue (FTE)	\$ 35,112	\$ (32,485)	\$ 2,627	\$ 81,545	\$ (10,087)	\$ 71,458

	Three Months Ended March 31, 2024		
	Compared to 2023 Increase (Decrease) Due to Changes in		
	Volume	Rate	Total
Interest-earning assets:			

Loans (FTE)	\$ 20,554	\$ 26,876	\$ 47,430
Taxable securities	(1,491)	8,330	6,839
Tax-exempt securities (FTE)	(362)	(161)	(523)
Federal funds sold and other interest-earning assets	1,765	1,688	3,453
Total interest-earning assets (FTE)	20,466	36,733	57,199
Interest-bearing liabilities:			
NOW and interest-bearing demand accounts	7,751	20,861	28,612
Money market accounts	3,403	22,009	25,412
Savings deposits	(96)	264	168
Time deposits	8,734	14,897	23,631
Brokered time deposits	(1,480)	(420)	(1,900)
Total interest-bearing deposits	18,312	57,611	75,923
Federal funds purchased & other borrowings	(1,148)	—	(1,148)
FHLB advances	(5,112)	—	(5,112)
Long-term debt	2	(103)	(101)
Total borrowed funds	(6,258)	(103)	(6,361)
Total interest-bearing liabilities	12,054	57,508	69,562
Change in net interest revenue (FTE)	\$ 8,412	\$ (20,775)	\$ (12,363)

Provision for Credit Losses

The ACL represents management's estimate of life of loan credit losses in the loan portfolio and unfunded loan commitments. Management's estimate of credit losses under CECL is determined using a model that relies on reasonable and supportable forecasts and historical loss information to determine the balance of the ACL and resulting provision for credit losses. The provision for credit losses recorded in each period was the amount required determined by management such that the total ACL reflected the appropriate balance as determined by management reflecting of expected life of loan losses.

We recorded a provision for credit losses of \$30.3 million and \$74.8 million \$12.9 million for the three and nine months ended September 30, 2023 March 31, 2024, compared to \$15.4 million and \$44.1 million \$21.8 million for the same periods period of 2022.

The increase in provision during three and nine months ended September 30, 2023 was primarily due to a \$19.0 million loss related to one relationship with a wholesale oil distributor that was part of a \$218 million nationally syndicated credit, in which United's participation was 8.7%. The borrower filed for Chapter 11 bankruptcy in March of 2023, at which time we placed the credit on nonaccrual status and included it in NPAs. When the bankruptcy converted to a Chapter 7 liquidation in August of 2023, the loan was charged off in full with no significant recovery expected.

Additionally, during the third quarter of 2023, we recorded the initial provision for credit losses on First Miami non-PCD loans and unfunded commitments of \$3.92 million and \$84,000, respectively. The provision recorded for the first nine months quarter of 2023 also included the initial provision for credit losses on Progress non-PCD loans and unfunded commitments of \$8.80 million and \$1.65 million, respectively. Thus, \$10.4 million. Excluding the 2023 year to date initial provision for credit losses on loans and unfunded commitments resulting from acquisitions totaled \$14.5 million, compared to 2022, which included \$18.3 million related to for the acquisition initial non-PCD ACL for Progress recorded in the first quarter of Reliant. The remaining increase in 2023, provision expense for the three and nine months ended September 30, 2023 reflects organic loan growth, a weaker economic forecast and higher net charge-offs relative first quarter of 2024 increased \$1.56 million compared to the same periods period of 2022. The increase was driven by an increase in net charge-offs of \$5.82 million, partially offset by slower loan growth and a decline in unfunded commitments during the quarter. See Table 11 in MD&A for further detail on net charge-offs.

Additional discussion on credit quality and the ACL is included in the "Asset Quality and Risk Elements" section of MD&A in this Report.

Noninterest income Income

The following table presents the components of noninterest income for the periods indicated.

Table 54 - Noninterest Income

(in thousands)

	Three Months Ended				Nine Months Ended			
	September 30,		Change		September 30,		Change	
	2023	2022	Amount	Percent	2023	2022	Amount	Percent
Overdraft fees	\$ 3,214	\$ 2,778	\$ 436	16 %	\$ 8,470	\$ 8,038	\$ 432	5 %

ATM and debit card fees	4,145	3,857	288	7	11,857	12,038	(181)	(2)
Other service charges and fees	2,956	2,934	22	1	8,464	8,568	(104)	(1)
Total service charges and fees	10,315	9,569	746	8	28,791	28,644	147	1
Mortgage loan gains and related fees	6,159	6,297	(138)	(2)	17,264	29,420	(12,156)	(41)
Wealth management fees	6,451	5,879	572	10	17,775	17,759	16	—
Gains on sales of other loans	2,688	2,228	460	21	6,909	9,226	(2,317)	(25)
Lending and loan servicing fees	2,985	2,946	39	1	9,979	7,518	2,461	33
Securities losses, net	—	—	—		(1,644)	(3,688)	2,044	
Other noninterest income:								
Customer derivatives	806	470	336	71	1,963	1,790	173	10
Other investment gains (losses)	(1,245)	(1,492)	247		909	(3,333)	4,242	
BOLI	2,711	2,020	691	34	6,007	5,241	766	15
Treasury management income	1,372	1,022	350	34	3,623	2,739	884	32
Other	(265)	2,983	(3,248)	(109)	6,997	9,037	(2,040)	(23)
Total other noninterest income	3,379	5,003	(1,624)	(32)	19,499	15,474	4,025	26
Total noninterest income	\$ 31,977	\$ 31,922	\$ 55	—	\$ 98,573	\$ 104,353	\$ (5,780)	(6)

The increase in total service charges and fees was driven by the acquisitions of Progress and First Miami since the third quarter of 2022 and increases in transaction volume from existing customers. Overdraft fees for the nine months ended September 30, 2023 reflect the elimination of a returned item fee effective July 1, 2022.

	Three Months Ended		Change	
	2024	2023	Amount	Percent
Service charges and fees:				
Overdraft fees	\$ 3,000	\$ 2,492	\$ 508	20 %
ATM and debit card fees	3,505	3,775	(270)	(7)
Other service charges and fees	2,759	2,432	327	13
Total service charges and fees	9,264	8,699	565	6
Mortgage loan gains and related fees	7,511	4,521	2,990	66
Wealth management fees	6,313	5,724	589	10
Gains on sales of other loans	1,537	1,916	(379)	(20)
Lending and loan servicing fees	4,210	4,016	194	5
Securities losses, net	—	(1,644)	1,644	
Other noninterest income:				
Customer derivative fees	239	355	(116)	(33)
Other investment gains	1,103	1,064	39	
BOLI	2,895	1,615	1,280	79
Treasury management income	1,497	1,104	393	36
Other	5,018	2,839	2,179	77
Total other noninterest income	10,752	6,977	3,775	54
Total noninterest income	\$ 39,587	\$ 30,209	\$ 9,378	31

Mortgage loan gains and related fees consist primarily of fees earned on mortgage originations, gains on the sale of mortgages in our mortgage origination business, including the secondary market, gains on sales, mortgage derivative hedging gains and losses and fair value adjustments to our mortgage loans held for sale. It also includes our mortgage servicing business which includes servicing fees and fair value adjustments on our mortgage servicing rights asset. The change in mortgage income is strongly tied to the interest rate environment and industry conditions. We recognize the majority of the origination income fees on mortgages when customers enter into mortgage rate lock commitments, making our mortgage rate lock volume a significant driver of mortgage gains in any given period.

The decrease increase in mortgage loan gains and related fees was primarily a result of higher gains on mortgage sales and positive fair value adjustments to our mortgage servicing asset. The increase in the first nine months gains on sales was a result of 2023 was driven by higher interest rates which reduced demand our decision to sell more of our mortgage loan production compared to the same period of 2022, as shown in 2023, designating approximately 67% of mortgage production held for sale compared to 41% during the following table. first quarter of 2023. In addition, during the first nine months quarter of 2023|2024, we recorded a \$623,000 negative \$1.50 million positive fair value adjustment including decay, to the mortgage servicing rights asset, compared to a \$7.40 million positive an \$1.10 million negative fair value adjustment including decay, during the first nine months quarter of 2022, 2023. These increases were partially offset by a decrease in mortgage rate lock volume as shown in the table below.

Table 6 - Selected Mortgage Metrics

**Table 5 -
Mortgage
Loan
Metrics**

(dollars in thousands)

Table 5 - Mortgage Loan Metrics

(dollars in thousands)

		Nine Months Ended						
Three Months Ended September 30,			September 30,					
	2023	2022	% Change	2023	2022	% Change		
Three Months Ended								
<u>March 31,</u>								
<u>2024</u>								
<u>2024</u>								
<u>2024</u>								
Mortgage rate locks	Mortgage rate locks	\$ 304,415	\$ 456,186	(33) %	\$ 943,886	\$ 1,810,839	(48) %	
	Mortgage rate locks							
	Mortgage rate locks							
	# of mortgage rate locks							
	# of mortgage rate locks							
	# of mortgage rate locks							
# of mortgage rate locks	# of mortgage rate locks	846	1,213	(30)	2,668	4,622	(42)	
Mortgage loans sold	Mortgage loans sold	\$ 108,420	\$ 93,183	16	\$ 329,444	\$ 460,232	(28)	
	Mortgage loans sold							
	Mortgage loans sold							
	# of mortgage loans sold							
	# of mortgage loans sold							
	# of mortgage loans sold							
# of mortgage loans sold	# of mortgage loans sold	377	379	(1)	1,154	1,812	(36)	
Mortgage loans originated:	Mortgage loans originated:							
	Mortgage loans originated:							
	Mortgage loans originated:							
	Mortgage loans originated:							

		Purchases					
		Purchases					
Purchases	Purchases	\$ 184,608	\$ 269,743	(32)	\$ 610,036	\$ 977,562	(38)
Refinances	Refinances	26,860	47,533	(43)	89,339	300,128	(70)
		Refinances					
		Refinances					
		Total					
		Total					
Total	Total	\$ 211,468	\$ 317,276	(33)	\$ 699,375	\$ 1,277,690	(45)
# of mortgage loans originated	# of mortgage loans originated	614	841	(27)	1,969	3,243	(39)
		# of mortgage loans originated					
		# of mortgage loans originated					

Wealth The increase in wealth management income for fees is mostly attributable to the three and nine months ended September 30, 2023 includes income from addition of First Miami's assets under management. Our total assets under management acquired in the First Miami transaction, which contributed approximately \$600,000 to the periods presented, and advisement as of March 31, 2024 totaled \$5.39 billion.

Our SBA/USDA lending strategy includes selling a portion of the loan production each quarter. The amount of loans sold depends on several variables including the current lending environment, and balance sheet management activities, activities and market pricing. From time to time, we also sell certain equipment financing receivables. The following table presents loans sold and the corresponding gains or losses recognized on the sale sales for the periods indicated.

Table 7 - Other Loan Sales

Sales

Table 6 -

Other

Loan

Sales

(in thousands)

Table 6 - Other Loan Sales

(in thousands)

		Three Months Ended September 30,		Nine Months Ended September 30,			
		2023	2022	2023	2022		
		Loans Sold	Loans Gain	Loans Sold	Loans Gain	Loans Sold	Loans Gain
Three Months Ended March 31,							
2024							
2024							
2024							
Loans Sold							
Loans Sold							
Loans Sold							
Guaranteed portion of SBA/USDA loans							

		Guaranteed portion of SBA/USDA loans							
Guaranteed portion of SBA/USDA loans	Guaranteed portion of SBA/USDA loans	\$ 26,381 \$ 1,545 \$ 20,405 \$ 1,535 \$ 70,223 \$ 4,635 \$ 87,867 \$ 7,108							
Equipment financing receivables	Equipment financing receivables	37,671 1,143 21,557 693 76,945 2,274 65,534 2,118							
		Equipment financing receivables							
Total	Total	\$ 64,052 \$ 2,688 \$ 41,962 \$ 2,228 \$ 147,168 \$ 6,909 \$ 153,401 \$ 9,226							
		Total							
		Total							

Lending and loan servicing fees for the nine months ended September 30, 2023 increased compared to the same period of 2022 as a result of more favorable fair market value adjustments on our SBA loan servicing asset and an increase in fees generated by our equipment finance business. During the nine months ended September 30, 2023, we recorded negative fair value adjustments on our SBA servicing asset of \$1.30 million compared to \$2.14 million for the same period of 2022. Conversely, during the third quarter of 2023 we recorded a larger negative SBA servicing asset fair value adjustment of \$1.24 million compared to \$501,000 in the third quarter of 2022, which offset the increases in equipment finance fee income during the period.

During the nine months ended September 30, 2023 and 2022, we sold certain securities, which resulted in net securities losses. During 2023, proceeds from sales were used to fund loan growth and repay FHLB advances. During 2022, proceeds were reinvested in higher-yielding securities.

The change in other noninterest income for the three and nine months ended September 30, 2023 compared to the same periods of 2022 was primarily driven by the following factors, include:

- During the third quarter and first nine months of 2023, we recorded net unrealized gains on deferred compensation plan assets and fintech and limited partnership investments, which were partially offset by unrealized losses on equity securities. For the same periods of 2022, we recorded net unrealized losses on deferred compensation plan assets, equity securities and fintech investments, which were partially offset by unrealized gains on limited partnership investments.
- The increase in BOLI income for is primarily a result of death benefits realized during the three and nine months ended September 30, 2023 compared to the same periods first quarter of 2022 is mostly due to the additional policies that were obtained in connection with the Progress acquisition. Additionally, BOLI income for the 2023 periods presented includes a death benefit gain of approximately \$1.03 million. During the nine months ended September 30, 2022, we recorded gains of \$1.37 million. 2024.
- Other noninterest income for the quarter includes increased mostly due to a \$1.00 million loss on the disposal lease termination gain of two \$2.40 million as result of our Tennessee branches, which mainly resulted from a \$656,000 write down exiting one of the core deposit intangible associated with deposits sold in the transaction as well as losses on the buildings. In addition, we recorded collateral charges related to our derivative positions of \$1.99 million and \$3.31 million during the three and nine months ended September 30, 2023, respectively. This represents \$1.74 million and \$2.99 million increases compared to the same periods of 2022. The nine months ended September 30, 2023 also includes the gain on sale of a commercial insurance book of business of \$1.59 million. corporate offices.

Noninterest Expenses

The following table presents the components of noninterest expenses for the periods indicated.

Table 8.7 - Noninterest Expenses

(in thousands)

	Three Months Ended				Nine Months Ended			
	September 30,		Change		September 30,		Change	
	2023	2022	Amount	Percent	2023	2022	Amount	Percent
Salaries and employee benefits	\$ 81,173	\$ 67,823	\$ 13,350	20 %	\$ 236,121	\$ 208,062	\$ 28,059	13 %
Communications and equipment	10,902	8,795	2,107	24	31,654	27,718	3,936	14
Occupancy	10,941	9,138	1,803	20	31,024	27,381	3,643	13

Advertising and public relations	2,251	2,544	(293)	(12)	6,914	6,332	582	9
Postage, printing and supplies	2,386	2,190	196	9	7,305	6,308	997	16
Professional fees	7,006	4,821	2,185	45	19,670	14,670	5,000	34
Lending and loan servicing expense	2,697	2,333	364	16	7,546	7,746	(200)	(3)
Outside services - electronic banking	2,561	3,159	(598)	(19)	8,646	8,629	17	—
FDIC assessments and other regulatory charges	4,314	2,356	1,958	83	12,457	6,796	5,661	83
Amortization of intangibles	4,171	1,678	2,493	149	11,120	5,207	5,913	114
Other	6,904	6,172	732	12	22,785	16,066	6,719	42
Total excluding merger-related and other charges	135,306	111,009	24,297	22	395,242	334,915	60,327	18
Merger-related and other charges	9,168	1,746	7,422		21,444	17,905	3,539	
Total noninterest expenses	\$ 144,474	\$ 112,755	\$ 31,719	28	\$ 416,686	\$ 352,820	\$ 63,866	18

	Three Months Ended			
	March 31,		Change	
	2024	2023	Amount	Percent
Salaries and employee benefits	\$ 84,985	\$ 78,698	\$ 6,287	8 %
Communications and equipment	11,920	10,008	1,912	19
Occupancy	11,099	9,889	1,210	12
Advertising and public relations	1,901	2,349	(448)	(19)
Postage, printing and supplies	2,648	2,537	111	4
Professional fees	5,988	6,072	(84)	(1)
Lending and loan servicing expense	1,827	2,319	(492)	(21)
Outside services - electronic banking	2,918	3,425	(507)	(15)
FDIC assessments and other regulatory charges	7,566	4,001	3,565	89
Amortization of intangibles	3,887	3,528	359	10
Merger-related and other charges	2,087	8,631	(6,544)	(76)
Other	8,176	8,348	(172)	(2)
Total noninterest expenses	\$ 145,002	\$ 139,805	\$ 5,197	4

The increase in salaries and employee benefits for the **third** first quarter and first nine months of **2023** **2024** compared to the same **periods** period of **2022** **2023** was primarily driven by several factors, including the addition inclusion of Progress and First Miami employees, and expansion of existing teams higher deferred compensation plan expense, an increase in our footprint. Full-time equivalent headcount totaled 3,151 at September 30, 2023, up from 2,826 at September 30, 2022, which represents a 12% increase. The increase also reflects our annual merit-based salary increases awarded at the beginning of the second quarter of 2023. These increases were partially offset by a reduction in commissions bonus expense primarily due to reduced mortgage production volume, as well as reduction in our bonus accrual and lower deferred origination costs. costs partly driven by lower mortgage production. In addition, merit increases, which included annual increases that went into effect for all employees on April 1, 2023 also contributed to the rise in salaries and employee benefits expense. These increases were offset by decreases in commissions and incentive pay. Full time equivalent headcount totaled 3,071 at March 31, 2024, up from 3,052 at March 31, 2023.

Communications and equipment expense increased primarily due to driven by incremental software contract costs and the growth in our network with the addition of recent acquisitions.

The **Approximately** **half** of the increase in occupancy costs for the **third** first quarter and first nine months of **2023** **2024** compared to the same **periods** period of **2022** **2023** was mostly attributable to the additional operating lease branches acquired in the First Miami transaction. The remaining increase was attributable to higher repairs and maintenance costs associated with Progress and First Miami depreciation expense.

Professional fees increased for During the **third** first quarter and first nine months of 2024, upon receipt of notification from the FDIC of an upward adjustment to the original special assessment, we recorded an additional \$2.50 million in expense related to our estimate of the FDIC special assessment. The special assessment was implemented in the fourth quarter of 2023 compared as part of the FDIC's efforts to the same periods of 2022 mostly as a result of increased legal and consulting fees. The increase also reflects pre-conversion systems expense from the Progress and First Miami acquisitions.

The increase in FDIC assessments and other regulatory charges was primarily attributable to the 2 basis point assessment rate increase that went into effect for all banks on January 1, 2023, as well as an increased assessment base driven by higher average total assets partly recover losses resulting from the Progress and First Miami acquisitions.

Amortization of intangibles increased with the additional customer deposit intangibles recorded as a result of the Progress and First Miami acquisitions.

Increases in bank failures that occurred in other noninterest expense were partly attributable to increases in fraud losses and travel expenses for the first nine months of early 2023.

Merger-related and other charges for the third first quarter of 2024 primarily consisted of costs associated with our rebranding, branch closure costs, and expenses related to the First Miami acquisition. Merger-related and other charges for the first nine months quarter of 2023 were primarily related to the acquisitions acquisition of Progress and First Miami, branch closure costs and rebranding expenses. Progress.

Balance Sheet Review

Total assets at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 were \$26.9 billion \$27.4 billion and \$24.0 billion \$27.3 billion, respectively. Total liabilities at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 were \$23.7 billion \$24.1 billion and \$21.3 billion \$24.0 billion, respectively. Shareholders' equity totaled \$3.18 billion \$3.30 billion and \$2.70 billion \$3.26 billion at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively.

Loans

Our loan portfolio is our largest category of interest-earning assets. The following table presents a summary of the loan portfolio by loan type as of September 30, 2023 March 31, 2024, of which approximately 75% 76% was secured by real estate. During 2023, we ceased originating new manufactured housing loans.

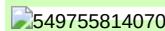
Table 98 - Loan Portfolio Composition

As of September 30, 2023 March 31, 2024

 267

Table 9 - CRE - Income Producing Portfolio Composition

As of March 31, 2024

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Our office income producing CRE portfolio totaled \$757 million as of March 31, 2024. The average loan within this category was \$1.30 million and the largest loan was \$12.3 million. Senior care loans, which we no longer originate, totaled \$335 million at March 31, 2024.

Asset Quality and Risk Elements

We manage asset quality and control credit risk through review and oversight of the loan portfolio as well as adherence to policies designed to promote sound underwriting and loan monitoring practices. Our credit risk management function is responsible for monitoring asset quality and Board approved portfolio concentration limits, establishing credit policies and procedures and enforcing the consistent application of these policies and procedures.

We conduct reviews of special mention and substandard performing and non-performing loans, past due loans and portfolio concentrations on a regular basis to identify risk migration and potential charges to the ACL. These items are discussed in a series of meetings attended by credit risk management leadership and leadership from various lending groups. In addition to the reviews mentioned above, an independent loan review team reviews the portfolio to ensure consistent application of risk rating policies and procedures.

The ACL reflects our assessment of the life of loan expected credit losses in the loan portfolio and unfunded loan commitments. This assessment involves uncertainty and judgment and is subject to change in future periods. The amount of any changes could be significant if our assessment of loan quality or collateral values changes substantially with respect to one or more loan relationships or portfolios. The allocation of the ACL is based on reasonable and supportable forecasts, historical data, subjective judgment and

estimates and therefore, is not necessarily indicative of the specific amounts or loan categories in which charge-offs may ultimately occur. See the *Critical Accounting Estimates* section of MD&A in our 2022 2023 10-K for additional information on the ACL.

The total ACL for loans at March 31, 2024 was relatively unchanged compared to December 31, 2023 mostly driven by slower loan growth in the first quarter of 2024. Within the loan portfolio, however, there were increases in the ACL for equipment financing and manufactured housing loans, partially offset by a decrease in the ACL for owner occupied CRE loans. The increase in the ACL for manufactured housing resulted from an increase in the loss-given-default model assumption for this portfolio driven by recent history, while the increase in the ACL for equipment finance loan was driven mostly by loan growth. The decrease in the ACL for owner occupied CRE loans is attributable to a CECL model overlay applied to this portfolio to adjust the expected default rate based on expectations of future performance. Our ACL for unfunded commitments decreased mostly due to a decrease in our construction commitments.

Table 10 - Allocation of ACL

(in thousands)

September 30, 2023	December 31, 2022
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		% of loans in each category to total loans		% of loans in each category to total loans	
		ACL	loans	ACL	loans
Owner occupied					
commercial real estate	\$ 23,984	18	\$ 19,834	18	
Income producing					
commercial real estate	45,588	23	32,082	21	
March 31, 2024					
March 31, 2024					
March 31, 2024				December 31, 2023	
		ACL	% of loans in each category to total loans		ACL
Owner occupied					
CRE					
Income producing					
CRE					
Commercial & industrial	Commercial & industrial	31,217	14	23,504	15
Commercial construction	Commercial construction	20,639	10	20,120	10
Equipment financing	Equipment financing	30,362	8	23,395	9
Total commercial	Total commercial	151,790	73	118,935	73
Residential mortgage	Residential mortgage	26,884	17	20,809	15
Home equity	Home equity	9,799	5	8,707	6
Residential construction	Residential construction	2,874	2	2,049	3
Manufactured housing	Manufactured housing	9,378	2	8,098	2
Consumer	Consumer	832	1	759	1
Total ACL - loans	Total ACL - loans	201,557	100	159,357	100
ACL - unfunded commitments	ACL - unfunded commitments	18,067		21,163	
Total ACL	Total ACL	\$219,624		\$180,520	
Total ACL					
Total ACL					
ACL - loans as a percentage of total loans					
ACL - loans as a percentage of total loans					
ACL - loans as a percentage of total loans	ACL - loans as a percentage of total loans	1.11 %		1.04 %	

ACL - loans as a percentage of nonaccrual loans	ACL - loans as a percentage of nonaccrual loans	224	360
ACL - loans as a percentage of nonaccrual loans			

The increase in the total ACL since December 31, 2022 was partially driven by a weaker economic forecast and the initial ACL established for loans and unfunded commitments acquired in connection with the Progress and First Miami transactions on January 3, 2023 and July 1, 2023, respectively. The initial ACL for Progress loans and unfunded commitments totaled \$11.5 million and \$1.65 million, respectively. The initial ACL for First Miami loans and unfunded commitment totaled \$7.64 million and \$84,000, respectively. The impact of the acquisitions on the ACL for unfunded commitments was more than offset by the overall decrease in unfunded commitments, which resulted in a negative provision for unfunded commitments of \$3.10 million for the nine months ended September 30, 2023. See *Provision for Credit Losses* discussion within this MD&A for further information.

The following table presents a summary of net charge-offs to average loans for the periods indicated.

Table 11 - Net Charge-offs to Average Loans
(in thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023		2022	
Net charge-offs (recoveries)				
Owner occupied commercial real estate	\$ 582	\$ (90)	\$ 467	\$ (1,631)
Income producing commercial real estate	3,011	176	6,501	(230)
Commercial & industrial	17,542	(744)	20,513	1,883
Commercial construction	(49)	10	(191)	(507)
Equipment financing	6,325	1,121	12,237	2,295
Residential mortgage	(129)	(66)	(259)	(214)
Home equity	(2,784)	(102)	(2,810)	(529)
Residential construction	341	(109)	949	(208)
Manufactured housing	1,168	220	2,416	519
Consumer	631	718	2,298	1,665
Total net charge-offs	\$ 26,638	\$ 1,134	\$ 42,121	\$ 3,043
Average loans				
Owner occupied commercial real estate	\$ 3,240,648	\$ 2,680,906	\$ 3,136,798	\$ 2,650,505
Income producing commercial real estate	3,956,141	3,274,246	3,719,663	3,291,809
Commercial & industrial	2,563,692	2,237,096	2,497,002	2,285,443
Commercial construction	1,820,224	1,508,481	1,785,226	1,487,598
Equipment financing	1,544,284	1,241,322	1,494,726	1,184,201
Residential mortgage	3,017,081	2,065,662	2,832,109	1,930,781
Home equity	947,027	813,637	932,424	791,673
Residential construction	437,235	400,680	466,201	382,549
Manufactured housing	346,518	292,648	337,578	278,449
Consumer	182,552	143,719	175,483	143,462
Total average loans	\$ 18,055,402	\$ 14,658,397	\$ 17,377,210	\$ 14,426,470
Net charge-offs to average loans (1)				
Owner occupied commercial real estate	0.07 %	(0.01)%	0.02 %	(0.08)%
Income producing commercial real estate	0.30	0.02	0.23	(0.01)

Commercial & industrial	2.71	(0.13)	1.10	0.11
Commercial construction	(0.01)	—	(0.01)	(0.05)
Equipment financing	1.62	0.36	1.09	0.26
Residential mortgage	(0.02)	(0.01)	(0.01)	(0.01)
Home equity	(1.17)	(0.05)	(0.40)	(0.09)
Residential construction	0.31	(0.11)	0.27	(0.07)
Manufactured housing	1.34	0.30	0.96	0.25
Consumer	1.37	1.98	1.75	1.55
Total	0.59	0.03	0.32	0.03

	Three Months Ended March 31,	
	2024	2023
Net charge-offs (recoveries)		
Owner occupied CRE	\$ 202	\$ 90
Income producing CRE	205	2,306
Commercial & industrial	3,906	225
Commercial construction	20	(37)
Equipment financing	6,362	3,375
Residential mortgage	(16)	(87)
Home equity	(54)	33
Residential construction	119	(15)
Manufactured housing	1,569	628
Consumer	595	566
Total net charge-offs	\$ 12,908	\$ 7,084
Average loans		
Owner occupied CRE	\$ 3,278,673	\$ 3,058,802
Income producing CRE	4,224,227	3,577,883
Commercial & industrial	2,401,573	2,443,581
Commercial construction	1,892,917	1,771,940
Equipment financing	1,539,483	1,468,538
Residential mortgage	3,211,015	2,660,345
Home equity	961,520	926,806
Residential construction	278,745	486,686
Manufactured housing	331,442	334,754
Consumer	180,144	168,037
Total average loans	\$ 18,299,739	\$ 16,897,372
Net charge-offs to average loans (1)		
Owner occupied CRE	0.02 %	0.01 %
Income producing CRE	0.02	0.26
Commercial & industrial	0.65	0.04
Commercial construction	—	(0.01)
Equipment financing	1.66	0.93
Residential mortgage	—	(0.01)
Home equity	(0.02)	0.01
Residential construction	0.17	(0.01)
Manufactured housing	1.90	0.76
Consumer	1.33	1.37
Total	0.28	0.17

(1) Annualized.

The increase in net charge-offs for the first quarter of 2024 compared to the same period of 2023 was primarily driven by increases in charge-offs in the equipment finance, commercial and industrial and manufactured housing portfolios. During the first quarter of 2024, we continued to have elevated equipment finance charge-offs related to loans to borrowers in the long-haul trucking industry. The long-haul trucking equipment segment comprising a small portion of the portfolio is deemed not representative of the entire equipment financing portfolio. The increase in net commercial and industrial loans was primarily driven by a small population of larger charge-offs. Manufactured housing loans are higher risk and higher yielding loans, that are more sensitive to economic conditions such as inflation and rising interest rates, which contributed to the increase in charge-offs compared to the same period last year.

Nonperforming Assets

The table below summarizes NPAs for the periods indicated. NPAs include nonaccrual loans, OREO and repossessed assets. The increase in nonaccrual loans since December 31, 2022 is December 31, 2023 was primarily driven by a small population of large commercial loans that moved to nonaccrual status during the quarter mostly in the commercial and an increase in nonaccrual industrial, equipment financing and manufactured housing loans during the first nine months of 2023, which loan portfolios. These additions contributed to \$46.4 million \$8.17 million, \$7.16 million and \$9.50 million \$6.82 million of the increase, respectively. Additionally in the third quarter of 2023, \$7.91 million of equipment financing loans moved to nonaccrual status. These additions were partially offset by reductions in nonaccrual loans resulting from repayments, payoffs, and charge-offs as well as loans returning to accrual status. Most notably, during the third quarter of 2023, we charged off \$19.0 million in nonaccrual loans related to one relationship, which contributed to the decrease in NPAs since the second quarter of 2023.

Table 12 - NPAs

(in thousands)

	September 30, 2023	December 31, 2022
Nonaccrual loans	89,818	44,232
OREO and repossessed assets	1,065	49
Total NPAs	\$ 90,883	\$ 44,281
Nonaccrual loans as a percentage of total loans	0.49 %	0.29 %
NPAs as a percentage of total assets	0.34	0.18

	March 31, 2024	December 31, 2023
Nonaccrual loans	104,969	91,687
OREO and repossessed assets	2,261	1,190
Total NPAs	\$ 107,230	\$ 92,877
Nonaccrual loans as a percentage of total loans	0.57 %	0.50 %
NPAs as a percentage of total assets	0.39	0.34

A loan is placed on nonaccrual status when, in the opinion of management, the full principal and interest on a loan is not likely to be collected, or when the loan becomes 90 days past due. A loan may continue on accrual after 90 days with senior management approval if it is well collateralized and in the process of collection. When a loan is placed on nonaccrual status, interest previously accrued but not collected is reversed against current interest revenue. Interest payments received on nonaccrual loans are applied to reduce the loan's amortized cost. Loans are generally returned to accrual status when all the principal and interest amounts contractually due are brought current, there is a sustained period of repayment performance and future payments are reasonably assured.

Generally, we do not commit to lend additional funds to customers whose loans are on nonaccrual status, although in certain isolated cases, we execute forbearance agreements whereby we agree to continue to fund construction loans to completion or other lines of credit as long as the borrower meets the conditions of the forbearance agreement. We may also fund other amounts necessary to protect collateral such as amounts to pay past due property taxes and insurance coverage.

Investment Securities

The composition of the investment securities portfolio reflects our investment strategy of maintaining an appropriate level of liquidity while providing a relatively stable source of revenue. The investment securities portfolio also provides a balance to interest rate risk and credit risk in other categories of the balance sheet while providing a vehicle for the investment of available funds, furnishing liquidity, and supplying securities to pledge as required collateral for certain deposits and borrowings. The table below summarizes the carrying value of our securities portfolio and other relevant portfolio metrics including weighted-average life and effective duration as of the dates presented. Effective duration represents the expected change in the price of a security when rates change by 100 basis points.

Table 13 - Investment Securities

As of March 31, 2024
(in thousands)

	September 30, 2023		December 31, 2022		\$ Change
	Carrying Value	% of portfolio	Carrying Value	% of portfolio	
AFS	\$ 3,182,112	56 %	\$ 3,614,333	58 %	\$ (432,221)
HTM	2,518,773	44	2,613,648	42	(94,875)
Total investment securities	\$ 5,700,885		\$ 6,227,981		\$ (527,096)
Investment securities as a % of total assets		21 %		26 %	

	March 31, 2024		December 31, 2023		\$ Change
	Carrying Value	% of portfolio	Carrying Value	% of portfolio	
AFS	\$ 3,393,399	58 %	\$ 3,331,084	57 %	\$ 62,315
HTM	2,465,133	42 %	2,490,848	43 %	(25,715)
Total investment securities	\$ 5,858,532		\$ 5,821,932		\$ 36,600
Investment securities as a % of total assets		21 %		21 %	
Weighted average life		6.2 years		6.2 years	
Swap adjusted effective duration		4.1 %		4.0 %	
Effective duration		4.5 %		4.4 %	

In 2023, we entered into fair value hedges on a portion of our AFS securities portfolio in order to mitigate the impact of any potential future unrealized losses on our tangible common equity. Gains and losses related to the hedge and hedged item are reflected in investment securities interest income. The changes in the fair value of the hedge and the hedged item substantially offset each other. See Note 7 to the financial statements for further detail.

Table 14 - Investment Securities Portfolio Composition

As of September 30, 2023 March 31, 2024

(in thousands)

671

In the first quarter of 2023, we sold \$381 million in AFS securities, including approximately \$111 million in securities received through the Progress acquisition, primarily for the purpose of providing liquidity to fund loan growth. For the same reason, during the third quarter of 2023, we sold approximately \$215 million in securities received through the First Miami acquisition.

During the second quarter of 2023, we entered into a fair value hedge on a portion of our AFS securities portfolio in order to mitigate the impact of any potential future unrealized losses on our tangible common equity. The notional value of the securities hedged totaled \$666 million as of September 30, 2023. Gains and losses related to the hedge and hedged item are reflected in investment securities interest income. During the third quarter of 2023, we recorded net gains on the hedge and hedged item of \$3.77 million, including interest accruals. See Note 7 to the financial statements for further detail.

At September 30, 2023 March 31, 2024, HTM debt securities had a fair value of \$1.99 billion \$2.04 billion, indicating net unrealized losses of \$526 \$422 million. Additional unrealized losses on HTM debt securities of \$70.4 million \$66.1 million (pre-tax) were included in AOCI as a result of the transfer of AFS debt securities to HTM in 2022. Unrealized losses were primarily attributable to changes in interest rates.

In accordance with CECL, our HTM debt securities portfolio is evaluated quarterly to assess whether an ACL is required. We measure expected credit losses on HTM debt securities on a collective basis by major security type. The estimate of expected credit losses considers historical credit loss information that is adjusted for current conditions and reasonable and supportable forecasts. For U.S. Treasury and Government Agency securities, we include a zero loss assumption. At September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, calculated credit losses on HTM debt securities were deemed de minimis due to the high credit quality of the portfolio, which included securities issued or guaranteed by U.S. Government agencies, GSEs, high credit quality municipalities and supranational entities. As a result, no ACL for HTM debt securities was recorded.

For AFS debt securities in an unrealized loss position, if we intend to sell, or if it is more likely than not that we will be required to sell the security before recovery of its amortized cost basis, the security's amortized cost basis is written down to fair value through income. Absent circumstances when an AFS security would be sold, we evaluate whether the decline in fair value has resulted from credit losses or other factors. The evaluation considers factors such as the extent to which fair value is less than amortized cost, changes to the security's rating, and adverse conditions specific to the security. If the evaluation indicates a credit loss exists, an ACL may be recorded, with such allowance limited to the amount by which fair value is below amortized cost. Any impairment unrelated to credit factors is recognized in OCI. At September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, there was no ACL related to the AFS debt securities portfolio. Unrealized losses at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 primarily reflected the effect of changes in interest rates.

Goodwill and Other Intangible Assets

Goodwill represents the premium paid for acquired companies above the net fair value of the assets acquired and liabilities assumed, including separately identifiable intangible assets. Management evaluates goodwill annually, or more frequently if necessary, to determine if any impairment exists. During the first quarter of 2024, we recorded a measurement period adjustment to the acquisition date fair values of other assets and other liabilities recorded for First Miami. The adjustment related to the lack of realizability of certain tax credits, which resulted in a net increase in goodwill of \$1.34 million. See Note 4 to the financial statements for further detail. At **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**, the net carrying amount of goodwill was **\$920 million** **\$921 million** and **\$751 million** **\$920 million**, respectively.

We also have core deposit and customer relationship intangible assets, representing the value of acquired deposit and customer relationships, respectively, which are amortizing intangible assets. Amortizing intangible assets are required to be tested for impairment only when events or circumstances indicate that impairment may exist.

In connection with the acquisition of Progress in the first quarter of 2023, we recorded goodwill and a core deposit intangible of \$146 million and \$40.0 million, respectively. In connection with the acquisition of First Miami in the third quarter of 2023, we recorded goodwill and a core deposit intangible of \$23.2 million and \$18.0 million, respectively. See Note 4 to the financial statements for further information about these acquisitions. Also during the third quarter of 2023, United reduced its core deposit intangible related to the Reliant acquisition by \$656,000 as a result of the sale of core deposits in connection with a whole branch disposal.

Deposits

Customer deposits are the primary source of funds for the continued growth of our earning assets. We believe our high level of service, as evidenced by our strong customer satisfaction scores, has been instrumental in attracting and retaining customer deposit accounts. The increase Since December 31, 2023, money market deposit balances increased with offsetting decreases in deposits since December 31, 2022 other customer deposit types. This was mostly driven by the higher demand for money market accounts, which are more liquid than time deposits assumed in the Progress and First Miami transactions, although we also generated organic growth by increasing the rates offered on deposits to remain competitive in the market in the midst of the rising offer a higher interest rate environment, than demand and savings accounts. As of **September 30, 2023** **March 31, 2024**, we had approximately **\$8.79 billion** **\$9.00 billion** of uninsured deposits, of which **\$2.28 billion** **\$2.88 billion** was collateralized by investment securities.

Table 15 - Deposits

(in thousands)

	September 30, 2023	December 31, 2022
Noninterest-bearing demand	\$ 6,782,031	\$ 7,643,081
NOW and interest-bearing demand	5,349,335	4,350,878
Money market and savings	6,957,028	5,967,017
Time	3,554,619	1,781,482
Total customer deposits	22,643,013	19,742,458
Brokered deposits	214,855	134,049
Total deposits	\$ 22,857,868	\$ 19,876,507

	March 31, 2024	December 31, 2023
Noninterest-bearing demand	\$ 6,409,659	\$ 6,534,307
NOW and interest-bearing demand	6,054,940	6,155,193
Money market and savings	7,097,312	6,808,394
Time	3,595,236	3,649,498
Total customer deposits	23,157,147	23,147,392
Brokered deposits	174,862	163,219
Total deposits	\$ 23,332,009	\$ 23,310,611

Borrowing Activities

At both **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**, we had long-term debt outstanding of \$325 million, which includes senior debentures, subordinated debentures, and trust preferred securities. Also at December 31, 2022, we had At March 31, 2024 and December 31, 2023 there were no short-term borrowings outstanding of \$159 million, which was mostly comprised of repurchase agreements, and we had \$550 million of or FHLB advances outstanding. At September 30, 2023, there were \$37.3 million in short-term borrowings outstanding, which represents repurchase agreements obtained in connection with the First Miami transaction. There were no FHLB advances outstanding at September 30, 2023. The need to utilize short-term wholesale funding sources since December 31, 2022 has decreased as a result of the sale of investment securities noted above our deposit and growth in customer and brokered deposits, which allowed us to fund loan growth and repay short-term borrowings. cash balances have substantially provided for our liquidity needs.

Contractual Obligations

There have not been any material changes to our contractual obligations since **December 31, 2022** **December 31, 2023**.

Off-Balance Sheet Arrangements

We are a party to financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of customers. These financial instruments include commitments to extend credit, letters of credit and financial guarantees.

A commitment to extend credit is an agreement to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Letters of credit and financial guarantees are conditional commitments issued to guarantee a customer's performance to a third party and have essentially the same credit risk as extending loan facilities to customers. Those commitments are primarily issued to local businesses.

The exposure to credit loss in the event of nonperformance by the other party to the commitments to extend credit, letters of credit and financial guarantees is represented by the contractual amount of these instruments. We use the same credit underwriting procedures for making commitments, letters of credit and financial guarantees, as we use for underwriting on-balance sheet instruments. Management evaluates each customer's creditworthiness on a case-by-case basis and the amount of the collateral, if deemed necessary, is based on the credit evaluation. Collateral held varies, but may include unimproved and improved real estate, certificates of deposit, personal property or other acceptable collateral.

All of these instruments involve, to varying degrees, elements of credit risk in excess of the amount recognized in the balance sheet. The total amount of these instruments does not necessarily represent future cash requirements because a significant portion of these instruments expire without being used. We are not involved in off-balance sheet contractual relationships, other than those disclosed in this Report, that could result in liquidity needs or other commitments, or that could significantly affect earnings. See Note 23 to the consolidated financial statements included in our 2022 2023 10-K and Note 15 14 to the consolidated financial statements in this Report for additional information on off-balance sheet arrangements.

Interest Rate Sensitivity Management

The absolute level and volatility of interest rates can have a significant effect on profitability. The objective of interest rate risk management is to identify and manage the sensitivity of net interest revenue to changing interest rates, consistent with our overall financial goals. Based on economic conditions, asset quality and various other considerations, management establishes tolerance ranges for interest rate sensitivity and manages within these ranges.

Net interest revenue and the fair value of financial instruments are influenced by changes in the level of interest rates. We limit our exposure to fluctuations in interest rates through policies established by our ALCO and approved by the Board. The ALCO meets periodically and has responsibility for formulating and recommending asset/liability management policies to the Board, formulating and implementing strategies to improve balance sheet positioning and/or earnings, and reviewing interest rate sensitivity.

One of the tools management uses to estimate and manage the sensitivity of net interest revenue to changes in interest rates is an asset/liability simulation model. Resulting estimates are based upon multiple assumptions for each scenario, including loan and deposit re-pricing characteristics and the rate of prepayments. The ALCO periodically reviews the assumptions for reasonableness based on historical data and future expectations; however, actual net interest revenue may differ from model results. The primary objective of the simulation model is to measure the potential change in net interest revenue over time using multiple interest rate scenarios. The base scenario assumes rates remain flat and is the scenario to which all others are compared, in order to measure the change in net interest revenue. Policy limits are based on immediate rate shock scenarios, as well as gradually rising and falling rate scenarios, which are all compared to the base scenario. Our assumptions include floors such that market rates and discount rates do not go below zero. Other scenarios analyzed may include delayed rate shocks, yield curve steepening or flattening, or other variations in rate movements. While the primary policy scenarios focus on a 12-month time frame, longer time horizons are also modeled.

Our policy is based on the 12-month impact on net interest revenue of interest rate shocks and ramps that increase from 100 to 400 basis points or decrease 100 to 200 basis points from the base scenario. In the shock scenarios, rates immediately change the full amount at the scenario onset. In the ramp scenarios, rates change by 25 basis points per month. Our policy limits the projected change in net interest revenue over the first 12 months to an 8% decrease for each 100 basis point change in the increasing and decreasing rate ramp and shock scenarios. The following table presents our interest sensitivity position at the dates indicated.

Table 16 - Interest Sensitivity

(in thousands)

Change in Rates	Increase (Decrease) in Net Interest Revenue from Base Scenario at			
	September 30, 2023		December 31, 2022	
	Shock	Ramp	Shock	Ramp
200 basis point increase	0.42 %	(1.09)%	6.97 %	4.33 %
100 basis point increase	0.26	(0.62)	3.53	2.85
100 basis point decrease	(1.11)	(0.15)	(3.78)	(3.12)
200 basis point decrease	(3.65)	(0.32)	(8.39)	(5.07)

Change in Rates	Increase (Decrease) in Net Interest Revenue from Base Scenario at			
	March 31, 2024		December 31, 2023	
	Shock	Ramp	Shock	Ramp
200 basis point increase	2.73 %	1.32 %	(0.88)%	(1.70)%

100 basis point increase	1.42	0.79	(0.38)	(0.88)
100 basis point decrease	(2.35)	(1.48)	(0.60)	0.14
200 basis point decrease	(6.32)	(2.56)	(2.89)	0.10

The **current recent** environment **is** has been marked by the most rapid rate increases in decades, which, in part, has made non-bank products, such as U.S. Treasuries and money market funds, more attractive to our deposit customers. For this and other reasons such as the Federal Reserve's quantitative tightening and the aftermath of COVID stimulus, the banking industry's deposit base has been shrinking since the first half of 2022. This industry-wide outflow of deposits has increased price competition for bank deposits. As such, industry deposit betas, including ours, have been increasing at a faster pace relative to the last rising rate cycle. Deposit beta is a measure of the change in a bank's average rate paid on deposits to the change in the federal funds rate. Our cumulative total deposit beta for the current rising rate cycle increased to **37% 43%** in the **third first** quarter of **2023, excluding First Miami, 2024**. Our cumulative total deposit beta in the last upward rate cycle from November 2015 to July 2019 was 22%.

Our interest sensitivity model includes significant key assumptions which may change over time. The scenario results presented in the table above assume parallel movements in the yield curve, which may differ from actual future curve behavior. Although our model generally assumes no change in deposit portfolio size or composition, we have included an assumption for the runoff of surge deposits since 2021. In the second quarter of 2023, in response to the rapid rate increases mentioned above, we increased the beta assumption in our model. As of **September 30, 2023** **March 31, 2024**, the modeled total deposit beta, which is measured as the change in our overall deposit rate as a percentage of the change in the targeted Federal Funds rate, was **44%** in an up scenario and **39%** in a down scenario. A higher total deposit beta assumption is generally indicates unfavorable in a less asset sensitive balance sheet rising rate environment and lowers the expected increase in net interest revenue in the increasing rate scenarios, favorable if rates are falling.

Liquidity Management

Liquidity is defined as the ability to convert assets into cash or cash equivalents without significant loss and to raise additional funds by increasing liabilities. Liquidity management involves maintaining the ability to meet the daily cash flow requirements of customers, both depositors and borrowers. The primary objective is to ensure that sufficient funding is available, at a reasonable cost, to meet ongoing operational cash needs and to take advantage of revenue producing opportunities as they arise. While the desired level of liquidity will vary depending upon a variety of factors, our primary goal is to maintain a sufficient level of liquidity in all expected economic environments. To assist in determining the adequacy of our liquidity, we perform a variety of liquidity stress tests. We maintain an unencumbered liquid asset reserve to help ensure our ability to meet our obligations under normal conditions for at least a 12-month period and under severely adverse liquidity conditions for a minimum of 30 days.

An important part of the Bank's liquidity resides in the asset portion of the balance sheet, which provides liquidity primarily through loan interest and principal repayments and the maturities and sales of securities, as well as the ability to use these assets as collateral for borrowings on a secured basis.

The Bank's main source of liquidity is customer interest-bearing and noninterest-bearing deposit accounts. Liquidity is also available from wholesale funding sources consisting primarily of repurchase agreements, Federal funds purchased, FHLB advances, and brokered deposits. These sources of liquidity are generally short-term in nature and are used as necessary to fund asset growth and meet other short-term liquidity needs. In response to recent bank failures, As part of our liquidity management, we have focused focus on maximizing the amount of securities and loans available as collateral for contingent liquidity sources as well as reevaluated the and calibrating our assumptions in our liquidity stress test on an ongoing basis, particularly as it relates to deposit duration.

At **September 30, 2023** **March 31, 2024**, we had sufficient qualifying collateral to provide borrowing capacity for FHLB advances of \$1.88 billion, Federal Reserve discount window borrowing capacity of \$2.73 billion and Federal Reserve Bank Term Funding Program capacity of \$2.03 billion. We also had unpledged investment securities of \$1.53 billion that could be used as collateral for support additional borrowings. In addition, we believe we have borrowings, which is detailed in the ability to attract retail deposits by competing more aggressively on pricing, table below.

Table 17 - Borrowing Capacity

As of March 31, 2024

(in thousands)

FHLB	\$	2,026,671
Federal Reserve - Discount Window		2,437,394
Total borrowing capacity	\$	4,464,065
Unpledged securities available as collateral for additional borrowings	\$	2,955,837

In addition, because the Holding Company is a separate entity and apart from the Bank, it must provide for its own liquidity. The Holding Company is responsible for the payment of dividends declared for its common and preferred shareholders, and interest and principal on any outstanding debt or trust preferred securities. The Holding Company currently has internal capital resources to meet these obligations. While the Holding Company has access to the capital markets, the ultimate sources of its liquidity are subsidiary service fees and dividends from the Bank, which are limited by applicable law and regulations. A South Carolina state-chartered bank is permitted to pay a dividend of up to 100% of its current year earnings without requesting approval of the South Carolina Board of Financial Institutions, provided certain conditions are met. Holding Company liquidity is managed to a minimum of 15-months of anticipated cash expenditures after considering all of its liquidity needs over this period.

Significant uses and sources of cash during the **nine three** months ended **September 30, 2023** **March 31, 2024** are as follows. See the consolidated statement of cash flows for further detail.

- Net cash provided by operating activities of **\$272 million** **\$88.8 million** reflects net income of **\$173 million** **\$62.6 million** adjusted for non-cash transactions, partly offset by changes in loans held for sale and other assets. Significant non-cash transactions for the period included a **\$74.8 million** **\$12.9 million** provision for credit losses and net depreciation, amortization, and accretion of **\$34.0 million** **\$10.9 million**.
- Net cash used in investing activities of **\$2.37 million** **\$123 million** primarily consisted of a net increase in loans of **\$875 million**, **\$67.6 million** and purchases of AFS securities and outflows for equity investments totaling **\$429 million** and net cash paid to dispose of two of our Tennessee branches of **\$93.6 million** **\$307 million**. These uses of cash

were partially offset by proceeds from securities sales, maturities and calls of \$1.12 billion, net cash received in the acquisitions of First Miami and Progress of \$208 million and equity investment inflows of \$124 million \$258 million.

- Net cash used in financing activities of \$157 million was driven by a net increase in deposits of \$886 million, partially offset by net repayments of FHLB advances of \$645 million, a net decrease in short-term borrowings of \$310 million, and dividends on common and preferred stock of \$82.4 million.

In the opinion of management, our liquidity position at **September 30, 2023** **March 31, 2024** was sufficient to meet our expected cash flow requirements for the foreseeable future.

Capital Resources and Dividends

Shareholders' equity at **September 30, 2023** **March 31, 2024** was **\$3.18 billion** **\$3.30 billion**, an increase of **\$483 million** **\$38.6 million** from **December 31, 2022** **December 31, 2023** primarily due to equity issued in the Progress and First Miami acquisitions and year-to-date earnings, partially offset by dividends declared on common and preferred stock.

The following table shows capital ratios, as calculated under applicable regulatory guidelines, at **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**. As of **September 30, 2023** **March 31, 2024**, capital levels remained characterized as “well-capitalized” under regulatory requirements in effect at the time. Additional information related to capital ratios is provided in Note **14** **13** to the consolidated financial statements.

Table 1718 - Capital Ratios

		United Community		Banks, Inc.		United Community			
		(Consolidated)				Bank			
		Minimum Capital		September 30, 2023		December 31, 2022			
Minimum	Well-Capitalized	Conservation Buffer		30, 2023	31, 2022	30, 2023	31, 2022		
United Community Banks, Inc. (Consolidated)									
Minimum		Capital		March 31, 2024		December 31, 2023		March 31, 2024	
		Well-Capitalized	Conservation Buffer	30, 2023	31, 2022	30, 2023	31, 2022	31, 2024	31, 2023
Risk-based ratios:		CET1 capital		4.5 %		6.5 %		4.5 %	
CET1 capital		CET1 capital		6.0		8.0		6.5 %	
Tier 1 capital		Tier 1 capital		8.5		12.60		12.39 %	
Total capital		Total capital		10.5		14.45		12.16 %	
Leverage ratio		Leverage ratio		8.0		10.0		12.60	
				4.0		5.0		12.22 %	
				N/A		9.70		9.69	
				9.69		9.43		9.69	

Effect of Inflation and Changing Prices

A bank's asset and liability structure is substantially different from that of an industrial firm in that primarily all assets and liabilities of a bank are monetary in nature with relatively little investment in fixed assets or inventories. Inflation has an important effect on the growth of total assets and the resulting need to increase equity capital at higher than normal rates in order to maintain an appropriate equity to assets ratio.

Management believes the effect of inflation on financial results depends on our ability to react to changes in interest rates, and by such reaction, reduce the inflationary effect on performance. We have an asset/liability management program to manage interest rate sensitivity. In addition, periodic reviews of banking services and products are conducted to adjust pricing in view of current and expected costs.

Item 3. Quantitative and Qualitative Disclosure About Market Risk

There have been no material changes in our market risk as of **September 30, 2023** **March 31, 2024** from that presented in our **2022** **2023** 10-K. Our interest rate sensitivity position at **September 30, 2023** **March 31, 2024** is set forth in Table 16 in MD&A of this Report and incorporated herein by this reference.

Item 4. Controls and Procedures

(a) *Disclosure Controls and Procedures.* Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of our disclosure controls and procedures (as such term is defined in Exchange Act Rule 13a-15(e)) as of **September 30, 2023** **March 31, 2024**. Based on that evaluation, our principal executive officer and chief financial officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this Report.

(b) *Changes in Internal Control Over Financial Reporting.* No change in our internal control over financial reporting (as such term is defined in Exchange Act Rule 13a-15(f)) occurred during the fiscal quarter ended **September 30, 2023** **March 31, 2024** that materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Part II. OTHER INFORMATION

Item 1. Legal Proceedings

In the ordinary course of business, the Holding Company and the Bank are parties to various legal proceedings. Additionally, in the ordinary course of business, the Holding Company and the Bank are subject to regulatory examinations and investigations. Based on our current knowledge and advice of counsel, in the opinion of management there is no such pending or threatened legal matter which would result in a material adverse effect upon our consolidated financial condition or results of operations.

Items 1A. Risk Factors

Except with respect to the additional risk factors related to the First Miami acquisition, which are set forth on pages 22 through 23 of the prospectus filed with the SEC on April 24, 2023 pursuant to Securities Act Rule 424(b)(3) (and incorporated herein by this reference), there have been no material changes to the risk factors previously disclosed in the **2022** **2023** 10-K.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds 5. Other Information

Issuer Purchases During the three months ended March 31, 2024, no director or officer of **Equity Securities**

The following table contains information regarding purchases of our preferred stock made during the quarter ended September 30, 2023 by **Company adopted, modified or on behalf of United terminated a "Rule 10b5-1 trading arrangement" or any "affiliated purchaser," "non-Rule 10b5-1 trading arrangement," as each term is defined by Rule 10b-18(a)(3) in Item 408(a) of the Exchange Act: Regulation S-K.**

Preferred Stock Depository Share Repurchases					
<i>(Dollars in thousands, except for per share amounts)</i>	<i>Total Number of Depository Shares Purchased</i>	<i>Average Price Paid per Depository Share</i>	<i>Total Number of Depository Shares Purchased as Part of Publicly Announced Plans or Programs</i>		<i>Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs ⁽¹⁾</i>
			<i>or Programs</i>	<i>Announced Plans</i>	
July 1, 2023 - July 31, 2023	59,549	\$ 20.89		59,549	\$ 23,534
August 1, 2023 - August 31, 2023	150,139	20.62		150,139	20,438
September 1, 2023 - September 30, 2023	34,324	21.84		34,324	19,688
Total	244,012	\$ 20.86		244,012	

⁽¹⁾ In May 2023, United's Board authorized a preferred stock repurchase program to permit the repurchase of up to \$25 million of its preferred stock. The program is scheduled to expire on the earlier of the repurchase of our preferred stock having an aggregate purchase price of \$25 million or December 31, 2023. Under the program, shares may be repurchased in open market transactions or in privately negotiated transactions, from time to time, subject to market conditions, including transactions outside the safe harbor provided by Exchange Act Rule 10b-18 (but nevertheless adhering to Rule 10-b-18's requirements). The preferred stock repurchase program may be modified, suspended or discontinued at any time at the Company's discretion without prior notice, and does not commit the Company to repurchase shares of its preferred stock or depository shares. The actual number and value of the shares to be purchased will be determined by the Company at its discretion, and will depend on a number of factors including the performance of the price of the depository shares, market conditions, the availability of alternative investment opportunities and other factors the Company deems appropriate.

Item 6. Exhibits

(d) **Exhibits.** See Exhibit Index below.

EXHIBIT INDEX

Exhibit No.	Description
3.1	Restated Articles of Incorporation of United Community Banks, Inc. as amended through August 13, 2021 (incorporated herein by reference to Exhibit 3.1 to United Community Bank Inc.'s Quarterly Report on Form 10-Q for the period ended September 30, 2021, filed on November 5, 2021).
3.2	Amended and Restated Bylaws of United Community Banks, Inc., as amended (incorporated herein by reference to Exhibit 3.2 to United Community Banks, Inc.'s Quarterly Report on Form 10-Q for the period ended March 31, 2015, filed with the SEC on May 11, 2015).
31.1	Certification by H. Lynn Harton, President and Chief Executive Officer of United Community Banks, Inc., pursuant to Exchange Act Rule 13a-14(a).
31.2	Certification by Jefferson L. Harralson, Executive Vice President and Chief Financial Officer of United Community Banks, Inc., pursuant to Exchange Act Rule 13a-14(a).
32	Certification of CEO and CFO pursuant to 18 U.S.C. Section 1350.
101	Interactive data files for United Community Bank, Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2023 March 31, 2024 , formatted in Inline XBRL: (i) the Consolidated Balance Sheets (unaudited); (ii) the Consolidated Statements of Income (unaudited); (iii) the Consolidated Statements of Comprehensive Income (unaudited); (iv) the Consolidated Statements of Changes in Shareholders' Equity (unaudited); (v) the Consolidated Statements of Cash Flows (unaudited); and (vi) the Notes to Consolidated Financial Statements (unaudited).
104	The cover page from United Community Bank's Quarterly Report on Form 10-Q for the quarter ended September 30, 2023 March 31, 2024 (formatted in Inline XBRL and included in Exhibit 101)

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned thereunto duly authorized.

UNITED COMMUNITY BANKS, INC.

/s/ H. Lynn Harton

H. Lynn Harton
President and Chief Executive Officer
(Principal Executive Officer)

/s/ Jefferson L. Harralson

Jefferson L. Harralson
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

/s/ Alan H. Kumler

Alan H. Kumler
Senior Vice President and Chief Accounting Officer
(Principal Accounting Officer)

Date: [November 3, 2023](#) [May 9, 2024](#)

6358

Exhibit 31.1

I, H. Lynn Harton, certify that:

1. I have reviewed this quarterly report on Form 10-Q of United Community Banks, Inc. (the "Registrant");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a - 15(f) and 15d - 15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: **November 3, 2023** May 9, 2024

/s/ H. Lynn Harton

H. Lynn Harton

President and Chief Executive Officer of the Registrant

Exhibit 31.2

I, Jefferson L. Harralson, certify that:

1. I have reviewed this quarterly report on Form 10-Q of United Community Banks, Inc. (the "Registrant");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a - 15(f) and 15d - 15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: **November 3, 2023** **May 9, 2024**

/s/ Jefferson L. Harralson

Jefferson L. Harralson

Executive Vice President and Chief Financial Officer of the Registrant

Exhibit 32

CERTIFICATIONS PURSUANT TO

18 U.S.C. SECTION 1350,

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of United Community Banks, Inc. ("United") on Form 10-Q for the period ending **September 30, 2023** **March 31, 2024** filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned officers of United certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of United.

/s/ H. Lynn Harton

Name: H. Lynn Harton

Title: President and Chief Executive Officer

Date: **November 3, 2023** **May 9, 2024**

/s/ Jefferson L. Harralson

Name: Jefferson L. Harralson

Title: Executive Vice President and Chief Financial Officer

Date: **November 3, 2023** **May 9, 2024**

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