

Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

Part I Reporting Issuer

1 Issuer's name		2 Issuer's employer identification number (EIN)	
UNITED COMMUNITY BANKS, INC. AS SUCCESSOR TO HCSB FINANCIAL CORPORATION		58-1807304	
3 Name of contact for additional information	4 Telephone No. of contact	5 Email address of contact	
LOIS RICH	706-781-2265	LOIS RICH@UCBI.COM	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact		7 City, town, or post office, state, and Zip code of contact	
125 HIGHWAY 515 EAST		BLAIRSVILLE, GA 30512	
8 Date of action		9 Classification and description	
JULY 31, 2017		COMMON STOCK	
10 CUSIP number	11 Serial number(s)	12 Ticker symbol	13 Account number(s)
90984P105	N/A	UCBI	N/A

Part II Organizational Action Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ UNITED COMMUNITY BANKS, INC (UCBI) ACQUIRED HCSB FINANCIAL CORORATION (HCSB) THROUGH A MERGER TRANSACTION AND HCSB SIMULTANEOUSLY MERGED WITH AND INTO UCBI EFFECTIVE JULY 31, 2017 ("MERGER EFFECTIVE TIME").

PURSUANT TO THE AGREEMENT AND PLAN OF MERGER, EACH SHARE OF HCSB COMMON STOCK WAS EXCHANGED FOR 0.0050 SHARES OF UCBI COMMON STOCK. THE HCSB SHAREHOLDERS RECEIVED CASH IN LIEU OF FRACTIONAL SHARES BASED UPON THE PER SHARE PRICE OF \$27.59 FOR THE UCBI COMMON STOCK.

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ SEE ATTACHED STATEMENT

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ SEE ATTACHED STATEMENT

Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ _____

IRC SECTION 368 (a)

IRC SECTION 354

IRC SECTION 356


IRC SECTION 358

IRC SECTION 1001

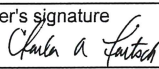
18 Can any resulting loss be recognized? ▶ SEE ATTACHED STATEMENT

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ THE REPORTABLE TAX YEAR IS THE TAX YEAR INCLUDING JULY 31, 2017.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here Signature ▶  Date ▶ 8/30/17

Print your name ▶ JEFFERSON L. HARRALSON Title ▶ CHIEF FINANCIAL OFFICER

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	CHARLES A. LAETSCH, CPA	<u></u>	2017.08.24 21:39:16 -04'00'	<input type="checkbox"/>	P00027983
	Firm's name ▶ CROWE HORWATH LLP	Firm's address ▶ 488 MADISON AVE, FLOOR 3 NEW YORK, NY 10022		Firm's EIN ▶ 35-0921680	Phone no. 212-572-5500

Attachment to Form 8937
Report of Organizational Actions Affecting Basis of Securities
United Community Banks, Inc.
FEIN: 58-1807304

Part II, Line 15

A shareholder's tax basis in one (1) share of UCBI common stock received in exchange for HCSB common stock should equal the shareholder's basis in one (1) share of HCSB common stock divided by 0.0050 (not counting the basis of any shares allocated to the receipt of fractional UCBI shares).

HCSB shareholders who received cash instead of fractional shares of UCBI common stock will be treated as having received the fractional shares in the merger and then as having exchanged the fractional shares for cash. These holders will generally recognize gain or loss equal to the difference between the tax basis allocated to the fractional shares and the amount of cash received.

Part II, Line 16

The fair market value of UCBI common stock at the effective time of the merger was \$27.76 per share, based on the closing price on July 31, 2017.

The basis of UCBI shares received, once computed, must be allocated to the individual UCBI shares received in accordance with Treasury Regulation §1.358-2(a). See also Proposed Treasury Regulation §1.358-2(b). Since fewer shares of UCBI common stock were received than shares of HCSB common stock surrendered, the basis of the HCSB shares surrendered must be allocated to the shares of UCBI stock received in a manner that reflects, to the greatest extent possible, that a share of UCBI stock received is received in respect of HCSB shares of stock that were acquired on the same date and at the same price. To the extent it is not possible to allocate basis in this manner, the basis of the HCSB shares surrendered must be allocated to the shares of UCBI stock received in a manner that minimizes the disparity in the holding periods of the surrendered shares whose basis is allocated to any particular UCBI share received. This could result in a single share of UCBI stock having a split basis and a split holding period. See Example (14) of Treasury Regulation §1.358-2(c) for an illustration of this principle.

Part II, Line 18

No loss may be recognized by a HCSB shareholder receiving UCBI common stock, except that any loss on the receipt of cash in lieu of fractional shares of UCBI stock may be recognized. The deductibility of capital losses is subject to limitation.

HCSB shareholders who receive only UCBI stock will generally not recognize gain or loss.