

UNITED COMMUNITY BANKS INC

Form S-4

May 17, 2017

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As filed with the Securities and Exchange Commission on May 17, 2017

File No. 333-

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM S-4

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

UNITED COMMUNITY BANKS, INC.

(Exact name of issuer as specified in its charter)

Georgia	6022	58-1807304
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

United Community Banks, Inc. 125 Highway 515 East Blairsville, Georgia 30512 (706) 745-2151	Jimmy C. Tallent 125 Highway 515 East Blairsville, Georgia 30512 (706) 745-2151
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(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

James W. Stevens Troutman Sanders LLP 600 Peachtree Street, Suite 5200 Atlanta, Georgia 30308 (404) 885-3721	Neil E. Grayson Nelson Mullins Riley & Scarborough, LLP 104 S. Main Street, Suite 900 Greenville, South Carolina 29601 (864) 250-2235
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Approximate date of commencement of proposed sale of the securities to the public: The exchange of the Registrant's shares for shares of common stock of HCSB Financial Corporation will take place upon consummation of the merger of HCSB Financial Corporation into the Registrant.

If the securities being registered on this form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box.

If this form is filed to register additional securities of an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. _____

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. _____

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

Large accelerated filer

Accelerated filer

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Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company
 Emerging growth company

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 7(a)(2)(B) of the Securities Act.

If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross-Border Issuer Tender Offer)

Exchange Act Rule 14d-1(d) (Cross-Border Third-Party Tender Offer)

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price per Share	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
Common Stock, par value \$1.00 per share	2,478,820(1)	Not Applicable	\$ 64,449,313(2)	\$ 7,470.00(3)

(1)

The number of shares of the Registrant's common stock being registered hereunder is based upon the anticipated maximum number of such shares required to consummate the proposed merger of HCSB Financial Corporation, a South Carolina corporation, into the Registrant. The Registrant will remove from registration by means of a post-effective amendment any shares being registered that are not issued in connection with such merger.

(2)

Estimated solely for the purpose of calculating the registration fee required by Section 6(b) of the Securities Act of 1933 pursuant to Rules 457(c) and 457(f)(1) of the Securities Act. The proposed maximum aggregate offering price of the registrant's common stock was calculated based upon the market value of shares of common stock, par value \$0.01 per share, of HCSB Financial Corporation ("HCSB common stock") in accordance with Rule 457(c) under the Securities Act as the product of (i) \$0.13, the average of the high and low prices of HCSB common stock as reported on OTCQB on May 16, 2017, and (ii) 495,763,940, the estimated maximum possible number of shares of HCSB common stock which may be canceled and exchanged in the merger, including shares of HCSB common stock issuable pursuant to equity awards.

(3)

Computed pursuant to Rules 457(f)(1) and 457(c) of the Securities Act, based on a rate of \$115.90 per \$1,000,000 of the proposed maximum aggregate offering price.

The Registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until this registration statement shall become effective on such date as the Commission acting pursuant to said Section 8(a) may determine.

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The information in this document is not complete and may be changed. We may not sell the securities offered by this document until the registration statement filed with the Securities and Exchange Commission is effective. This document is not an offer to sell these securities, and we are not soliciting an offer to buy these securities, in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED MAY 17, 2017

PROXY STATEMENT/PROSPECTUS

MERGER PROPOSED — YOUR VOTE IS VERY IMPORTANT

These materials are a proxy statement of HCSB Financial Corporation (“HCSB”) and a prospectus of United Community Banks, Inc. (“United”). They are furnished to you in connection with the notice of the special meeting of shareholders of HCSB to be held on [•], 2017. At the special meeting of HCSB shareholders, you will be asked to vote on the merger of HCSB with and into United described in more detail herein and holders of HCSB voting common stock will be asked to approve, on a non-binding advisory basis, the compensation that certain executive officers of HCSB will receive in connection with the merger pursuant to existing agreements or arrangements with HCSB. As of [•], 2017, the record date for the HCSB special meeting of shareholders, there were [•] shares of voting common stock and [•] shares of non-voting common stock issued and outstanding and entitled to vote at that meeting. Holders of HCSB voting common stock will vote on all three proposals. Holders of HCSB non-voting common stock will vote only on the merger proposal. Approval of the merger agreement requires the affirmative vote of (i) two-thirds of the issued and outstanding shares of HCSB voting common stock and (ii) a majority of the issued and outstanding shares of HCSB non-voting common stock. Approval of the merger-related compensation proposal requires that the number of votes cast at the special meeting, in person or by proxy, in favor of the proposal exceeds the number of votes cast against the proposal. The proposal to adjourn or postpone the special meeting, if necessary or appropriate, including to solicit additional proxies to approve the merger agreement, will be approved if the number of votes cast at the special meeting, in person or by proxy, in favor of the proposal exceeds the number of votes cast against the proposal. In connection with the merger, if approved and consummated, holders of HCSB voting common stock and non-voting common stock (which we refer to as the “HCSB common stock”) will be entitled to receive, in exchange for each share of HCSB common stock, consideration equal to 0.0050 shares of United common stock.

As a result, a maximum of 2,478,820 shares of United common stock will be issued to HCSB shareholders if the merger is approved and consummated. This document is a United prospectus with respect to the offering and issuance of such 2,478,820 shares of United common stock.

Based on United’s closing price of \$26.70 per share on April 19, 2017, the last trading day before the execution of the merger agreement, the merger consideration represented approximately \$0.1335 for each share of HCSB common stock and approximately \$66,184,486 million on an aggregate basis. Based on United’s closing price of \$[•] per share on [•], 2017, the last practicable trading day before the date of the enclosed document, the merger consideration represented approximately \$[•] for each share of HCSB common stock and approximately \$[•] million on an aggregate basis. We encourage you to obtain current market quotations for United common stock and HCSB common stock before you vote. United’s common stock is traded on the NASDAQ Global Select Market under the symbol “UCBI,” and HCSB’s voting common stock is traded on the OTCQB tier of the OTC Markets Group Inc. under the symbol “HCFB.” The accompanying materials contain information regarding the proposed merger and the companies participating in the merger, and the Agreement and Plan of Merger pursuant to which the merger will be consummated if approved. We encourage you to read the entire document carefully, including the “Risk Factors” section beginning on page 19, for a discussion of the risks related to the proposed merger.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of these materials. Any representation to the contrary is a criminal offense. Shares of common stock of United are not savings accounts, deposits or other obligations of any

bank and are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other governmental agency.

The date of these materials is [•], 2017, and they are expected to be first mailed to shareholders on or about [•], 2017.

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WHERE YOU CAN FIND MORE INFORMATION

Both United and HCSB are subject to the information requirements of the Securities Exchange Act of 1934, which means that they are both required to file certain reports, proxy statements, and other business and financial information with the Securities and Exchange Commission (“SEC”). You may read and copy any materials that either United or HCSB files with the SEC at the Public Reference Room of the SEC at 100 F. Street N.E., Washington, D.C. 20549. You may also obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains a website at <http://www.sec.gov> where you can access reports, proxy, information and registration statements, and other information regarding registrants that file electronically with the SEC. Such filings are also available free of charge at United’s website at <http://www.ucbi.com> under the “Investor Relations” heading or from HCSB’s website at <http://www.hcsbaccess.com> under the “Investor Information” link under the “About Us” heading. Except as specifically incorporated by reference into this document, information on those websites or filed with the SEC is not part of this document.

United has filed a registration statement on Form S-4 of which this document forms a part. As permitted by SEC rules, this document does not contain all of the information included in the registration statement or in the exhibits or schedules to the registration statement. You may read and copy the registration statement, including any amendments, schedules and exhibits, at the addresses set forth below. Statements contained in this document as to the contents of any contract or other documents referred to in this document are not necessarily complete. In each case, you should refer to the copy of the applicable contract or other document filed as an exhibit to the registration statement. This document incorporates by reference documents that United and HCSB have previously filed, and that they may file through the date of the special meeting of HCSB shareholders, with the SEC. They contain important information about the companies and their financial condition. For further information, please see the section entitled “Incorporation of Certain Documents by Reference.” These documents are available without charge to you upon written or oral request to the applicable company’s principal executive offices. The respective addresses and telephone numbers of such principal executive offices are listed below.

United Community Banks, Inc.	HCSB Financial Corporation
125 Highway 515 East	3640 Ralph Ellis Boulevard
Blairsville, Georgia 30512	Loris, South Carolina 29569
Attention: Investor Relations	Attention: Jennifer W. Harris
(706) 781-2265	(843) 716-4272

To obtain timely delivery of these documents, you must request the information no later than [•], 2017 in order to receive them before HCSB’s special meeting of shareholders.

United’s common stock is traded on the NASDAQ Global Select Market under the symbol “UCBI,” and HCSB’s voting common stock is traded on the OTCQB tier of the OTC Markets Group Inc. under the symbol “HCFB.”

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HCSB FINANCIAL CORPORATION

3640 Ralph Ellis Boulevard

Loris, South Carolina 29569

Notice Of Special Meeting Of Shareholders

To Be Held On [•], 2017

A special meeting of shareholders of HCSB Financial Corporation will be held on [•], 2017, at [•] a.m., at [•] for the following purposes:

1.

To consider and vote on the Agreement and Plan of Merger, under which HCSB Financial Corporation (“HCSB”) will merge with and into United Community Banks, Inc. (“United”), as more particularly described in the accompanying materials;

2.

To cast a non-binding advisory vote to approve the compensation that certain executive officers of HCSB will receive under existing agreements or arrangements with HCSB in connection with the merger;

3.

To consider and vote upon a proposal to approve the adjournment or postponement of the special meeting, if necessary or appropriate, including to solicit additional proxies to approve the merger agreement; and

4.

To transact such other business as may properly come before the special meeting or any adjournments of the special meeting.

If HCSB shareholders approve the merger agreement, HCSB will be merged with and into United. HCSB shareholders will receive 0.0050 shares of United common stock in exchange for each of their shares of HCSB common stock in the merger.

Holders of HCSB voting common stock will vote on all three proposals. Holders of HCSB non-voting common stock will vote only on the merger proposal. Approval of the merger agreement requires the affirmative vote of (i) two-thirds of the issued and outstanding shares of HCSB voting common stock and (ii) a majority of the issued and outstanding shares of HCSB non-voting common stock. Approval of the merger-related compensation proposal requires that the number of votes cast at the special meeting, in person or by proxy, in favor of the proposal exceeds the number of votes cast against the proposal. Approval of the adjournment proposal requires that the number of votes cast at the special meeting, in person or by proxy, in favor of the proposal exceeds the number of votes cast against the proposal. Only shareholders of record of HCSB common stock at the close of business on [•], 2017 will be entitled to vote at the special meeting or any adjournments thereof. HCSB’s Board of Directors has adopted a resolution approving the merger and the merger agreement and unanimously recommends that you vote “FOR” the proposal to approve the merger agreement, “FOR” the merger-related compensation proposal, and “FOR” the adjournment proposal. Business and financial information about HCSB is available without charge to you upon written or oral request made to HCSB Financial Corporation, 3640 Ralph Ellis Boulevard, Loris, South Carolina 29569, Attention: Jennifer W. Harris, telephone number (843) 716-4272. To obtain delivery of such business and financial information before the special meeting, your request must be received no later than [•], 2017.

YOUR VOTE IS VERY IMPORTANT. You can vote your shares over the internet or by telephone. If you requested or received a paper proxy card or voting instruction form by mail, you may also vote by signing, dating and returning your proxy card or voting instruction form. If you are the record holder of the shares, you may change your vote by: (1) if you voted over the internet or by telephone, voting again over the internet or by telephone by the applicable deadline described herein; (2) if you previously completed and returned a proxy card, submitting a new proxy card with a later date and returning it to HCSB prior to the vote at the special meeting; (3) submitting timely written notice

of revocation to HCSB's Corporate Secretary, D. Singleton Bailey, at HCSB Financial Corporation, 3640 Ralph Ellis Boulevard, Loris, South Carolina 29569, at any time prior to the vote at the special meeting; or (4) attending the special meeting in person and voting your shares at the special meeting. If your shares are held in street name, you

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may change your vote by submitting new voting instructions to your brokerage firm, bank or other similar entity or, if you have obtained a legal proxy from your brokerage firm, bank, or other similar entity giving you the right to vote your shares, you may change your vote by attending the special meeting and voting in person.

By Order of the Board of Directors,

[•], 2017

Loris, South Carolina

Jan H. Hollar, Chief Executive Officer

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QUESTIONS AND ANSWERS ABOUT THE MERGER

Q:

What am I being asked to approve?

A:

HCSB shareholders are being asked to (1) approve the Agreement and Plan of Merger between HCSB and United, pursuant to which HCSB will be merged with and into United, (2) approve, on a non-binding advisory basis, the compensation that certain executive officers of HCSB will receive in connection with the merger pursuant to existing agreements or arrangements with HCSB, and (3) approve a proposal to adjourn or postpone the special meeting, if necessary or appropriate, including to solicit additional proxies to approve the merger agreement. Holders of HCSB voting common stock will vote on all three proposals. Holders of HCSB non-voting common stock will vote only on the merger proposal. Approval of the merger agreement requires the affirmative vote of (i) two-thirds of the issued and outstanding shares of HCSB voting common stock and (ii) a majority of the issued and outstanding shares of HCSB non-voting common stock. Approval of the merger-related compensation proposal requires that the number of votes cast at the special meeting, in person or by proxy, in favor of the proposal exceeds the number of votes cast against the proposal. Approval of the adjournment proposal requires that the number of votes cast at the special meeting, in person or by proxy, in favor of the proposal exceeds the number of votes cast against the proposal. The HCSB Board of Directors has unanimously approved and adopted the merger and the merger agreement and recommends voting “FOR” approval of the merger agreement, “FOR” approval of the merger-related compensation proposal, and “FOR” approval of the adjournment proposal.

Q:

When is the merger expected to be completed?

A:

We plan to complete the merger during the third quarter of 2017.

Q:

What will I receive in the merger?

A:

Holders of HCSB voting common stock and non-voting common stock (which we refer to as the “HCSB common stock”) will receive 0.0050 shares (which we refer to as the “exchange ratio”) of United common stock for each share of HCSB common stock. United will not issue fractional shares in the merger. Instead, you will receive a cash payment, without interest, for the value of any fraction of a share of United common stock that you would otherwise be entitled to receive in an amount equal to such fractional part of a share of United common stock multiplied by the purchase price per share of HCSB common stock as determined by multiplying (i) the exchange ratio by (ii) the closing price for United common stock on the NASDAQ Global Select Market trading day immediately preceding the effective time of the merger.

To review what you will receive in the merger in greater detail, see “Proposal No. 1 — The Merger — The Merger Consideration” beginning on page 35.

Q:

What should I do now?

A:

After you have carefully read this document, please vote by proxy over the internet, by telephone or through the mail. If you hold shares of HCSB common stock in more than one account, you must vote all shares over the internet, by telephone or through the mail. If you vote over the internet or by telephone, you do not need to return any documents through the mail.

If you vote using one of the methods described below, you will be designating Michael S. Addy and Jan H. Hollar as your proxies to vote your shares as you instruct. If you vote over the internet or by telephone or by signing and returning your proxy card without giving specific voting instructions, these individuals will vote your shares by following the recommendations of the HCSB Board of Directors. If any other business properly comes before the special meeting, these individuals will vote on those matters in a manner they consider appropriate.

Registered Holder: You do not have to attend the special meeting to vote. The HCSB Board of Directors is soliciting proxies so that you can vote before the special meeting. Even if you currently plan to attend the special meeting, we recommend that you vote by proxy before the special meeting so

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that your vote will be counted if you later decide not to attend. However, if you attend the special meeting and vote your shares by ballot, your vote at the special meeting will revoke any vote you submitted previously by proxy. If you are the record holder of your shares, there are three ways you can vote by proxy:

- By Internet: You may vote over the internet by going to [•] and following the instructions when prompted;

- By Telephone: You may vote by telephone by calling toll free [•]; or

- By Mail: You may vote by completing, signing, dating and returning the enclosed proxy card.

Street Holder: If your shares are held in street name, you may vote your shares before the special meeting by mail, by completing, signing, and returning the voting instruction form you received from your brokerage firm, bank or other similar entity. You should check your voting instruction form to see if any alternative method, such as internet or telephone voting, is available to you.

Q:
What constitutes a quorum for the special meeting?

A:
The presence at the special meeting, in person or by proxy, of holders of a majority of the outstanding shares of HCSB voting common stock and HCSB non-voting common stock entitled to vote at the special meeting will constitute a quorum for the transaction of business. Abstentions and broker non-votes, if any, will be included in determining the number of shares present at the meeting for the purpose of determining the presence of a quorum.

Q:
What vote is required to approve each proposal?

A:
Approval of the merger agreement requires the affirmative vote of (i) two-thirds of the issued and outstanding shares of HCSB voting common stock and (ii) a majority of the issued and outstanding shares of HCSB non-voting common stock. If you fail to vote, mark "ABSTAIN" on your proxy, or fail to instruct your brokerage firm, bank, or other similar entity giving you the right to vote your shares with respect to the merger proposal, it will have the same effect as a vote "AGAINST" the proposal. Approval of the merger-related compensation proposal requires that the number of votes cast at the special meeting, in person or by proxy, in favor of the proposal exceeds the number of votes cast against the proposal. Approval of the adjournment proposal requires that the number of votes cast at the special meeting, in person or by proxy, in favor of the proposal exceeds the number of votes cast against the proposal.

Q:
What impact will my vote have on the amounts that certain executive officers of HCSB may receive in connection with the merger?

A:
Certain of HCSB's executive officers are entitled, pursuant to the terms of their existing employment agreements with HCSB, to receive certain payments in connection with the merger. If the merger is completed, HCSB is contractually obligated to make these payments to these executives under certain circumstances. Accordingly, even if the HCSB shareholders vote not to approve these payments, the compensation will be payable, subject to the terms and conditions of the agreements. HCSB is seeking your approval of these payments on a non-binding advisory basis in order to comply with Section 951 of the Dodd-Frank Act and Rule 14a-21(c) under the Securities Exchange Act of 1934.

Q:

Why is my vote important?

A:

If you do not return your proxy, it will be more difficult for HCSB to obtain the necessary quorum to hold the special meeting. In addition, your failure to submit a proxy or vote in person, or failure to instruct your brokerage firm, bank, or other similar entity how to vote, or abstention will have the same effect as a vote "AGAINST" approval of the merger agreement, as applicable. The merger agreement must be approved by the affirmative vote of (i) two-thirds of the issued and outstanding shares of HCSB voting common stock and (ii) a majority of the issued and outstanding shares of HCSB non-voting common stock. The HCSB Board of Directors unanimously recommends that you vote "FOR" the merger proposal.

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Q:

What information should I consider?

A:

We encourage you to read carefully this entire document and the documents incorporated by reference herein. Among other disclosures, you should review the factors considered by each company's Board of Directors discussed in "Proposal No. 1 — The Merger — Background of the Merger" beginning on page 21 and "Proposal No. 1 — The Merger — Reasons for the Merger and Recommendation of the HCSB Board of Directors" beginning on page 24.

Q:

Will my ownership percentage and voting interest be reduced after the merger?

A:

Yes. HCSB shareholders currently have the right to vote in the election of the HCSB Board of Directors and on other matters affecting HCSB. Upon the completion of the merger, each HCSB shareholder receiving shares of United common stock in accordance with the merger agreement will be a shareholder of United with a percentage ownership of United that is smaller than such shareholder's current percentage ownership of HCSB. It is currently expected that the former shareholders of HCSB as a group will receive shares in the merger constituting approximately [•]% of the outstanding shares of United's common stock immediately after the merger. Because of this, HCSB shareholders will have less influence on the management and policies of United than they now have on the management and policies of HCSB.

Q:

What are the tax consequences of the merger to me?

A:

The merger will qualify as a "reorganization" within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended (the "Code"). Accordingly, HCSB's shareholders generally will not recognize gain or loss for federal income tax purposes on the exchange of shares of HCSB common stock for United common stock, except with respect to cash received in lieu of fractional shares of United common stock or upon the exercise of dissenters' rights. The tax consequences to HCSB shareholders are described in greater detail in "Proposal No. 1 — The Merger — Material Federal Income Tax Consequences and Opinion of Tax Counsel" beginning on page 50. Your tax consequences will depend on your personal situation. You should consult your tax adviser for a full understanding of the tax consequences of the merger to you.

Q:

Are HCSB shareholders entitled to dissenters' rights?

A:

Yes. HCSB shareholders are entitled to dissenters' rights under Chapter 13 of the South Carolina Business Corporation Act of 1988 (the "SCBCA"), provided they satisfy the special criteria and conditions set forth in Chapter 13 of the SCBCA. More information regarding these dissenters' rights is provided in this document, and the provisions of the SCBCA that grant dissenters' rights and govern such procedures are attached as Appendix B to this document. You should read these provisions carefully and in their entirety. See "Dissenters' Rights" beginning on page 49.

Q:

Should I send in my stock certificates now?

A:

No. After the merger is completed, you will receive written instructions from United or its exchange agent, Continental Stock Transfer & Trust Company, for exchanging your HCSB common stock certificates for United common stock.

Q:

Who should I call with questions?

A:

You should call Jennifer W. Harris, HCSB Financial Corporation, at (843) 716-4272.

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SUMMARY

This summary highlights material information from these materials regarding the proposed merger. For a more complete description of the terms of the proposed merger, you should carefully read this entire document and the documents incorporated by reference into this document. The Agreement and Plan of Merger, which is the legal document that governs the proposed merger, is in Appendix A to these materials. In addition, the sections entitled “Where You Can Find More Information”, in the forepart of this document, and “Incorporation of Certain Documents By Reference”, on page 59, contain references to additional sources of information about United and HCSB.

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The Companies (see pages 54 and 57)

United Community Banks, Inc.
125 Highway 515 East
Blairsville, Georgia 30512
(706) 745-2151

United is the third largest bank holding company headquartered in Georgia. At March 31, 2017, United had total consolidated assets of \$10.7 billion, total loans of \$6.96 billion, total deposits of \$8.75 billion and shareholders’ equity of \$1.10 billion. United conducts substantially all of its operations through its wholly-owned Georgia bank subsidiary, United Community Bank (the “Bank”), which as of March 31, 2017, operated at 134 offices in Georgia, North Carolina, South Carolina and Tennessee.

United’s community banks offer a full range of retail and corporate banking services, including checking, savings and time deposit accounts, secured and unsecured loans, wire transfers, brokerage services and other financial services, and are led by local bank presidents and management with significant experience in, and ties to, their communities.

Each of the local bank presidents has authority, alone or with other local officers, to make most credit decisions. United also operates United Community Mortgage Services, a full-service retail mortgage lending operation approved as a seller/servicer for Fannie Mae and the Federal Home Mortgage Corporation, as a division of the Bank. The Bank owns an insurance agency, United Community Insurance Services, Inc., known as United Community Advisory Services. United also owns a captive insurance subsidiary, United Community Risk Management Services, Inc., that provides risk management services for United’s subsidiaries. Another subsidiary of the Bank, United Community Payment Systems, LLC, provides payment processing services for the Bank’s commercial and small business customers. Additionally, United provides retail brokerage services through a third party broker/dealer.

United was incorporated in 1987, as a Georgia corporation. Its principal executive offices are located at 125 Highway 515 East, Blairsville, Georgia 30512, and its telephone number is (706) 781-2265. Its website is <http://www.ucbi.com>. Information on United’s website is not incorporated into this document by reference and is not a part hereof.

For a complete description of United’s business, financial condition, results of operations and other important information, please refer to United’s filings with the SEC that are incorporated by reference in this document, including its Annual Report on Form 10-K for the year ended December 31, 2016 and its quarterly report on Form 10-Q for the quarter ended March 31, 2017. For instructions on how to find copies of these documents, see “Where You Can Find More Information.”

HCSB Financial Corporation
3640 Ralph Ellis Boulevard
Loris, South Carolina 29569
(843) 716-4272

HCSB was incorporated on June 10, 1999 to become a holding company for Horry County State Bank. Horry County State Bank is a state chartered bank which commenced operations on January 4, 1988. Horry County State Bank’s primary market includes Horry and Georgetown Counties in South Carolina and Columbus and Brunswick Counties in North Carolina. From Horry County State Bank’s eight branch locations, Horry County State Bank offers a full range of deposit services, including checking

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accounts, savings accounts, certificates of deposit, money market accounts, and IRAs. In addition, Horry County State Bank offers a variety of loan products designed for consumers, businesses and farmers. As of March 31, 2017, HCSB had total consolidated assets of \$384.0 million, net loans of \$225.3 million, deposits of \$322.3 million and shareholders' equity of \$36.1 million.

For a complete description of HCSB's business, financial condition, results of operations and other important information, please refer to HCSB's filings with the SEC that are incorporated by reference in this document, including its Annual Report on Form 10-K, as amended on Form 10-K/A, for the year ended December 31, 2016 and its quarterly report on Form 10-Q for the quarter ended March 31, 2017. For instructions on how to find copies of these documents, see "Where You Can Find More Information."

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The Merger Agreement (see page 35)

If HCSB shareholders approve the merger agreement, subject to receipt of the required regulatory approvals and satisfaction of the other closing conditions, HCSB will be merged with and into United. Holders of HCSB common stock will receive 0.0050 shares of United common stock for each share of HCSB common stock.

You will also receive a cash payment, without interest, for the value of any fraction of a share of United common stock that you would otherwise be entitled to receive in an amount equal to such fractional part of a share of United common stock multiplied by the purchase price per share of HCSB common stock as determined by multiplying (i) the exchange ratio by (ii) the closing price for United common stock on the NASDAQ Global Select Market trading day immediately preceding the effective time of the merger.

Following the merger, HCSB's wholly-owned South Carolina bank subsidiary, Horry County State Bank, will be merged with and into the Bank, United's wholly-owned Georgia bank subsidiary, and the Bank will be the surviving bank.

HCSB's Reasons for the Merger and Recommendation of the HCSB Board of Directors (see page 24)

The HCSB Board of Directors supports the merger and believes that it is in the best interests of HCSB and its shareholders. The HCSB Board of Directors believes that the merger will allow HCSB to better serve its customers and markets and that the merger will permit HCSB shareholders to have an equity interest in a resulting financial institution with greater financial resources, more significant economies of scale, and a larger shareholder base, which will increase the liquidity of the HCSB shareholders' common stock. The HCSB Board of Directors believes that the terms of the merger are fair to and in the best interest of HCSB and its shareholders.

Accounting Treatment (see page 49)

The merger will be accounted for as a purchase of a business for financial reporting and accounting purposes under generally accepted accounting principles in the United States.

Conditions, Termination, and Effective Date (see pages 35 and 36)

The merger will not occur unless certain conditions are met, and United or HCSB can terminate the merger agreement if specified events occur or fail to occur. Following the merger, HCSB's South Carolina bank subsidiary, Horry County State Bank, will be merged into United's Georgia bank subsidiary, the Bank.

The merger and the bank merger must be approved by the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the Department of Banking and Finance of the State of Georgia and the South Carolina State Board of Financial Institutions. As of the date of this document, we have not yet received any of the required regulatory approvals.

The closing of the merger will not occur until after the merger is approved by the foregoing regulators and by the HCSB shareholders, the other conditions to closing have been satisfied and the certificate of merger is filed as required under Georgia law and South Carolina law.

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Federal Income Tax Consequences (see page 50)

The merger will qualify as a “reorganization” within the meaning of Section 368(a) of the Code. Accordingly, HCSB’s shareholders generally will not recognize gain or loss for federal income tax purposes on the exchange of shares of HCSB common stock for United common stock, except with respect to cash received in lieu of fractional shares of United common stock or upon the exercise of dissenters’ rights. The tax consequences to HCSB shareholders are described in greater detail in “Proposal No. 1 — The Merger — Material Federal Income Tax Consequences and Opinion of Tax Counsel” beginning on page 50. Tax matters are complicated, and the tax consequences of the merger may vary among HCSB shareholders. We urge each HCSB shareholder to contact his or her own tax advisor to fully understand the tax implications of the merger.

Opinion of HCSB’s Financial Advisor (see page 27)

Hovde Group, LLC (“Hovde”) has rendered an opinion to HCSB that based on and subject to the procedures, matters, and limitations described in its opinion and other matters it considered relevant, as of the date of its opinion, the merger consideration is fair from a financial point of view to the shareholders of HCSB. A summary of Hovde’s opinion begins on page 27 and the full opinion is attached as Appendix C to these materials.

Markets for Common Stock

United’s common stock trades on the NASDAQ Global Select Market under the ticker symbol “UCBI.” HCSB’s voting common stock trades on the OTCQB tier of the OTC Markets Group Inc. under the ticker symbol “HCFB.” The following table sets forth, for the periods indicated, the high, low and closing sales prices per share of United’s common stock and HCSB’s voting common stock as quoted on NASDAQ and the OTCQB, respectively.

	United Common Stock			HCSB Voting Common Stock		
	High	Low	Close	High	Low	Close
2017						
Second Quarter (through [•], 2017)	\$ [•]	\$ [•]	\$ [•]	\$ [•]	\$ [•]	\$ [•]
First Quarter	30.47	25.29	27.69	0.59	0.15	0.38
2016						
Fourth Quarter	30.22	20.26	29.62	0.19	0.11	0.15
Third Quarter	21.13	17.42	21.02	0.50	0.14	0.18
Second Quarter	20.60	17.07	18.29	0.50	0.16	0.32
First Quarter	19.27	15.74	18.47	0.35	0.16	0.16
2015						
Fourth Quarter	22.23	18.61	19.49	0.18	0.16	0.16
Third Quarter	22.23	18.58	20.44	0.18	0.11	0.18
Second Quarter	21.23	17.91	20.87	0.30	0.04	0.15
First Quarter	19.53	16.48	18.88	0.15	0.10	0.10

The closing sales price of United common stock as of April 19, 2017, the last trading day before the merger agreement was announced, was \$26.70. The closing sales price of United common stock as of [•], 2017, the most recent date feasible for inclusion in these materials, was \$[•]. Trading in HCSB voting common stock is very limited and sporadic, with an average daily trading volume since January 1, 2017 of less than .005% of the outstanding shares. The closing sales price of HCSB voting common stock as of April 19, 2017, the last trading day before the merger agreement was announced, was \$0.35. The closing sales price of HCSB voting common stock as of [•], 2017, the most recent date feasible for inclusion in these materials, was \$[•].

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Assuming there is no adjustment in the merger consideration, if the merger had been completed on April 19, 2017, the implied value of one share of HCSB voting common stock exchanged for 0.0050 of a share of United common stock, would have been \$0.1335 based on United's closing sales price on that date. If the merger had been completed on [•], 2017, the most recent date feasible for inclusion in these materials, the implied value of one share of HCSB voting common stock exchanged for 0.0050 of a share of United common stock, would have been \$[•].

There were [•] shareholders of record of HCSB voting common stock as of [•], 2017. There were [•] shareholders of record of HCSB non-voting common stock as of [•], 2017.

Dividends (see page 48)

United declared cash dividends of \$0.09 per share of common stock in the first quarter of 2017, \$0.30 per share in 2016, \$0.22 per share in 2015 and \$0.11 per share in 2014. United intends to continue paying cash dividends, but the amount and frequency of cash dividends, if any, will be determined by United's Board of Directors after consideration of certain non-financial and financial factors including earnings, capital requirements, and the financial condition of United, and will depend on cash dividends paid to it by the Bank. The ability of the Bank to pay dividends to it is restricted by certain regulatory requirements.

No cash dividends were declared on HCSB's common stock in the first quarter of 2017 or in 2016, 2015 or 2014.

Differences in Legal Rights between Shareholders of HCSB and United (see page 44)

Following the merger you will no longer be a HCSB shareholder and your rights as a shareholder will no longer be governed by HCSB's articles of incorporation and bylaws and the SCBCA. You will be a United shareholder, and your rights as a United shareholder will be governed by United's articles of incorporation and bylaws and the Georgia Business Corporation Code. Your former rights as a HCSB shareholder and your new rights as a United shareholder are different in certain ways, including the following:

- The articles of incorporation of HCSB authorize more shares of voting common stock and non-voting common stock than the articles of incorporation of United.
- The articles of incorporation of United authorize more shares of preferred stock than the articles of incorporation of HCSB.
- Holders of HCSB non-voting common stock, who currently have no voting rights except as required by the SCBCA, will have voting rights as holders of United common stock.
- The bylaws of HCSB set forth different requirements for calling special meetings of shareholders than do the bylaws of United.
- The bylaws of HCSB set forth different advance notice requirements for shareholders proposals than do the bylaws of United.
- The bylaws of United provide that the number of directors may range between eight to fourteen directors while the bylaws of HCSB provide that the number of directors may range between five to twenty-five.
- The bylaws of HCSB set forth different requirements for removal of directors than do the articles of incorporation of United.
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The SCBCA, applicable to HCSB, requires supermajority shareholder approval of certain business transactions while the articles of incorporation and bylaws of United do not provide any supermajority requirement.

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The SCBCA, applicable to HCSB, provides for unanimous shareholder action by written consent in lieu of meeting while the bylaws of United require only the minimum number of votes necessary to authorize such action for shareholder action by written consent.

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- The bylaws of HCSB do not provide for an exclusive forum for legal proceedings while the bylaws of United provide that the exclusive forum for certain legal proceedings is Georgia.

- The articles of incorporation of HCSB generally may be amended upon approval by two-thirds of the votes entitled to be cast on the amendment, while the articles of incorporation of United may be amended upon approval by a majority of the votes entitled to be cast on the amendment.

Interests of Directors and Officers of HCSB and Horry County State Bank in the Merger (see page 42)

Some of the directors and officers of HCSB have interests in the merger in addition to their interests as shareholders generally, including the following:

- Each outstanding share of HCSB restricted stock issued to Jan H. Hollar, J. Rick Patterson, and W. Jack McElveen will vest at the effective time of the merger and be converted into the merger consideration.

- Employment agreements between HCSB and each of Ms. Hollar and Messrs. Patterson and McElveen provide for change in control compensation upon the completion of the merger.

- United will indemnify and provide liability insurance to the present directors and officers of HCSB and Horry County State Bank for a period of six years following the closing of the merger with respect to acts or omissions occurring prior to merger.

Dissenters' Rights (see page 49)

Under South Carolina law, holders of HCSB common stock will be entitled to dissent from the merger and to obtain payment in cash of the fair value of his or her shares of HCSB common stock. Set forth below is a summary of the procedures that must be followed by the holders of HCSB common stock in order to exercise their dissenters' rights. This summary is qualified in its entirety by reference to the text of the applicable South Carolina statutes, a copy of which is attached to this proxy statement/prospectus as Appendix B to this document.

A record holder of HCSB common stock who wishes to assert dissenters' rights (i) must deliver to HCSB before the vote is taken on the merger agreement written notice of his or her intent to demand payment for his or her shares if the merger is effectuated, and (ii) must not vote his or her shares in favor of the merger agreement. If a shareholder notifies HCSB that he or she intends to dissent, a vote in favor of the merger agreement cast by the holder of a proxy solicited by HCSB shall not disqualify a shareholder from demanding payment for his shares. A shareholder who does not satisfy these requirements is not entitled to payment for his or her shares under the applicable South Carolina statutes.

If the merger is authorized at the HCSB special meeting, HCSB will deliver, no later than 10 days after the special meeting, a written dissenters' notice to all HCSB shareholders who satisfied the two requirements set forth above. The written dissenters' notice will state where the payment demand must be sent and where stock certificates must be deposited, will inform holders of uncertificated shares to what extent transfer of the shares is to be restricted after the payment demand is received, will supply a form for demanding payment that includes the date of the first announcement to news media or to shareholders of the terms of the proposed merger and requires that the person asserting dissenters' rights certify whether or not he or she or, if he or she is a nominee asserting dissenters' rights on behalf of a beneficial shareholder, the beneficial shareholder acquired beneficial ownership of the shares before that date, will set a date by which HCSB must receive the payment demand, which date will not be less than 30 or more than 60 days after the written dissenters' notice is delivered, will set a date by which certificates for certificated shares must be deposited, which date will not be earlier than 20 days after the demand date, and will be accompanied by a copy of the applicable South Carolina statutes. A shareholder that sent a dissenters' notice must demand payment,

certify whether he or she (or the beneficial shareholder on whose behalf he or she is asserting dissenters' rights) acquired the beneficial ownership of the shares before the date set forth in the dissenters' notice, and deposit his or her certificates in accordance with the terms of the notice. A dissenting shareholder who does not comply substantially with the requirements that he or she demand payment and deposit his or her share certificates where required, each by the date set in the dissenters' notice, is not entitled to payment for his or her shares under the applicable South Carolina statutes.

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As soon as the merger is consummated, or upon receipt of a payment demand, HCSB will pay to each dissenting shareholder who substantially complied with the requirements set forth above the amount HCSB estimates to be the fair value of his or her shares, plus accrued interest. The payment will be accompanied by HCSB's balance sheet as of the end of a fiscal year ending not more than 16 months before the date of payment, an income statement for that year, a statement of changes in shareholders' equity for that year, and the latest available interim financial statements, if any; a statement of HCSB's estimate of the fair value of the shares and an explanation of how the fair value was calculated; an explanation of how the interest was calculated; a statement of the dissenter's right to demand additional payment; and a copy of the applicable South Carolina statutes. If HCSB does not consummate the proposed merger within 60 days after the date set for demanding payment and depositing share certificates, HCSB, within the same 60 day period, shall return the deposited certificates and release the transfer restrictions imposed on the uncertificated shares. If the shareholder believes the amount paid or offered is less than fair value of his or her shares or that the interest due is calculated incorrectly, or HCSB fails to make payment or offer payment within 60 days after the date set for demanding payment, or if the merger is not consummated, HCSB fails to return the deposited certificates or release transfer restrictions imposed on uncertificated shares within 60 days after the date set for demanding payment, he or she may notify HCSB in writing of his or her own estimate of fair value of his shares and amount of interest due and demand payment of his or her estimate (less the payment already received) or reject HCSB's offer and demand payment of the fair value of his or her shares and interest due. However, a dissenting shareholder waives his or her right to demand additional payment if he or she fails to notify HCSB of his or her demand in writing within 30 days after HCSB made or offered payment for his or her shares. If a demand for additional payment remains unsettled, HCSB will commence a court proceeding within 60 days after receiving the demand for additional payment and petition the court to determine the fair value of the shares and the accrued interest. If HCSB does not commence the proceeding within the 60 day period, HCSB shall pay each dissenter whose demand remains unsettled the amount demanded.

Exercise of dissenters' rights by holders of HCSB common stock will result in the recognition of gain or loss, as the case may be, for federal income tax purposes.

- **Special Shareholders' Meeting**

Date, Time, and Place

The special meeting of shareholders of HCSB will be held on [•], 2017 at [•] a.m., at [•]. At the special meeting, HCSB shareholders will be asked to:

- approve the Agreement and Plan of Merger between HCSB and United, pursuant to which HCSB will be merged with and into United;

- approve, on a non-binding advisory basis, the compensation that certain executive officers of HCSB will receive under existing agreements or arrangements with HCSB in connection with the merger; and

- approve the adjournment or postponement of the special meeting, if necessary or appropriate, including to solicit additional proxies to approve the merger agreement.

Holders of HCSB voting common stock will vote on all three proposals. Holders of HCSB non-voting common stock will vote only on the merger proposal.

Record Date and Shares Entitled to Vote

You are entitled to vote at the shareholders' meeting if you owned shares of HCSB common stock on [•], 2017. As of this date, [•] shares of HCSB voting common stock were issued and outstanding and entitled to vote at the special meeting, and [•] shares of HCSB non-voting common stock were issued and outstanding and entitled to vote at the special meeting.

Support Agreements

All of the directors of HCSB have agreed to vote their shares in favor of the merger agreement; provided that such voting support agreements terminate in the event that the HCSB Board of Directors withdraws its recommendation in favor of the merger or approves or recommends an acquisition proposal

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from another party. As of the record date, HCSB's directors own [•] shares, or [•]%, of outstanding HCSB voting common stock, and no shares of outstanding HCSB non-voting common stock.

Vote Required (see page 39)

As of the record date, [•] shares of HCSB voting common stock were issued and outstanding and [•] shares of HCSB non-voting common stock were issued and outstanding, each of which is entitled to one vote per share.

Approval of the merger agreement requires the affirmative vote of (i) two-thirds of the issued and outstanding shares of HCSB voting common stock and (ii) a majority of the issued and outstanding shares of HCSB non-voting common stock. Your failure to vote your shares (including your failure to instruct your broker to vote your shares) or your abstaining from voting will have the same effect as a vote "AGAINST" the merger agreement. The HCSB Board of Directors has unanimously adopted and approved the merger agreement and unanimously recommends that HCSB shareholders vote "FOR" the approval of the merger agreement.

As referenced above, all of the directors of HCSB have agreed to vote their shares in favor of the merger agreement; provided that such voting support agreements terminate in the event that the HCSB Board of Directors withdraws its recommendation in favor of the merger or approves or recommends an acquisition proposal from another party. As of the record date, HCSB's directors own [•] shares, or [•]%, of outstanding HCSB voting common stock, and no shares of outstanding HCSB non-voting common stock.

The approval, on a non-binding advisory basis, of the proposal regarding compensation that certain executive officers of HCSB will receive under existing agreements or arrangements with HCSB in connection with the merger requires that the number of votes cast at the special meeting, in person or by proxy, in favor of the proposal exceeds the number of votes cast against the proposal. The HCSB Board of Directors unanimously recommends that HCSB shareholders vote "FOR" the approval of the compensation payable under existing agreements that certain of its officers will receive from HCSB in connection with the merger.

Approval of the merger agreement and approval of the compensation payable under existing agreements that certain HCSB officers will receive in connection with the merger are subject to separate votes of the HCSB shareholders, and approval of the compensation is not a condition to completion of the merger.

The approval of the proposal to adjourn or postpone the special meeting, if necessary or appropriate, including to solicit additional proxies to approve the merger agreement requires that the number of votes cast at the special meeting, in person or by proxy, in favor of the proposal exceeds the number of votes cast against the proposal. The HCSB Board of Directors unanimously recommends that shareholders vote "FOR" this proposal.

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We are providing the following information to help you analyze the financial aspects of the merger. The following tables set forth summary historical operations and financial condition data and summary performance, asset quality and other information of United at and for the periods indicated, which is derived from United's historical consolidated financial statements. You should read this data in conjunction with United's Consolidated Financial Statements and notes thereto incorporated herein by reference from United's Annual Report on Form 10-K for the year ended December 31, 2016 and United's quarterly report on Form 10-Q for the quarter ended March 31, 2017. Financial amounts as of and for the three months ended March 31, 2017 and 2016 are unaudited and are not necessarily indicative of the results of operations for the full year or any other interim period, and management of United believes that such amounts reflect all adjustments (consisting only of normal recurring adjustments) necessary for a fair statement of its results of operations and financial position as of the dates and for the periods indicated. You should not assume the results of operations for past years and for the three months ended March 31, 2017 and 2016 indicate results for any future period. United's "net operating income" is determined by methods other than in accordance with generally accepted accounting principles ("GAAP"). Please see the following "Non-GAAP Performance Measures Reconciliation" below for a reconciliation of the difference between United's non-GAAP net operating income and its GAAP net income.

	At or for the Three Months Ended March 31,		For the Years Ended December 31,				
	2017	2016	2016	2015	2014	2013	2012
	(in thousands, except per share data)						
INCOME SUMMARY							
Interest revenue	\$ 90,958	\$ 80,721	\$ 335,020	\$ 278,532	\$ 248,432	\$ 245,840	\$ 265,977
Interest expense	7,404	5,769	25,236	21,109	25,551	27,682	37,909
Net interest revenue	83,554	74,592	309,784	257,423	222,881	218,158	228,068
Provision for credit losses	800	(200)	(800)	3,700	8,500	65,500	62,500
Fee revenue	22,074	18,606	93,967	72,529	55,554	56,598	56,112
Total revenue	104,828	93,758	404,281	326,252	269,935	209,256	221,680
Expenses	62,826	57,885	241,289	211,238	162,865	174,304	186,774
Income before income tax expense	42,002	35,873	162,992	115,014	107,070	34,952	34,906
Income tax expense (benefit)	18,478	13,578	62,336	43,436	39,450	(238,188)	1,050
Net income	23,524	22,295	100,656	71,578	67,620	273,140	33,856
Preferred dividends	—	21	21	67	439	12,078	12,148
Net income available to common shareholders – GAAP	\$ 23,524	\$ 22,274	\$ 100,635	\$ 71,511	\$ 67,181	\$ 261,062	\$ 21,708

Merger-related and other charges	2,054	2,653	8,122	17,995	—	—	—
Income tax benefit of merger-related and other charges	(758)	(1,004)	(3,074)	(6,388)	—	—	—
Impairment of deferred tax asset on cancelled non-qualified stock options	—	—	976	—	—	—	—
Release of disproportionate tax effect lodged in OCI	3,400	—	—	—	—	—	—
Net income available to common shareholders – operating(1)	\$ 28,220	\$ 23,923	\$ 106,659	\$ 83,118	\$ 67,181	\$ 261,062	\$ 21,708

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	At or for the Three Months Ended March 31,		For the Years Ended December 31,				
	2017	2016	2016	2015	2014	2013	2012
(in thousands, except per share data)							
PERFORMANCE MEASURES							
Per common share:							
Diluted net income – GAAP	\$.33	\$.31	\$ 1.40	\$ 1.09	\$ 1.11	\$ 4.44	\$.38
Diluted net income – operating(1)	.39	.33	1.48	1.27	1.11	4.44	.38
Cash dividends declared	.09	.07	.30	.22	.11	—	—
Book value	15.40	14.35	15.06	14.02	12.20	11.30	6.67
Tangible book value(3)	13.30	12.40	12.95	12.06	12.15	11.26	6.57
Key performance ratios:							
Return on common equity – GAAP(2)	8.54%	8.57%	9.41%	8.15%	9.17%	46.72%	5.43%
Return on common equity – operating(1)(2)	10.25	9.20	9.98	9.48	9.17	46.72	5.43
Return on tangible common equity – operating(1)(2)(3)	12.10	10.91	11.86	10.24	9.32	47.35	6.27
Return on assets – GAAP	.89	.93	1.00	.85	.91	3.86	.49
Return on assets – operating(1)	1.07	1.00	1.06	.98	.91	3.86	.49
Dividend payout ratio – GAAP	27.27	22.58	21.43	20.18	9.91	—	—
Dividend payout ratio – operating(1)	23.08	21.21	20.27	17.32	9.91	—	—
Net interest margin (fully taxable equivalent)	3.45	3.41	3.36	3.30	3.26	3.30	3.51
Efficiency ratio – GAAP	59.29	61.94	59.80	63.96	58.26	63.14	65.43
Efficiency ratio – operating(1)	57.35	59.10	57.78	58.51	58.26	63.14	65.43
	10.24	10.72	10.54	10.27	9.69	10.35	8.47

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Average equity to average assets							
Average tangible equity to average assets(3)	8.96	9.41	9.21	9.74	9.67	10.31	8.38
Average tangible common equity to average assets(3)	8.96	9.32	9.19	9.66	9.60	7.55	5.54
Tangible common equity to risk-weighted assets(3)	12.07	12.77	11.84	12.82	13.82	13.17	8.26
ASSET QUALITY							
Non-performing loans	\$ 19,812	\$ 22,419	\$ 21,539	\$ 22,653	\$ 17,881	\$ 26,819	\$ 109,894
Foreclosed properties	5,060	5,163	7,949	4,883	1,726	4,221	18,264
Total non-performing assets (NPAs)	24,872	27,582	29,448	27,536	19,607	31,040	128,158
Allowance for loan losses	60,543	66,310	61,442	68,448	71,619	76,762	107,137
Net charge-offs	1,679	2,138	6,766	6,259	13,879	93,710	69,831
Allowance for loan losses to loans	.87%	1.09%	.89%	1.14%	1.53%	1.77%	2.57%
Net charge-offs to average loans	.10	.14	.11	.12	.31	2.22	1.69
NPAs to loans and foreclosed properties	.36	.45	.43	.46	.42	.72	3.06
NPAs to total assets	.23	.28	.28	.29	.26	.42	1.88
AVERAGE BALANCES (\$ in millions)							
Loans	\$ 6,904	\$ 6,004	\$ 6,413	\$ 5,298	\$ 4,450	\$ 4,254	\$ 4,166
Investment securities	2,822	2,718	2,691	2,368	2,274	2,190	2,089
Earning assets	9,872	8,876	9,257	7,834	6,880	6,649	6,547
Total assets	10,677	9,634	10,054	8,462	7,436	7,074	6,865
Deposits	8,592	7,947	8,177	7,055	6,228	6,027	5,885
Shareholders' equity	1,093	1,033	1,059	869	720	732	582
	71,700	72,162	71,910	65,488	60,588	58,787	57,857

Common shares –
basic (thousands)

Common shares –
diluted (thousands)

71,708	72,166	71,915	65,492	60,590	58,845	57,857
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	At or for the Three Months Ended March 31,		For the Years Ended December 31,				
	2017	2016	2016	2015	2014	2013	2012
	(in thousands, except per share data)						
AT PERIOD END							
(\$ in millions)							
Loans	\$ 6,965	\$ 6,106	\$ 6,921	\$ 5,995	\$ 4,672	\$ 4,329	\$ 4,175
Investment securities	2,767	2,757	2,762	2,656	2,198	2,312	2,079
Total assets	10,732	9,781	10,709	9,616	7,558	7,424	6,801
Deposits	8,752	7,960	8,638	7,873	6,335	6,202	5,952
Shareholders' equity	1,102	1,034	1,076	1,018	740	796	581
Common shares outstanding (thousands)	70,973	71,544	70,899	71,484	60,259	59,432	57,741

(1)

Excludes merger-related charges, a first quarter 2017 release of disproportionate tax effects lodged in OCI and first quarter 2017 branch closure charges, a 2016 deferred tax asset impairment charge related to cancelled non-qualified stock options and 2015 impairment losses on surplus bank property.

(2)

Net income available to common shareholders, which is net of preferred stock dividends, divided by average realized common equity, which excludes accumulated other comprehensive income (loss).

(3)

Excludes effect of acquisition related intangibles and associated amortization.

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Non-GAAP Performance Measures Reconciliation

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

The following is a reconciliation of these operating performance measures to GAAP performance measures.

	At or for the Three Months Ended March 31,		For the Years Ended December 31,				
	2017	2016	2016	2015	2014	2013	2012
	(in thousands, except per share data)						
Expense reconciliation							
Expenses (GAAP)	\$ 62,826	\$ 57,885	\$ 241,289	\$ 211,238	\$ 162,865	\$ 174,304	\$ 186,774
Merger-related and other charges	(2,054)	(2,653)	(8,122)	(17,995)	—	—	—
Expenses – operating	\$ 60,772	\$ 55,232	\$ 233,167	\$ 193,243	\$ 162,865	\$ 174,304	\$ 186,774
Net income reconciliation							
Net income (GAAP)	\$ 23,524	\$ 22,295	\$ 100,656	\$ 71,578	\$ 67,620	\$ 273,140	\$ 33,856
Merger-related and other charges	2,054	2,653	8,122	17,995	—	—	—
Income tax benefit of merger-related and other charges	(758)	(1,004)	(3,074)	(6,388)	—	—	—
Impairment of deferred tax asset on cancelled non-qualified stock options	—	—	976	—	—	—	—
	3,400	—	—	—	—	—	—

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Release of disproportionate tax effects lodged in OCI							
Net income – operating	\$ 28,220	\$ 23,944	\$ 106,680	\$ 83,185	\$ 67,620	\$ 273,140	\$ 33,856
Net income available to common shareholders reconciliation							
Net income available to common shareholders (GAAP)	\$ 23,524	\$ 22,274	\$ 100,635	\$ 71,511	\$ 67,181	\$ 261,062	\$ 21,708
Merger-related and other charges	2,054	2,653	8,122	17,995	—	—	—
Income tax benefit of merger-related and other charges	(758)	(1,004)	(3,074)	(6,388)	—	—	—
Impairment of deferred tax asset on cancelled non-qualified stockoptions	—	—	976	—	—	—	—
Release of disproportionate tax effects lodged in OCI	3,400	—	—	—	—	—	—
Net income available to common shareholders – operating	\$ 28,220	\$ 23,923	\$ 106,659	\$ 83,118	\$ 67,181	\$ 261,062	\$ 21,708
Diluted income per common share reconciliation							
Diluted income per common share (GAAP)	\$.33	\$.31	\$ 1.40	\$ 1.09	\$ 1.11	\$ 4.44	\$.38

Merger-related and other charges	.01	.02	.07	.18	—	—	—
Impairment of deferred tax asset on cancelled non-qualified stock options	—	—	.01	—	—	—	—
Release of disproportionate tax effects lodged in OCI	.05	—	—	—	—	—	—
Diluted income per common share – operating	\$.39	\$.33	\$ 1.48	\$ 1.27	\$ 1.11	\$ 4.44	\$.38

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	At or for the Three Months Ended March 31,		For the Years Ended December 31,				
	2017	2016	2016	2015	2014	2013	2012
	(in thousands, except per share data)						
Book value per common share reconciliation							
Book value per common share (GAAP)	\$ 15.40	\$ 14.35	\$ 15.06	\$ 14.02	\$ 12.20	\$ 11.30	\$ 6.67
Effect on goodwill and other intangibles	(2.10)	(1.95)	(2.11)	(1.96)	(.05)	(.04)	(.10)
Tangible book value per common share	\$ 13.30	\$ 12.40	\$ 12.95	\$ 12.06	\$ 12.15	\$ 11.26	\$ 6.57
Return on tangible common equity reconciliation							
Return on common equity (GAAP)	8.54%	8.57%	9.41%	8.15%	9.17%	46.72%	5.43%
Merger-related and other charges	.47	.63	.48	1.33	—	—	—
Impairment of deferred tax asset on cancelled non-qualified stock options	—	—	.09	—	—	—	—
Release of disproportionate tax effects lodged in OCI	1.24	—	—	—	—	—	—
Return on common equity – operating	10.25	9.20	9.98	9.48	9.17	46.72	5.43
Effect on goodwill and other intangibles	1.85	1.71	1.88	.76	.15	.63	.84
Return on tangible	12.10%	10.91%	11.86%	10.24%	9.32%	47.35%	6.27%

common equity – operating							
Return on assets reconciliation							
Return on assets (GAAP)	.89%	.93%	1.00%	.85%	.91%	3.86%	.49%
Merger-related and other charges	.05	.07	.05	.13	—	—	—
Impairment of deferred tax asset on cancelled non-qualified stock options	—	—	.01	—	—	—	—
Release of disproportionate tax effects lodged in OCI	.13	—	—	—	—	—	—
Return on assets – operating	1.07%	1.00%	1.06%	.98%	.91%	3.86%	.49%
Dividend payout ratio reconciliation							
Dividend payout ratio (GAAP)	27.27%	22.58%	21.43%	20.18%	9.91%	—%	—%
Merger-related and other charges	(.98)	(1.37)	(1.02)	(2.86)	—	—	—
Impairment of deferred tax asset on cancelled non-qualified stock options	—	—	(.14)	—	—	—	—
Release of disproportionate tax effects lodged in OCI	(3.21)	—	—	—	—	—	—
Dividend payout ratio – operating	23.08%	21.21%	20.27%	17.32%	9.91%	—%	—%
Efficiency ratio reconciliation							
Efficiency ratio (GAAP)	59.29%	61.94%	59.80%	63.96%	58.26%	63.14%	65.43%

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Merger-related and other charges	(1.94)	(2.84)	(2.02)	(5.45)	—	—	—
Efficiency ratio – operating	57.35%	59.10%	57.78%	58.51%	58.26%	63.14%	65.43%
Average equity to assets reconciliation							
Equity to assets (GAAP)	10.24%	10.72%	10.54%	10.27%	9.69%	10.35%	8.47%
Effect of goodwill and other intangibles	(1.28)	(1.31)	(1.33)	(.53)	(.02)	(.04)	(.09)
Tangible equity to assets	8.96	9.41	9.21	9.74	9.67	10.31	8.38
Effect of preferred equity	—	(.09)	(.02)	(.08)	(.07)	(2.76)	(2.84)
Tangible common equity to assets	8.96%	9.32%	9.19%	9.66%	9.60%	7.55%	5.54%
Tangible common equity to risk-weighted assets reconciliation							
Tier 1 capital ratio (Regulatory)	11.46%	11.32%	11.23%	11.45%	12.06%	12.74%	14.16%
Effect of other comprehensive income	(.24)	(.25)	(.34)	(.38)	(.35)	(.39)	(.51)
Effect of deferred tax limitation	1.13	1.85	1.26	2.05	3.11	4.26	—
Effect of trust preferred	(.25)	(.08)	(.25)	(.08)	(1.00)	(1.04)	(1.15)
Effect of preferred equity	—	—	—	(.15)	—	(2.39)	(4.24)
Basel III intangibles transition adjustment	(.03)	(.07)	(.06)	(.10)	—	—	—
Basel III disallowed investments	—	—	—	.03	—	—	—
Tangible common equity	12.07%	12.77%	11.84%	12.82%	13.82%	13.18%	8.26%

to risk-weighted
assets

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SUMMARY CONSOLIDATED FINANCIAL INFORMATION OF HCSB

We are providing the following information to help you analyze the financial aspects of the merger. The following tables set forth summary historical operations and financial condition data and summary performance, asset quality and other information of HCSB at and for the periods indicated, which is derived from HCSB's historical consolidated financial statements. You should read this data in conjunction with HCSB's Consolidated Financial Statements and notes thereto incorporated herein by reference from HCSB's Annual Report on Form 10-K, as amended on Form 10-K/A, for the year ended December 31, 2016 and HCSB's quarterly report on Form 10-Q for the quarter ended March 31, 2017. Financial amounts as of and for the three months ended March 31, 2017 and 2016 are unaudited and are not necessarily indicative of the results of operations for the full year or any other interim period, and management of HCSB believes that such amounts reflect all adjustments (consisting only of normal recurring adjustments) necessary for a fair statement of its results of operations and financial position as of the dates and for the periods indicated. You should not assume the results of operations for past years and for the three months ended March 31, 2017 and 2016 indicate results for any future period.

	At and for the Three Months Ended March 31,		At and for the Years Ended December 31,				2012
	2017	2016	2016	2015	2014	2013	
(in thousands, except share and per share data)							
STATEMENTS OF INCOME							
Interest income	\$ 3,259	\$ 2,989	\$ 12,368	\$ 13,726	\$ 16,095	\$ 17,071	\$
Interest expense	637	1,046	2,972	4,454	5,054	5,301	
Net interest income	2,622	1,943	9,396	9,272	11,041	11,770	
Provision for loan losses	—	1,424	3,923	—	1,061	(1,497)	
Net interest income after provision for loan losses	2,622	519	5,473	9,272	9,980	13,267	
Noninterest income	413	416	20,614	3,135	3,556	3,956	
Noninterest expense	2,742	4,218	19,231	12,626	13,749	15,460	
Net income (loss) before provision for income taxes	293	(3,283)	6,856	(219)	(213)	1,763	
Provision for income taxes	—	—	610	27	78	—	
Net income (loss) before provision (benefit) for income taxes	293	(3,283)	6,246	(246)	(291)	1,763	
	—	(398)	—	(1,512)	(1,112)	(852)	

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Preferred dividends and accretion of preferred shares							
Gain on redemption of preferred shares	—	—	13,778	—	—	—	
Net income (loss) available to common shareholders	\$ 293	\$ (3,681)	\$ 20,024	\$ (1,758)	\$ (1,403)	\$ 911	\$
COMMON AND PER SHARE DATA							
Net income (loss) per common share:							
Basic	\$ 0.00	\$ (0.96)	\$ 0.07	\$ (0.46)	\$ (0.37)	\$ 0.24	\$
Diluted	0.00	(0.96)	0.07	(0.46)	(0.37)	0.24	
Cash dividends declared per common share	—	—	—	—	—	—	
Book value per common share	0.07	(7.16)	0.07	(6.54)	(6.33)	(7.83)	
Outstanding common shares	495,763,940	3,846,340	495,763,940	3,846,340	3,816,340	3,738,337	
Weighted average basic common shares	468,013,940	3,846,340	301,460,946	3,823,244	3,770,355	3,738,337	
Weighted average diluted common shares	469,054,565	3,846,340	307,252,250	3,823,244	3,770,355	3,738,337	
Dividend payout ratio	n/a%	n/a%	n/a%	n/a%	n/a%	n/a%	
PERIOD-END BALANCES							
Total assets	\$ 384,014	\$ 363,363	\$ 375,934	\$ 361,423	\$ 421,447	\$ 434,586	\$
Investment securities available for sale, at fair value	104,341	83,205	106,529	89,701	106,674	94,602	
Total loans, including loans held for sale	229,033	199,635	215,112	209,367	235,543	256,424	
Deposits	322,339	335,461	313,269	330,831	391,337	406,044	

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Federal Home Loan Bank advances	24,000	17,000	24,000	17,000	17,000	22,000
Shareholders' equity	36,112	(14,648)	35,327	(12,250)	(11,247)	(16,442)

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	At and for the Three Months Ended March 31,		At and for the Years Ended December 31,				
	2017	2016	2016	2015	2014	2013	2012
	(in thousands, except share and per share data)						
AVERAGE BALANCES							
Total assets	\$ 376,161	\$ 360,123	\$ 377,660	\$ 400,538	\$ 444,720	\$ 459,000	\$ 521,205
Interest-earning assets	346,097	319,395	342,258	352,035	392,985	401,946	477,476
Investment securities available for sale, at fair value	105,773	86,902	92,970	95,602	112,679	81,560	94,901
Total loans, including loans held for sale	218,316	205,314	205,048	226,365	249,358	280,208	337,445
Deposits	313,697	329,345	324,256	369,744	411,911	425,760	475,998
Federal Home Loan Bank advances	24,000	17,000	18,186	17,000	21,685	22,000	22,000
Other borrowings	—	17,248	6,247	18,338	18,360	19,375	24,475
Shareholders' equity	35,756	(11,856)	24,577	(11,234)	(12,850)	(12,435)	(5,093)
SELECT PERFORMANCE RATIOS							
Return on average assets	0.32%	(3.57)%	1.65%	(0.06)%	(0.07)%	0.38%	(1.83)%
Return on average shareholders' equity	3.33	n/a	25.41	n/a	n/a	n/a	n/a
Net interest margin	3.08	2.45	2.75	2.63	2.81	2.93	2.96
CAPITAL RATIOS							
Average shareholders' equity as a percentage of average assets	9.51%	(3.29)%	6.51%	(2.80)%	(2.89)%	(2.71)%	(0.98)%
Shareholders' equity as a percentage of assets	9.40	(4.03)	9.40	(3.39)	(2.67)	(3.78)	(2.51)
	15.02	(5.97)	15.54	(4.15)	(3.61)	(3.19)	(3.44)

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Tier 1 risk-based capital							
Total risk-based capital	16.27	(5.97)	16.80	(4.15)	(3.61)	(3.19)	(3.44)
Tier 1 leverage	10.29	(3.86)	10.15	(2.87)	(2.36)	(2.23)	(2.34)
ASSET QUALITY INFORMATION							
Allowance for loan losses	\$ 3,717	\$ 3,719	\$ 3,750	\$ 4,601	\$ 5,787	\$ 9,443	\$ 14,150
Nonaccrual loans	1,915	6,115	2,025	8,742	11,661	10,631	22,567
Nonperforming assets	4,532	17,385	4,912	22,366	31,332	35,603	42,188
Loans 90 days past due and still accruing interest	—	—	—	—	170	—	157
Net loans charged-off	33	2,306	4,774	1,186	4,717	3,210	17,558
Allowance for loan losses as a percentage of gross loans	1.62%	1.86%	1.74%	2.20%	2.46%	3.68%	4.68%
Nonaccrual loans and loans 90 days past due and still accruing interest as a percentage of gross loans	0.84	3.06	0.94	4.18	5.02	4.15	7.52
Nonperforming assets and loans 90 days past due and still accruing interest as a percentage of total assets	1.18	4.78	1.31	6.19	7.43	8.19	9.00
Net loans charged-off as a percentage of average gross loans	0.06	4.32	2.33	0.52	1.89	1.15	5.20
OTHER DATA							
Number of full-service branches	8	8	8	8	11	11	11
Number of full-time equivalent	80	89	81	90	105	104	111

teammates

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COMPARATIVE PER COMMON SHARE DATA

The following table shows per common share data regarding basic and diluted earnings, cash dividends and book value for (i) United and HCSB on a historical basis, (ii) United and HCSB on a pro forma combined basis, and (iii) HCSB on a pro forma equivalent basis. The pro forma information has been derived from and should be read in conjunction with United's and HCSB's audited consolidated financial statements for the year ended December 31, 2016 and United's and HCSB's unaudited consolidated financial statements for the quarter ended March 31, 2017 incorporated herein by reference. This information is presented for illustrative purposes only. You should not rely on the pro forma combined or pro forma equivalent amounts as they are not necessarily indicative of the operating results or financial position that would have occurred if the merger had been completed as of the dates indicated, nor are they necessarily indicative of the future operating results or financial position of the combined company. The pro forma information, although helpful in illustrating the financial characteristics of the combined company under one set of assumptions, does not reflect the benefits of expected cost savings, opportunities to earn additional revenue, the impact of restructuring and merger-related costs, or other factors that may result as a consequence of the merger and, accordingly, does not attempt to predict or suggest future results.

Unaudited Comparative Per Common Share Data

	United	HCSB	United Pro Forma Combined	HCSB Pro Forma Equivalent Per Share(1)
Basic Earnings				
Year ended December 31, 2016	\$ 1.40	\$.07	\$ 1.64	\$.01
Three months ended March 31, 2017	\$.33	\$.00	\$.32	\$.00
Diluted Earnings				
Year ended December 31, 2016	\$ 1.40	\$.07	\$ 1.64	\$.01
Three months ended March 31, 2017	\$.33	\$.00	\$.32	\$.00
Cash Dividends Declared(2)				
Year ended December 31, 2016	\$.30	\$.00	\$.30	\$.00
Three months ended March 31, 2017	\$.09	\$.00	\$.09	\$.00
Book Value				
December 31, 2016	\$ 15.06	\$.07	\$ 15.04	\$.08
March 31, 2017	\$ 15.40	\$.07	\$ 15.37	\$.08

(1)

Computed by multiplying the United pro forma combined amounts by the exchange ratio of 0.0050.

(2)

United pro forma combined cash dividends paid are based only upon United's historical amounts.

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RISK FACTORS

In addition to the other information, including risk factors, incorporated by reference herein from United's Annual Report on Form 10-K for the year ended December 31, 2016, you should carefully read and consider the following factors in evaluating the merger.

Because the market price of United common stock will fluctuate, HCSB shareholders cannot be sure of the value of the merger consideration they will receive.

Upon completion of the merger, each share of HCSB common stock will be converted into the merger consideration consisting of shares of United common stock. The market value of the merger consideration received by HCSB shareholders will vary with the price of United's common stock, and there will be no adjustment to the merger consideration for changes in the market price of either shares of United common stock or shares of HCSB common stock. United's stock price changes daily as a result of a variety of other factors in addition to the business and relative prospects of United, including general market and economic conditions, industry trends, and the regulatory environment. These factors are beyond United's control. Therefore, at the time of the special meeting, holders of HCSB common stock will not know the precise market value of the consideration they will receive at the effective time of the merger. Shareholders should obtain current market quotations for shares of United common stock and for shares of HCSB common stock.

HCSB's officers and directors have interests in the merger in addition to or different from the interests that they share with you as a HCSB shareholder.

Some of HCSB's executive officers participated in negotiations of the merger agreement with United, and the HCSB Board of Directors approved the merger agreement and is recommending that HCSB shareholders vote for the merger agreement. In considering these facts and the other information contained in these materials, you should be aware that certain of HCSB's executive officers and directors have economic interests in the merger that are different from or in addition to the interests that they share with you as a HCSB shareholder. These interests include, upon the completion of the merger, the payment of certain amounts to Jan H. Hollar, J. Rick Patterson, and W. Jack McElveen under existing employment agreements and the acceleration of vesting of outstanding HCSB restricted common stock held by these executive officers and other HCSB employees. See "Proposal No.1 — The Merger — Interests of the Directors and Officers of HCSB in the Merger" on page 42.

United may be unable to successfully integrate Horry County State Bank's operations and retain its key employees. The merger involves the integration of two companies that previously operated independently. The difficulties of combining the companies' operations include integrating personnel, departments, systems, operating procedures and information technologies and retaining key employees. Failures in integrating operations or the loss of key personnel could have a material adverse effect on the business and results of operations of the combined company.

Regulatory approvals may not be received, may take longer than expected or may impose conditions that are not presently anticipated or cannot be met.

Before the transactions contemplated by the merger agreement, including the merger and the bank merger, may be completed, various approvals must be obtained from bank regulatory authorities. These governmental entities may impose conditions on the granting of such approvals. Such conditions or changes and the process of obtaining regulatory approvals could have the effect of delaying completion of the merger or of imposing additional costs or limitations on United following the merger. The regulatory approvals may not be received at all, may not be received in a timely fashion, and may contain conditions on the completion of the merger that are not anticipated or cannot be met. If the consummation of the merger is delayed, including by a delay in receipt of necessary governmental approvals, the business, financial condition and results of operations of each company may also be materially adversely affected.

If the merger is not completed, United common stock and HCSB common stock could be materially adversely affected.

The merger is subject to customary conditions to closing, including the approval of the HCSB shareholders. In addition, United and HCSB may terminate the merger agreement under certain

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circumstances. If United and HCSB do not complete the merger, the market price of United common stock or HCSB common stock may fluctuate to the extent that the current market prices of those shares reflect a market assumption that the merger will be completed. Further, whether or not the merger is completed, United and HCSB will also be obligated to pay certain investment banking, legal and accounting fees and related expenses in connection with the merger, which could negatively impact results of operations when incurred. In addition, neither company would realize any of the expected benefits of having completed the merger. If the merger is not completed, United and HCSB cannot assure their respective shareholders that additional risks will not materialize or not materially adversely affect the business, results of operations and stock prices of United and HCSB.

The termination fee contained in the merger agreement may discourage other companies from trying to acquire HCSB.

HCSB has agreed to pay a termination fee of \$2.0 million to United if, under certain circumstances, the merger agreement is terminated and, at the time of termination, a competing offer is outstanding or such offer has been accepted by HCSB. This fee could discourage other companies from trying to acquire HCSB.

HCSB shareholders will have a reduced ownership and voting interest after the merger and will exercise less influence over management.

HCSB shareholders currently have the right to vote in the election of the HCSB Board of Directors and on other matters affecting HCSB. Upon the completion of the merger, each HCSB shareholder receiving shares of United common stock in accordance with the merger agreement will be a shareholder of United with a percentage ownership of United that is smaller than such shareholder's current percentage ownership of HCSB. It is currently expected that the former shareholders of HCSB as a group will receive shares in the merger constituting approximately [•]% of the outstanding shares of United's common stock immediately after the merger. Because of this, HCSB shareholders will have less influence on the management and policies of United than they now have on the management and policies of HCSB.

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PROPOSAL NO. 1 — THE MERGER

Background of the Merger

Following the recapitalization of HCSB in April 2016, as part of its ongoing consideration and evaluation of its long-term prospects and strategies, the HCSB Board of Directors and senior management have regularly reviewed and assessed its business strategies and objectives, all with the goal of enhancing long-term value for its shareholders. The HCSB Board of Directors' reviews and assessments have included discussions regarding strategic alternatives, including capital planning, efforts to improve earnings (such as revenue increases and expense reductions), and growth strategies (such as organic growth and mergers and acquisitions). The HCSB Board of Directors conducted strategic planning meetings that have included the use of outside advisors who have provided reviews of factors influencing the financial institutions industry generally and HCSB in particular (including the economic, interest rate and regulatory environment); the competitive landscape of community banking participants in South Carolina, the Southeast region and nationally; public trading prices of financial institution stocks; and financial institution merger and acquisition activity and valuations. These strategic planning meetings have included discussions regarding potential business considerations, economies of scale, increased client service, and shareholder value benefits that might be achieved if HCSB were to become a larger institution through acquisitions or a merger with a larger financial institution.

The HCSB Board of Directors and HCSB's executive officers have also been contacted from time to time by various investment bankers and financial institutions, including United, who expressed a general interest in exploring strategic alternatives in the event that HCSB were to seek a merger partner. These contacts occurred through impromptu meetings at investor conferences and financial institutions industry conferences and other informal meetings and telephone calls. These meetings and the other inquiries that had been received from various institutions involved general discussions regarding a potential merger but did not involve specific proposed transaction terms.

On July 12, 2016, Jan Hollar, the Chief Executive Officer of HCSB, and Lynn Harton, the President and Chief Operating Officer of United, met to discuss, among other things, their prior experiences with financial institutions business combinations and, in particular, Mr. Harton's past experience with acquiring distressed financial institutions. Ms. Hollar and Mr. Harton were familiar with one another as a result of previous business relationships and, specifically, United's investment in HCSB as part of HCSB's private placement transaction that was consummated in April 2016.

On October 21, 2016, an executive officer of a financial institution (referred to herein as "Institution A") contacted Ms. Hollar to express Institution A's interest in pursuing strategic alternatives with HCSB. Ms. Hollar agreed to meet with the Institution A executive, and the parties met on November 18, 2016 in Myrtle Beach, South Carolina to discuss HCSB, Institution A and the financial institutions industry in general. At the conclusion of the meeting, the Institution A executive informed Ms. Hollar that Institution A's investment banker would contact her.

On November 28, 2016, Institution A's investment banker contacted Ms. Hollar and stated that Institution A had an interest in exploring a business combination with HCSB.

On November 29, 2016, the HCSB Board of Directors met by telephone, and HCSB's outside legal counsel, Nelson Mullins Riley & Scarborough, LLP ("Nelson Mullins"), also participated in the meeting. At this meeting, Ms. Hollar informed the HCSB Board of Directors that she had been contacted by Institution A and its investment banker about Institution A's interest in exploring a business combination with HCSB. Ms. Hollar also informed the HCSB Board of Directors that she had previously held conversations with executives from two other institutions, one of which was United, who had expressed interest in discussing a business combination when HCSB concluded the time was right. She further indicated that, should the HCSB Board of Directors decide to explore strategic alternatives, HCSB's investment banker, Hovde Group, LLC ("Hovde"), recommended expanding the pool of potential strategic partners to obtain a better indication of HCSB's value. During this meeting, Nelson Mullins discussed the fiduciary duties of the HCSB Board of Directors in connection with business combination transactions. Finally, Ms. Hollar sought guidance from the HCSB Board of Directors on whether to proceed with further discussions with any potential business combination partners. After discussion, the HCSB Board of

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Directors unanimously authorized management and Hovde to explore business combination opportunities with suitable candidates.

On December 9, 2016, Ms. Hollar met with Mr. Harton in Greenville, South Carolina, and Mr. Harton expressed United's interest in exploring a potential business combination with HCSB. On December 13, 2016, Mr. Harton and Ms. Hollar spoke again by phone to discuss United's interest in conducting due diligence on HCSB for purposes of pursuing a potential business combination with HCSB.

At its regularly scheduled meeting on December 15, 2016, the HCSB Board of Directors discussed the status of the search for potential business combination partners. Ms. Hollar reported that, with Hovde's assistance, management had identified eight institutions, including United and Institution A, that management believed would be attractive potential business combination partners, taking into account the institution's likely interest in HCSB, ability and willingness to offer an attractive share price, current regulatory standing, current merger and acquisition activity, and likely timing for a transaction.

This list of potential business combination partners included United, Institution A, and six other financial institutions, all of which Ms. Hollar or Hovde had had general conversations with since the last meeting of the HCSB Board of Directors. Six of these eight financial institutions, including United and Institution A, expressed interest in being included if HCSB were to commence a formal process of searching for a business combination partner. Following Ms. Hollar's report, the HCSB Board of Directors discussed the process and timing of a potential business combination and the pros and cons of proceeding at this time or waiting until a later date. After a thorough discussion, due to the existence of multiple interested financial institutions that the HCSB Board of Directors believed to be viable candidates to successfully execute a business combination, the HCSB Board of Directors unanimously authorized management to proceed with discussions with the six interested financial institutions.

At the regularly scheduled meeting of the HCSB Board of Directors on January 19, 2017, Ms. Hollar provided the HCSB Board of Directors with an update on the status of the search for a potential business combination partner, and the HCSB Board of Directors agreed formally to engage Hovde as its financial advisor for a potential business combination.

Over the next several weeks, HCSB or Hovde held discussions with each of the interested parties, and HCSB executed non-disclosure agreements with Institution A and United and began to provide each of them with due diligence materials. During February 2017, Hovde created an electronic data room containing the due diligence materials provided by HCSB, and United and Institution A were each granted access to the data room.

At its regularly scheduled board meeting on February 16, 2017, Ms. Hollar updated the HCSB Board of Directors on the status of the search for a potential business combination partner, including the on-going discussions with United and Institution A. Ms. Hollar informed the HCSB Board of Directors that the other four institutions were not in a position to continue discussions at this time due to their involvement in other matters. After discussion, the HCSB Board of Directors directed management to proceed with formal due diligence and negotiations with United and Institution A.

On February 21, 2017, Ms. Hollar and Rick Patterson, the Chief Operating Officer of HCSB, met in Greenville, South Carolina with Mr. Harton and Chris Zych, the Director of Mergers and Acquisitions and Management Reporting of United, to discuss due diligence and general matters associated with a potential business combination between the parties. Ms. Hollar and Mr. Patterson held a similar meeting on March 2, 2017 with executive officers of Institution A. Prior to these meetings, HCSB did not discuss specific proposed transaction terms with either United or Institution A. On March 7, 2017, the HCSB Board of Directors met, together with Hovde and Nelson Mullins, to discuss the preliminary non-binding letters of intent that had been received from United and Institution A. United's letter of intent proposed a fixed exchange ratio of 0.0050 shares of United common stock for each share of HCSB common stock. Based on the closing price of United common stock on March 6, 2017, this exchange ratio implied a price of \$0.1442 per share of HCSB common stock. Institution A's letter of intent proposed a floating exchange ratio, leading to a fixed merger consideration of \$0.125 per share, consisting of 100% Institution A common stock.

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Hovde discussed the letters of intent with the HCSB Board of Directors, providing a comparison of the terms and the financial metrics of the two offers and a summary of the negotiations that had led to these offers. Hovde also advised the HCSB Board of Directors regarding selected precedent merger transactions and discussed HCSB's prospects as an independent institution. This discussion included a review of HCSB's earnings projections as an independent financial institution prepared by certain members of senior management of HCSB for the years ending December 31, 2017 through 2022 based on execution of HCSB's current business strategy and Hovde's net present value sensitivity analysis of HCSB's estimated valuation based on such earnings projections. Hovde also reviewed each potential merger partner's branch map, comparative loan and deposit composition, historical financial information, historical stock price performance, analyst estimates and recommendations, shareholder base, current peer trading multiples, management and board of directors, historical merger activity, market capitalization and stock trading volume and liquidity, potential merger financial impact, and transaction pricing or form of consideration mix sensitivity analysis. Hovde further discussed with the HCSB Board of Directors selected proposed nonfinancial terms (including the retention of HCSB officers, board representation, severance for HCSB employees and proposed timing of due diligence and signing of a definitive agreement), strategic fit, and integration factors (including each partner's business model and strategy, primary operating market and senior management). Nelson Mullins also participated in the discussion and reviewed the fiduciary duties of the HCSB Board of Directors in connection with business combination transactions.

The HCSB Board of Directors then discussed the opportunities and risks associated with each of the two letters of intent, including the potential value of the merger consideration and the likelihood that a merger would ultimately be consummated on the terms reflected in the letters of intent. The HCSB Board of Directors discussed the opportunities and risks associated with HCSB remaining an independent institution, particularly in light of the potential continuing low interest rate environment, bank regulatory pressures and increasing compliance and other costs, the high level of competition from larger institutions and community banks in HCSB's market, regulatory considerations, and variable economic conditions. The HCSB Board of Directors also discussed recent increases in financial institution merger and acquisition activity levels and valuations and the current trading prices of some of HCSB's possible merger partners, which might enable such parties to execute a merger with HCSB on reasonably attractive financial terms.

Following this discussion, the HCSB Board of Directors unanimously determined to continue negotiations with United but asked Hovde to seek an increase in the merger consideration.

On March 9, 2017, the HCSB Board of Directors met again with representatives of Nelson Mullins to discuss the United offer. During this meeting, Ms. Hollar informed the HCSB Board of Directors that United was unwilling to increase its proposed merger consideration as it believed that its current offer represented the full value of HCSB. The HCSB Board of Directors reviewed the United proposal again and compared it against other alternatives, including remaining independent. The HCSB Board of Directors noted that there had been some recent trading in HCSB stock at prices materially higher than the implied value of United's per share offer, including recent trades at \$.38 per share. The HCSB Board of Directors noted, however, that the trading volume in HCSB's stock was extremely light and sporadic, with an average daily trading volume since January 1, 2017 of less than .005% of the outstanding shares, and that the recent trading prices were not indicative of the actual value of HCSB common stock. Following this discussion, the HCSB Board of Directors unanimously approved the United letter of intent and authorized management to negotiate a definitive agreement with United.

Over the next several weeks, HCSB and United and their respective advisers engaged in additional due diligence (including HCSB performing "reverse" due diligence on United which included, among other actions, meetings of the HCSB management team with members of United's management team and reviews of analyst reports) and negotiated the terms of the merger agreement and the related ancillary agreements.

On April 10 2017, the HCSB Board of Directors held a meeting, with Hovde and Nelson Mullins participating, to review a near-final draft of the merger agreement and to discuss the reverse due diligence findings. Hovde rendered its oral opinion, subsequently confirmed in writing, that, as of April 10, 2017 and based upon and subject to the assumptions made, procedures followed, matters considered and limitations on the review undertaken as set forth in its opinion, the proposed merger consideration was fair, from a financial point of view, to the HCSB shareholders. Ms. Hollar reported that United was still completing its

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diligence on HCSB, which she anticipated would be finalized within the next seven to ten days but which she did not believe would result in any proposed changes to the merger terms. After further discussion, the HCSB Board of Directors unanimously approved the merger agreement and authorized Ms. Hollar to execute the agreement on behalf of HCSB upon completion of United's diligence review. On April 18, 2017, United completed its final diligence review, with no changes proposed to the merger terms.

The merger agreement was entered into on April 19, 2017. On the morning of April 20, 2017, HCSB and United issued a joint news release publicly announcing the merger agreement.

United's Reasons for the Merger

United's board of directors believes that the completion of the merger presents a unique opportunity for United to further its growth strategy in coastal South Carolina. The terms of the merger, including the merger consideration, are the result of arm's-length negotiations between representatives of United and HCSB. In reaching its decision to approve the merger, United's board of directors consulted with its legal advisors regarding the terms of the transaction and with management of United. In approving the entry into the merger agreement, United's board of directors considered the following material factors:

- HCSB's strategic presence around the attractive Myrtle Beach market will further United's strategic focused coastal South Carolina growth plan;
- HCSB's and United's respective management teams share a common business vision and commitment to their respective clients, shareholders, employees and other constituencies;
- The two companies have complementary service-focused business models;
- United's management believes that the merger will be accretive to United's earnings per share in the first full year (excluding one-time charges) due to a combination of revenue synergies, cost efficiencies and other cost savings opportunities for the combined company; and
- The merger is likely to provide an increase in shareholder value, including the benefits of a stronger strategic position.

United's board of directors also considered potential risks associated with the merger in connection with its deliberations of the proposed transaction, including the challenges of integrating HCSB's business, operations and workforce with those of United, the potential negative impact on United's stock price and the need to obtain shareholder and regulatory approvals in order to complete the transaction.

United's board of directors considered all of these factors as a whole and, on balance, United's board of directors believes that the opportunities created by the merger to increase the value of United's franchise more than offset any integration or other risks inherent in the merger.

The foregoing discussion of the information and factors considered by United's board of directors is not exhaustive, but includes the material factors considered by United's board of directors. In view of the wide variety of factors considered by United's board of directors in connection with its evaluation of the merger and the complexity of these matters, United's board of directors did not consider it practical to, nor did it attempt to, quantify, rank or otherwise assign relative weights to the specific factors that it considered in reaching its decision. In considering the factors described above, individual members of United's board of directors may have given different weights to different factors.

On the basis of these considerations, United's entry into the merger agreement was unanimously approved by United's board of directors on April 13, 2017.

HCSB's Reasons for the Merger and Recommendation of the HCSB Board of Directors

It should be noted that the explanation of the reasoning of the HCSB Board of Directors and certain information presented in this section is forward-looking in nature and should be read in light of the factors set forth in the section entitled “Special Note Regarding Forward-Looking Statements.”

In reaching its decision to approve the merger agreement and recommend that HCSB’s shareholders approve the merger agreement, in addition to relying on personal knowledge of HCSB, United and the banking industry, the HCSB Board of Directors consulted with outside financial and legal advisors,

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reviewed various financial data and due diligence information, and considered the views of HCSB's Chief Executive Officer, who is also a director. After such consultation and review, and after considering HCSB's future prospects as an independent company and its strategic alternatives, the HCSB Board of Directors concluded that the proposed merger with United was in the best interests of HCSB and its shareholders.

In evaluating the merger agreement and reaching its decision to approve the merger agreement and recommend that HCSB shareholders approve the merger agreement, the HCSB Board of Directors considered a number of factors, which it reviewed with its outside financial and legal advisors, including the following, which are not intended to be exhaustive and are not presented in any relative order of importance:

- the length of time to sufficiently improve HCSB's financial condition to enable the company to remove the valuation allowance on its deferred tax asset;
- the fact that 100% of the HCSB shares of common stock will be converted into the right to receive United common stock in the merger, which will allow HCSB shareholders who desire to do so to participate substantially in the future performance of the combined HCSB and United business and the potential synergies resulting from the merger;
- the greater liquidity in the trading market for United common stock relative to the trading market for HCSB common stock;
- the current and prospective business and economic environment of the markets served by HCSB, including the competitive environment in HCSB's markets, the pressure on net interest margins resulting from a low interest rate environment, the continuing consolidation of the financial services industry, the increased regulatory burdens on financial institutions and the uncertainties in the regulatory climate going forward, and the escalating need for investment in technology;
- the regular quarterly cash dividend declared and historically paid by United on outstanding shares of its common stock;
- the views of the HCSB Board of Directors with respect to other potential HCSB strategic alternatives, including remaining independent, competing for organic growth, pursuing other merger partners, making acquisitions or engaging in share repurchases;
- the overall greater scale that will be achieved by the merger, which should better position the combined company for growth and profitability;
- the business, earnings, operations, financial condition, management, prospects, capital levels, technology and asset quality of both HCSB and United, taking into account the results of HCSB's due diligence of United;
- the financial analysis prepared by Hovde, HCSB's financial advisor, and the opinion delivered to the HCSB Board of Directors by Hovde, to the effect that, as of April 10, 2017 and based upon and subject to the assumptions, limitations, qualifications and conditions described in such opinion, the merger consideration was fair, from a financial point of view, to the HCSB shareholders;

- the financial terms of recent business combinations in the financial services industry reviewed by the HCSB Board of Directors and a comparison of the multiples paid in such selected business combinations with the terms of the merger, including information that was included in the Hovde fairness opinion analysis that indicated that the merger consideration, as a percentage of adjusted tangible book value and as a multiple of earnings, was higher than the comparable nationwide transactions group median and the comparable Southeast transactions group median and the merger consideration represented a core deposit premium that was also higher than the comparable nationwide transactions group median and the comparable Southeast transactions group median;
- the results of HCSB's exploration of possible merger partners other than United, and the views of the HCSB Board of Directors with respect to the likelihood of any such other merger occurring and providing greater value to HCSB shareholders;

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- the views of the HCSB Board of Directors with respect to the complementary aspects of the HCSB and United businesses, including customer focus, geographic coverage, business orientation and compatibility of the companies' management and operating styles, which the HCSB Board of Directors believes should facilitate integration and enhance the likelihood of successful post-merger operations;
- the belief of the HCSB Board of Directors that combining the two companies presents potential opportunities to realize operational, technological, marketing and other synergies resulting from the merger;
- the HCSB Board of Directors' understanding of United's commitment to enhancing its strategic position in South Carolina and in the Southeast region;
- the views of the HCSB Board of Directors as to the likelihood that the regulatory approvals necessary to complete the merger would be obtained;
- the views of the HCSB Board of Directors as to the ability of United's management team to successfully integrate and operate the business of the combined company after the merger;
- the effect of the merger on HCSB's officers and employees, including the prospects for continued employment and the severance and other benefits agreed to be provided by United to employees of HCSB; and
- the fact that HCSB shareholders would be entitled to dissenters' rights in connection with the merger.

The HCSB Board of Directors also considered a variety of risks and other potentially negative factors concerning the merger, including the following, which are not intended to be exhaustive and are not presented in any relative order of importance:

- the fact that the estimated value of the merger consideration represents a discount to sporadic and limited recent trading prices of HCSB common stock;
- if the market price of United's common stock decreases prior to completion of the merger, the aggregate value of consideration to be received by HCSB's shareholders receiving stock in the merger will decrease as well;
- the fact that HCSB would be prohibited from affirmatively soliciting acquisition proposals after execution of the merger agreement, and the possibility that, while it was not viewed as precluding other proposals, the \$2 million termination fee payable by HCSB upon the termination of the merger agreement under certain circumstances could potentially discourage certain other potential acquirers from making a competing offer to acquire HCSB;
- HCSB will lose the autonomy and local strategic decision-making capability associated with being an independent financial institution;

- the possibility that the merger and the related integration process could result in the loss of key employees, in the disruption of HCSB's ongoing business and in the loss of customers for the combined company;
- the fact that, while HCSB expects that the merger will be consummated, there can be no assurance that all conditions to the parties' obligations to complete the merger agreement will be satisfied, including the risk that certain regulatory approvals, the receipt of which are conditions to the consummation of the merger, might not be obtained, and, as a result, the merger may not be consummated;
- the fact that HCSB's officers and employees will have to focus on actions required to complete the merger, which will divert their attention from HCSB's day-to-day business, and that HCSB will incur substantial transaction costs even if the merger is not consummated;

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- the risk that potential benefits and synergies sought in the merger may not be realized or may not be realized within the expected time period, and the risks associated with the integration of the two companies;

- the restrictions on the conduct of HCSB's business prior to the completion of the merger, which are customary for public company merger agreements involving financial institutions, but which, subject to specific exceptions, could delay or prevent HCSB from undertaking business opportunities that may arise or any other action it would otherwise take with respect to the operations of HCSB absent the pending completion of the merger;

- the significant risks and costs involved in connection with entering into and completing the merger, or failing to complete the merger in a timely manner, or at all, including as a result of any failure to obtain required regulatory approvals, such as the risks and costs relating to diversion of management and employee attention from other strategic opportunities and operational matters, potential employee attrition, and the potential effect on business and customer relationships; and

- the possibility of litigation in connection with the merger.

In addition, the HCSB Board of Directors was aware of and considered the fact that some of HCSB's directors and executive officers may have other interests in the merger that may be different from, or in addition to, their interests as HCSB shareholders, as more fully described under "Proposal No. 1 — The Merger — Interests of HCSB's Directors and Executive Officers in the Merger." The HCSB Board of Directors also realized that there can be no assurance about future results, including results expected or considered in the factors listed above. However, the HCSB Board of Directors concluded that the potential positive factors outweighed the risks and other potentially negative factors associated with the merger.

In reaching its conclusion, the HCSB Board of Directors did not find it practical to assign, and did not assign, any relative or specific weight to the different factors that were considered, and individual members of the HCSB Board of Directors may have given different weight to different factors.

The HCSB Board of Directors unanimously adopted the merger agreement and recommends that you vote "FOR" approval of the merger agreement.

Each of the HCSB directors have entered into voting support agreements with United, pursuant to which they have agreed to vote in favor of the merger agreement at the special meeting. For more information regarding the support agreements, please see the section entitled "Special Shareholders' Meeting — Support Agreements" beginning on page 9.

Opinion of HCSB's Financial Advisor

The fairness opinion of HCSB's financial advisor in connection with the merger, Hovde, is described below. The description contains projections, estimates and other forward looking statements about the future earnings or other measures of the future performance of HCSB, United and the combined companies after the merger. You should not rely on any of these statements as having been made or adopted by Hovde, HCSB or United. You should review the copy of the fairness opinion, which is attached as Appendix C.

Hovde has acted as HCSB's financial advisor in connection with the proposed merger. Hovde is a nationally recognized investment banking firm with substantial experience in transactions similar to the merger and is familiar with HCSB and its operations. As part of its investment banking business, Hovde is continually engaged in the valuation of businesses and their securities in connection with, among other things, mergers and acquisitions. Hovde reviewed the financial aspects of the proposed merger with the HCSB Board of Directors and, on April 10, 2017, delivered a written opinion to the HCSB Board of Directors that the merger consideration to be received by the shareholders of HCSB in connection with the merger is fair to the shareholders of HCSB.

The full text of Hovde's written opinion is included in this document as Appendix C and is incorporated herein by reference. You are urged to read the opinion in its entirety for a description of the procedures followed, assumptions

made, matters considered and qualifications and limitations on the review undertaken by Hovde. The summary of the Hovde's opinion included in this document is qualified in

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its entirety by reference to the full text of such opinion. Hovde's opinion was directed to the HCSB Board of Directors and addresses only the fairness of the merger consideration to be paid to HCSB shareholders in connection with the merger. Hovde did not opine on any individual stock, cash, or other components of consideration payable in connection with the merger. Hovde's opinion does not address the underlying business decision to proceed with the merger and does not constitute a recommendation to any of the shareholders as to how such shareholder should vote at the special meeting of HCSB shareholders on the merger or any related matter.

During the course of its engagement and for the purpose of rendering its opinion, Hovde:

- reviewed a draft of the merger agreement dated April 7, 2017, as provided to Hovde by HCSB;
- reviewed unaudited consolidated financial statements for HCSB and United for the year ended December 31, 2016;
- reviewed certain historical annual reports of each of HCSB and United, including audited annual reports for the year ending December 31, 2016;
- reviewed certain historical publicly available business and financial information concerning each of HCSB and United;
- reviewed certain internal financial statements and other financial and operating data concerning of HCSB and United;
- reviewed financial projections prepared by certain members of senior management of HCSB;
- reviewed the terms of recent merger, acquisition and control investment transactions, to the extent publicly available, involving financial institutions and financial institution holding companies that Hovde considered relevant;
- assessed general economic, market and financial conditions;
- reviewed the pro forma impact of the merger on the combined company's earnings per share, consolidated capitalization and financial ratios;
- evaluated the pro forma ownership of United's common stock by the holders of HCSB's common stock relative to the pro forma contribution of HCSB's assets, liabilities, equity and earnings to the combined company;
- reviewed historical market prices and trading volumes of HCSB's and United's common stock; and
- reviewed certain publicly available financial and stock market data relating to selected public companies that Hovde deemed relevant to its analysis.

Hovde also conducted meetings and had discussions with members of senior management of HCSB and United for purposes of reviewing the business, financial condition, results of operations and future prospects of HCSB and United; the history and past and current operations of HCSB and United; and HCSB's and United's historical financial performance. Hovde discussed with management of HCSB and United their assessment of the rationale for the merger. Hovde also performed such other analyses and considered such other factors as Hovde deemed appropriate, and took into account its experience in other similar transaction and securities valuations, as well as its knowledge of the banking and financial services industry.

Hovde assumed, without independent verification, that the representations as well as the financial and other information provided to Hovde by HCSB or included in the merger agreement, which has formed a substantial basis for this opinion, are true and complete. Hovde relied upon the management of HCSB as to the reasonableness and achievability of the financial forecasts and projections (and the assumptions and bases therein) provided to Hovde by HCSB, and Hovde assumed such forecasts and projections have been reasonably prepared by HCSB on a basis reflecting the best currently available information and HCSB's judgments and estimates. Hovde assumed that such forecasts and projections would be realized in the amounts and at the times contemplated thereby, and Hovde does not in any respect assume any

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responsibility for the accuracy or reasonableness thereof. Hovde has been authorized by HCSB to rely upon such forecasts and projections and other information and data, including without limitation the projections, and Hovde expresses no view as to any such forecasts, projections or other information or data, or the bases or assumptions on which they were prepared.

In performing its review, Hovde relied upon the accuracy and completeness of all of the financial and other information that was available to Hovde from public sources, that was provided to Hovde by HCSB and United or their respective representatives or that was otherwise reviewed by Hovde and assumed such accuracy and completeness for purposes of rendering its opinion. Hovde has further relied on the assurances of the respective managements of HCSB and United that they are not aware of any facts or circumstances that would make any of such information inaccurate or misleading. Hovde has not been asked to and has not undertaken an independent verification of any of such information and Hovde does not assume any responsibility or liability for the accuracy or completeness thereof. Hovde assumed that each party to the merger agreement would advise them promptly if any information previously provided to them became inaccurate or was required to be updated during the period of Hovde's review. Hovde is not an expert in the evaluation of loan and lease portfolios for purposes of assessing the adequacy of the allowances for losses with respect thereto. Hovde assumed that such allowances for HCSB and United are, in the aggregate, adequate to cover such losses, and will be adequate on a pro forma basis for the combined entity. Hovde was not requested to make, and did not make, an independent evaluation, physical inspection or appraisal of the assets, properties, facilities, or liabilities (contingent or otherwise) of HCSB and United, the collateral securing any such assets or liabilities, or the collectability of any such assets and, Hovde was not furnished with any such evaluations or appraisals, nor did Hovde review any loan or credit files of HCSB and United.

Hovde has assumed that the merger will be consummated substantially in accordance with the terms set forth in the merger agreement, without any waiver of material terms or conditions by HCSB or any other party to the merger agreement and that the final merger agreement will not differ materially from the draft Hovde reviewed. Hovde has assumed that the merger will be consummated in compliance with all applicable laws and regulations. HCSB has advised Hovde that HCSB is not aware of any factors that would impede any necessary regulatory or governmental approval of the merger. Hovde has assumed that the necessary regulatory and governmental approvals as granted will not be subject to any conditions that would be unduly burdensome on HCSB and United or would have a material adverse effect on the contemplated benefits of the merger.

HCSB engaged Hovde on January 25, 2017 to serve as a financial advisor to HCSB in connection with the proposed merger and to issue a fairness opinion to the HCSB Board of Directors in connection with such proposed transaction. Pursuant to the terms of the engagement, at the time the merger is completed, HCSB will pay Hovde a completion fee, which is contingent upon the completion of the merger. Pursuant to the engagement agreement, in addition to its fees and regardless of whether the merger is consummated, HCSB has agreed to reimburse Hovde for certain reasonable out-of-pocket expenses incurred in performing its services and to indemnify Hovde against certain claims, losses and expenses arising out of the merger or Hovde's engagement.

In performing its analyses, Hovde made numerous assumptions with respect to industry performance, general business, economic, market and financial conditions and other matters, many of which are beyond the control of Hovde, HCSB and United. Hovde's opinion was necessarily based on financial, economic, market and other conditions and circumstances as they existed on, and on the information made available to Hovde as of, the dates used in its opinion. Any estimates contained in the analyses performed by Hovde are not necessarily indicative of actual values or future results, which may be significantly more or less favorable than suggested by these analyses. Additionally, estimates of the value of businesses or securities do not purport to be appraisals or to reflect the prices at which such businesses or securities may be sold or the prices at which any securities may trade at any time in the future.

Accordingly, these analyses and estimates are inherently subject to substantial uncertainty. Hovde's opinion does not address the relative merits of the merger as compared to any other business combination in which HCSB might engage. In addition, Hovde's fairness opinion was among several factors taken into consideration by the HCSB Board of Directors in making its determination to approve the merger agreement and the merger. Consequently, the analyses described below should not be viewed as solely determinative of the decision of the HCSB Board of

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Directors or HCSB's management with respect to the fairness of the merger consideration to be received by HCSB's shareholders in connection with the merger.

The following is a summary of the material analyses prepared by Hovde and delivered to the HCSB Board of Directors on April 10, 2017, in connection with the delivery of its fairness opinion. This summary is not a complete description of the analyses underlying the fairness opinion or the presentation prepared by Hovde, but it summarizes the material analyses performed and presented in connection with such opinion. The preparation of a fairness opinion is a complex analytical process involving various determinations as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances. Therefore, a fairness opinion is not readily susceptible to partial analysis or summary description. In arriving at its opinion, Hovde did not attribute any particular weight to any analysis or factor that it considered, but rather made qualitative judgments as to the significance and relevance of each analysis and factor. The financial analyses summarized below include information presented in tabular format. The analyses and the summary of the analyses must be considered as a whole and selecting portions of the analyses and factors or focusing on the information presented below in tabular format, without considering all analyses and factors or the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of the process underlying the analyses and opinion of Hovde. The tables alone are not a complete description of the financial analyses.

Market Approach — Comparable Transactions. As part of its analysis, Hovde reviewed publicly available information related to two comparable groups (a "Regional Group" and a "Nationwide Group") of select acquisition transactions of banks. The Regional Group consisted of acquisition transactions of banks in the Southeast Region of the United States (consisting of the states of Alabama, Arkansas, Florida, Georgia, Mississippi, North Carolina, South Carolina, Tennessee, Virginia, and West Virginia) announced since January 1, 2015, in which the sellers' total assets were between \$200 million and \$1.0 billion, last-twelve-months ("LTM") return on average assets ("ROAA") were between 0.00% and 1.00%, and tangible equity to tangible assets greater than 10.0%. The Nationwide Group consisted of acquisition transactions of banks in the United States announced since January 1, 2015, in which the sellers' total assets were between \$250 million and \$500 million, last-twelve-months return on average assets were between 0.40% and 1.00%, and tangible equity to tangible assets were between 10.0% and 15.0%. In each case, for which financial information was available, no transaction that fit the selection criteria was excluded. Information for the target institutions was based on balance sheet data as of, and income statement data for the twelve months preceding the most recent quarter prior to announcement of the transactions. The resulting two groups consisted of the following transactions (14 transactions for the Regional Group and 13 transactions for the Nationwide Group):

Regional Group:

Buyer (State)	Target (State)
Little Bank, Inc. (NC)	Union Banc Corp. (NC)
Seacoast Banking Corporation of Florida (FL)	GulfShore Bancshares, Inc. (FL)
Bay Banks of Virginia, Inc. (VA)	Virginia BanCorp, Inc. (VA)
Home BancShares, Inc. (AR)	Giant Holdings, Inc. (FL)
BNC Bancorp (NC)	High Point Bank Corporation (NC)
Seacoast Banking Corporation of Florida (FL)	Floridian Financial Group, Inc. (FL)
Southern BancShares (N.C.), Inc. (NC)	Heritage Bankshares, Inc. (VA)
Renasant Corporation (MS)	KeyWorth Bank (GA)
Home BancShares, Inc. (AR)	Florida Business BancGroup, Inc. (FL)
Bank of the Ozarks, Inc. (AR)	Bank of the Carolinas Corporation (NC)
Pinnacle Financial Partners, Inc. (TN)	Magna Bank (TN)
Pinnacle Financial Partners, Inc. (TN)	CapitalMark Bank & Trust (TN)
Sunshine Bancorp, Inc. (FL)	Community Southern Holdings, Inc. (FL)

United Community Banks, Inc. (GA)

MoneyTree Corporation. (TN)

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Nationwide Group:

Buyer (State)	Target (State)
Citizens Community Bancorp, Inc. (WI)	Wells Financial Corp. (MN)
Little Bank, Inc. (NC)	Union Banc Corp. (NC)
Seacoast Banking Corporation of Florida (FL)	GulfShore Bancshares, Inc. (FL)
Bay Banks of Virginia, Inc. (VA)	Virginia BanCorp, Inc. (VA)
United Community Bancorp, Inc. (IL)	Liberty Bancshares, Inc. (IL)
Home BancShares, Inc. (AR)	Giant Holdings, Inc. (FL)
Standard Financial Corp. (PA)	Allegheny Valley Bancorp, Inc. (PA)
Seacoast Banking Corporation of Florida (FL)	Floridian Financial Group, Inc. (FL)
Southern BancShares (N.C.), Inc. (NC)	Heritage Bankshares, Inc. (VA)
Renasant Corporation (MS)	KeyWorth Bank (GA)
Glacier Bancorp, Inc. (MT)	Cañon Bank Corporation (CO)
Southwest Bancorp, Inc. (OK)	First Commercial Bancshares, Inc. (OK)
United Community Banks, Inc. (GA)	MoneyTree Corporation. (TN)

For each precedent transaction, Hovde compared the implied ratio of deal value to certain financial characteristics of HCSB as follows:

- the multiple of the purchase consideration to the acquired company's tangible common book value (the "Price-to-Tangible Common Book Value Multiple");
- the multiple of the purchase consideration to the acquired company's LTM net earnings per share (the "Price-to-LTM Earnings Multiple"); and
- the multiple of the difference between the purchase consideration and the acquired company's tangible book value to the acquired company's core deposits (the "Premium-to-Core Deposits Multiple").

The results of the analysis are set forth in the table below. Transaction multiples for the merger were derived from the estimated per share purchase price of \$0.1335 (based on the closing price of United's common stock on April 19, 2017 of \$26.70 and an exchange ratio of 0.0050), which implied a merger consideration of \$66,159,698 for HCSB and were based on December 31, 2016 financial results of HCSB.

Implied Value for HCSB Based On:	Price-to-Tangible Common Book Value Multiple	Price-to-"Adjusted Tangible Common Book Value Multiple(1)"	Price-to-"Economic Tangible Common Book Value Multiple(2)"	Price-to-LTM Earnings Multiple(3)(4)	Premium-to-Core Deposits Multiple(5)
Total Deal Value	187.3%	117.8%	142.8%	31.7x	4.9%
Precedent Transactions					
Regional Group:					
Median	144.3%	144.3%	144.3%	22.6x	7.2%
Minimum	84.2%	84.2%	84.2%	12.5x	(2.8)%
Maximum	242.1%	242.1%	242.1%	34.7x	18.3%

Precedent Transactions

Nationwide Group:

Median	137.0%	137.0%	137.0%	20.6x	5.4%
Minimum	84.2%	84.2%	84.2%	12.5x	(2.8)%
Maximum	164.1%	164.1%	164.1%	34.7x	12.0%

(1)
HCSB's tangible common equity has been adjusted to reflect the reversal of HCSB's approximate \$20.8 million valuation allowance on its deferred tax asset.

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(2)

Based on HCSB's tangible common equity after adjusting for the estimated deferred tax asset valuation allowance reversal and the impairment associated with 382(g) for this specific transaction.

(3)

HCSB's LTM earnings reflect 2017 earnings estimates from management and excludes the non-core impact associated with the reversal of HCSB's approximate \$20.8 million valuation allowance on its deferred tax asset.

(4)

Price to LTM EPS multiples are considered non-meaningful for value greater than 40.0x or less than 5.0x.

(5)

HCSB's tangible common equity has been adjusted to reflect the full valuation allowance reversal of approximately \$20.8 million.

Using publicly available information, Hovde compared the financial performance of HCSB with that of the median of the precedent transactions from both the Regional and Nationwide Groups. The performance highlights are based on December 31, 2016 financial results of HCSB.

	Tangible Equity/ Tangible Assets(1)	Core Deposits	LTM ROAA(2)	LTM ROAE(2)	Efficiency Ratio	NPA's/ Assets(3)	ALLL/ NPLs(4)
HCSB	14.16%	66.93%	1.65%	25.41%	126.13%	6.20%	18.35%
Precedent Transactions Regional Group:							
Median	11.60%	77.75%	0.65%	5.60%	73.35%	1.81%	85.19%
Precedent Transactions Nationwide Group:							
Median	10.99%	81.88%	0.66%	6.13%	71.87%	1.34%	101.22%

(1)

HCSB's financial data as of December 31, 2016; Assets and Tangible Equity / Tangible Assets have been adjusted to reflect the reversal of HCSB's approximate \$20.8 million valuation allowance on its deferred tax asset.

(2)

Returns include non-core gains associated with the recapitalization in FY2016; net income includes the extinguishment of HCSB's subordinated debt, trust preferred securities, and preferred stock issued to the United States Treasury as a part of TARP at significant discounts, in addition to write-downs in its loan portfolio.

(3)

Non-performing assets (including accruing, restructured loans) as a percent of total assets.

(4)

Allowance for loan and lease losses as a percentage of non-performing loans (including accruing, restructured loans).

No company or transaction used as a comparison in the above transaction analyses is identical to HCSB, and no transaction was consummated on terms identical to the terms of the merger agreement. Accordingly, an analysis of these results is not strictly mathematical. Rather, it involves complex considerations and judgments concerning differences in financial and operating characteristics of the companies. The resulting values of the Regional Group precedent transactions indicated an implied aggregate valuation ranging between \$47.2 million and \$81.1 million compared to the proposed merger consideration of \$66.2 million. The resulting values of the Nationwide Group precedent transactions indicated an implied aggregate valuation ranging between \$42.9 million and \$76.9 million compared to the proposed merger consideration of \$66.2 million.

Income Approach — Discounted Cash Flow Analysis. Taking into account various factors including, but not limited to, HCSB's recent performance, the current banking environment and the local economy in which HCSB operates, Hovde determined, in consultation with and based on information provided by management of HCSB, earnings estimates for HCSB over a forward looking six year period, and HCSB

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management developed the forward-looking projections and key assumptions, which formed the basis for the discounted cash flow analyses. The resulting projected net income numbers used for the analysis were \$2.1 million for 2017, \$3.1 million for 2018, \$3.4 million for 2019, \$3.9 million for 2020, \$4.8 million for 2021, and \$5.7 million for 2022.

To determine present values of HCSB based on these projections, Hovde utilized two discounted cash flow models, each of which capitalized terminal values using a different methodology: (1) terminal price/ earnings multiple (“DCF Terminal P/E Multiple”); and (2) terminal price/tangible book value multiple (“DCF Terminal P/TBV Multiple”).

In the DCF Terminal P/E Multiple analysis, an estimated value of HCSB’s common stock was calculated based on the present value of HCSB’s after-tax net income based on HCSB management’s forward-looking projections. Hovde utilized a terminal value at the end of 2022 by applying a range of price-to-earnings multiples of 18.6x to 22.6x, with a midpoint of 20.6x, which is based around the median price-to-earnings multiple derived from transactions in the Nationwide Group. The present value of HCSB’s projected dividends, if any, plus the terminal value was then calculated assuming a range of discount rates between 11.5% and 14.5%, with a midpoint of 13.0%. This range of discount rates was chosen to reflect different assumptions regarding the required rates of return of holders or prospective buyers of HCSB’s common stock. The resulting aggregate values of HCSB’s common stock of the DCF Terminal P/E Multiple ranged between \$48.8 million and \$69.0 million, with a midpoint of \$58.2 million.

In the DCF Terminal P/TBV Multiple model, the same earnings estimates and projected net income were used; however, in arriving at the terminal value at the end of 2022, Hovde applied a range of price-to-tangible book value multiples of 1.27x to 1.47x with the midpoint being 1.37x, which is based around the median price-to-tangible book value multiple derived from transactions in the Nationwide Group. The present value of projected dividends, if any, plus the terminal value, was then calculated assuming a range of discount rates between 11.5% and 14.5%, with a midpoint of 13.0%. The resulting aggregate values of HCSB’s common stock of the DCF Terminal P/TBV Multiple ranged between \$46.3 million and \$62.3 million, with a midpoint of \$53.8 million.

These analyses and their underlying assumptions yielded a range of values for HCSB, which are outlined in the table below:

Implied Value for HCSB Based On:	Price-to-Tangible Book Value Multiple	Price-to-LTM Earnings Multiple(1)	Premium-to-Core Deposits Multiple(2)
Total Deal Value	187.3%	31.7	4.9%
DCF Analysis – Terminal P/E Multiple			
Midpoint	164.9%	27.9	1.0%
DCF Analysis – Terminal P/TBV Multiple			
Midpoint	152.3%	25.8	(1.2)%

(1)

HCSB’s LTM earnings reflect 2017 earnings estimates from management and excludes the non-core impact associated with the reversal of HCSB’s approximate \$20.8 million valuation allowance on its deferred tax asset.

(2)

HCSB’s tangible common equity has been adjusted to reflect the reversal of HCSB’s approximate \$20.8 million valuation allowance on its deferred tax asset.

Hovde noted that while the discounted cash flow present value analysis is a widely used valuation methodology, it relies on numerous assumptions, including asset and earnings growth rates, projected dividend payouts, terminal values and discount rates. Hovde’s analysis does not purport to be indicative of the actual values or expected values of HCSB’s common stock.

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United Comparable Companies Analysis: Hovde used publicly available information to compare selected financial and trading information for United and a group of 10 publicly-traded financial institutions selected by Hovde which was based on publicly-traded banks in the Southeast United States with total assets between \$7.5 billion and \$20.0 billion, LTM ROAA greater than 0.90%, LTM ROATCE greater than 10.0% and TCE/TA greater than 8.0%:

Bank of the Ozarks, Inc.	United Bankshares, Inc.
Pinnacle Financial Partners, Inc.	Home Bancshares, Inc.
WesBanco, Inc.	FCB Financial Holdings, Inc.
South State Corporation	Renasant Corporation
Union Bankshares Corporation	TowneBank

The analysis compared publicly available financial and market trading information for United and the data for the 10 financial institutions identified above as of and for the most recent twelve-month period which was publicly available. The table below compares the data for United and the median data for the 10 financial institutions identified above, with pricing data as of April 7, 2017.

	Market Cap (\$M)	Price/ Tangible Book Value	Price/ LTM EPS	Price/ 2017E EPS	Dividend Yield	YTD/Price Change	Two Year Total Return
United	\$ 1,894.1	205.8%	19.1x	16.7x	1.35%	(9.9)%	44.5%
Comparable Companies:							
Median	\$ 2,300.1	250.6%	20.5x	18.4x	1.64%	(5.3)%	42.0%

United fell within the range of pricing metrics of comparable companies. No company used as a comparison in the above analyses is identical to United. Accordingly, an analysis of these results is not strictly mathematical. Rather, it involves complex considerations and judgments concerning differences in financial and operating characteristics of the companies.

Accretion / Dilution Analysis: Hovde performed pro forma merger analyses that combined projected income statement and balance sheet information of HCSB and United. Assumptions regarding the accounting treatment, acquisition adjustments and cost savings were used to calculate the financial impact that the merger would have on certain projected financial results of United. In the course of this analysis, Hovde used the median FactSet consensus estimates for earnings estimates for United for the years ending December 31, 2017 and December 31, 2018 and used earnings estimates provided by HCSB's management for HCSB for the years ending December 31, 2017 and December 31, 2018. This analysis indicated that the merger is expected to be accretive by one cent per share to United's consensus estimated earnings per share of \$1.80 in 2018 and accretive by one cent per share to United's consensus estimated earnings per share of \$1.89 in 2019. The analysis also indicated that the merger is expected to be dilutive to tangible book value per share for United by two cents per share in 2018 and by one cent per share in 2019 and that United would maintain capital ratios in excess of those required for United to be considered well-capitalized under existing regulations. For all of the above analyses, the actual results achieved by HCSB and United prior to and following the merger will vary from the projected results, and the variations may be material.

Other Factors and Analyses. Hovde took into consideration various other factors and analyses, including but not limited to: current market environment; merger and acquisition environment; movements in the common stock valuations of selected publicly-traded banking companies; and movements in the S&P 500 Index.

Conclusion. Based upon the foregoing analyses and other investigations and assumptions set forth in its opinion, without giving specific weightings to any one factor or comparison, Hovde determined that the merger consideration to be paid in connection with the merger is fair from a financial point of view to HCSB's shareholders. Each shareholder is encouraged to read Hovde's fairness opinion in its entirety. The full text of this fairness opinion is included as Appendix C to this document.

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The Merger Consideration

Holders of HCSB common stock will receive 0.0050 shares of United common stock in exchange for each of their shares of HCSB common stock in the merger.

United will not issue fractional shares in the merger. Instead, you will receive a cash payment, without interest, for the value of any fraction of a share of United common stock that you would otherwise be entitled to receive in an amount equal to such fractional part of a share of United common stock multiplied by the purchase price per share of HCSB common stock as determined by multiplying (i) the exchange ratio by (ii) the closing price for United common stock on the NASDAQ Global Select Market trading day immediately preceding the effective time of the merger.

The Merger Agreement

The material features of the merger agreement are summarized below:

Effective Date

The merger agreement provides that the merger will be effective upon the date and time specified in the Certificate of Merger reflecting the merger filed with the Secretary of State of the State of Georgia and the Articles of Merger reflecting the merger filed with the Secretary of State of the State of South Carolina.

The merger and the bank merger must be approved by the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the Department of Banking and Finance of the State of Georgia and the South Carolina State Board of Financial Institutions. Management of United and HCSB anticipate that the merger will become effective during the third quarter of 2017.

Terms of the Merger

If HCSB shareholders approve the merger agreement, and subject to the receipt of required regulatory approvals and the satisfaction of the other closing conditions set forth in the merger agreement, HCSB will be merged with and into United. In connection with the merger, HCSB shareholders (other than shareholders holding dissenting shares or cancelled shares) will receive 0.0050 shares of United common stock in exchange for each share of HCSB common stock. United shareholders will continue to hold their existing United common stock.

If, prior to the effective time, either party should change the number of its outstanding shares as a result of a stock split, reverse stock split, stock dividend, recapitalization, reclassification, or similar transaction, then a proportionate and appropriate adjustment will be made to the number of shares of United common stock to be delivered pursuant to the merger in exchange for a share of HCSB common stock.

If the merger is completed, HCSB will be merged with and into United. Following the merger, the articles of incorporation, bylaws, corporate identity, and existence of United will not be changed, and HCSB will cease to exist as a separate entity. Following the merger, HCSB's wholly-owned South Carolina bank subsidiary, Horry County State Bank, will be merged with and into the Bank, a wholly-owned Georgia bank subsidiary of United. The Bank will be the surviving bank.

Registration of United Common Stock

As a condition to the merger, United agreed to register with the SEC the shares of United common stock to be exchanged for shares of HCSB common stock and to maintain the effectiveness of such registration through the issuance of such shares in connection with the closing of the merger. However, such registration will not cover resales of United common stock by any former holders of HCSB common stock, and United is under no obligation to maintain the effectiveness of such registration, or to prepare and file any post-effective amendments to such registration, after the issuance of such shares in connection with the closing of the merger.

Treatment of HCSB Restricted Stock

All awards of shares of HCSB common stock subject to vesting, repurchase or other lapse restriction granted pursuant to the HCSB Financial Corporation 2016 Equity Incentive Plan, whether vested or

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unvested, that are outstanding as of immediately prior to the effective time of the merger, shall become fully vested and shall be cancelled and converted automatically into the right to receive the merger consideration in respect of each share of HCSB common stock underlying such restricted share award.

Representations and Warranties Made by United and HCSB in the Merger Agreement

United and HCSB have made certain customary representations and warranties to each other in the merger agreement. For information on these representations and warranties, please refer to the merger agreement attached as Appendix A. The representations and warranties in the merger agreement do not survive the effective time of the merger.

The representations and warranties included in the merger agreement were made only for purposes of the merger agreement and as of specific dates, are solely for the benefit of United and HCSB, may be subject to limitations, qualifications or exceptions agreed upon by the parties, including those included in confidential disclosures made for the purposes of, among other things, allocating contractual risk between United and HCSB rather than establishing matters as facts, and may be subject to standards of materiality that differ from those standards relevant to investors.

The representations and warranties and other provisions of the merger agreement should not be read alone, but instead should be read only in conjunction with the information provided elsewhere in this document and in the documents incorporated by reference into this document. United and HCSB will provide additional disclosures in their public reports to the extent they are aware of the existence of any material facts that are required to be disclosed under federal securities laws and that might otherwise contradict the terms and information contained in the merger agreement and will update such disclosure as required by federal securities laws.

Certain representations and warranties of United and HCSB are qualified as to “materiality” or “material adverse effect.” For purposes of the merger agreement, a “material adverse effect,” when used in reference to either United or HCSB, shall mean any change, event, development, violation, effect or circumstance which, individually or in the aggregate, (i) has, or is reasonably likely to have, a material adverse effect on the business, operations, properties, assets, financial condition or prospects of United or HCSB, respectively, on a consolidated basis, or (ii) prevents or materially impairs, or would be reasonably likely to prevent or materially impair, the ability of United or HCSB, respectively, to timely consummate the transactions contemplated by the merger agreement or to perform its agreements or covenants under the merger agreement; provided, that a “material adverse effect” shall specifically exclude any adverse effect attributable to or resulting from:

- any change in banking laws, rules or regulations of general applicability;
- any change in U.S. generally accepted accounting principles or regulatory accounting principles applicable to banks or their holding companies generally;
- any action or omission expressly required by the merger agreement or taken with the express prior written consent of the other party to the merger agreement;
- general changes in national economic, monetary, market or financial conditions affecting financial institutions, including changes in prevailing interest rates, inflation, credit markets, or capital market conditions, except, in all cases, to the extent such changes disproportionately affect HCSB;
- changes in national political conditions, including the outbreak or escalation of acts of terrorism; or
- the public disclosure of the merger agreement or the transactions contemplated by the merger agreement.

Termination and Conditions of Closing

The merger agreement may be terminated at any time either before or after approval of the merger agreement by the shareholders of HCSB, but not later than the effective date of the merger:

(1)

by mutual written agreement of United and HCSB;

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(2)

by either party, if after the date of the merger agreement, any events or occurrences have occurred and are continuing that, individually or in the aggregate have had or would reasonably be expected to have a material adverse effect on the other party;

(3)

by either party, if the terms, covenants or conditions of the merger agreement to be complied with or performed by the other party before the closing have not been substantially complied with or substantially performed at or before the closing date and such noncompliance or nonperformance has not been waived by such party, or in the event of a material breach by the other party of any covenant, agreement, or obligation contained in the merger agreement which breach has not been cured within twenty days after the giving of written notice to the other party of such breach or, if such breach is not capable of being cured within twenty days, the other party has not begun to cure such breach within twenty days after such written notice;

(4)

by United, if it learns of any fact or condition not disclosed in the merger agreement, the disclosure memorandum delivered in connection with the merger agreement, or HCSB's financial statements, which fact or condition was required to be disclosed by HCSB pursuant to the provisions of the merger agreement and which fact or condition would reasonably be expected to have, either individually or in the aggregate, a material adverse effect on HCSB or United;

(5)

by either party, if any regulatory approval required to be obtained has been denied by the relevant governmental entity or any governmental entity of competent jurisdiction has issued a final, nonappealable injunction permanently enjoining or otherwise prohibiting the consummation of the transactions contemplated by the merger agreement;

(6)

by United, if the holders of more than 10% of the outstanding shares of HCSB common stock elect to exercise their statutory right to dissent from the merger and demand payment in cash for the "fair value" of their shares of HCSB common stock;

(7)

by either party, if the closing date shall not have occurred on or before January 2, 2018, unless the failure of the closing to occur by such date is due to the failure of the party seeking to terminate the merger agreement to perform or observe the covenants and agreements of such party under the merger agreement;

(8)

by either party, if the merger agreement is not approved by any required vote of the HCSB shareholders as required by applicable law; or

(9)

by HCSB if, prior to obtaining the required vote of the HCSB shareholders, the board of directors has effected an adverse recommendation change.

HCSB may only terminate the merger agreement pursuant to (9) listed above so long as HCSB complies with its obligations discussed under "Limitation on Discussion with Others" below and:

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HCSB's board of directors determines in good faith, after consultation with HCSB's financial advisor and outside counsel, that it has received an acquisition proposal (that did not result from a breach of the merger agreement) that is a superior proposal;

- HCSB's board of directors determines in good faith, after consultation with HCSB's outside counsel, that a failure to accept such superior proposal would be reasonably likely to constitute a breach of the fiduciary duties of the members of the board of directors of HCSB;
- HCSB's board of directors provides written notice to United of its receipt of the superior proposal and its intent to announce an adverse recommendation change on the third business day following delivery of such notice, which notice shall specify the material terms and conditions of the superior proposal (it being understood that any amendment to any material term of such superior proposal shall require a new written notice);
- after providing such written notice, HCSB negotiates in good faith with United (if requested by United) and provides United reasonable opportunity during the three business day period following the written notice to make such adjustments in the terms and conditions of the merger agreement as would enable HCSB's board of directors to proceed without an adverse recommendation change (provided, however, that United shall not be required to propose any such adjustments); and

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- HCSB’s board of directors, following such three business day period, determines in good faith, after consultation with HCSB’s financial advisor and outside counsel, that such acquisition proposal nonetheless continues to constitute a superior proposal and that failure to take such action would be reasonably likely to constitute a breach of the fiduciary duties of the members of the board of directors of HCSB.

The term “adverse recommendation change” means (i) the withdrawal, qualification or modification, or public proposal to withdraw, qualify or modify, in a manner adverse to United, the recommendation of the board of directors of HCSB that the HCSB shareholders adopt and approve the merger agreement and the transactions contemplated by the merger agreement, including the merger, or (ii) the approval or recommendation, or public proposal to approve or recommend, any acquisition proposal.

The term “acquisition proposal” means (i) any proposal or offer with respect to a merger, joint venture, partnership, consolidation, dissolution, liquidation, tender offer, recapitalization, reorganization, rights offering, share exchange, business combination or similar transaction, involving HCSB or any of its subsidiaries; and (ii) any acquisition by any person resulting in, or proposal or offer, which, if consummated, would result in, any person becoming the beneficial owner, directly or indirectly, of 10% or more of the total voting power of any class of equity securities of HCSB or any of its subsidiaries, or 10% or more of the consolidated total assets of HCSB, in each case, other than the transactions contemplated by the merger agreement.

The term “superior proposal” means any acquisition proposal with respect to which the board of directors of HCSB (i) determines in good faith that such acquisition proposal, if accepted, is reasonably likely to be consummated on a timely basis, taking into account all legal, financial, regulatory and other aspects of the acquisition proposal and the third party making the acquisition proposal, and (ii) determines in good faith judgment (based on, among other things, the advice of HCSB’s financial advisor) to be more favorable to HCSB’s shareholders than the merger taking into account all relevant factors (including whether, in the good faith judgment of the board of directors of HCSB, after obtaining advice of HCSB’s financial advisor, the third party making such acquisition proposal is reasonably able to finance the transaction and close it timely, and any proposed changes to the merger agreement that may be proposed by United in response to such acquisition proposal).

HCSB must pay to United a termination fee of approximately \$2.0 million if, while an acquisition proposal is outstanding or after such an offer has been accepted, (i) either party terminates the merger agreement pursuant to (7) listed above, (ii) HCSB terminates the merger agreement other than pursuant to (2) or (3) listed above, or (iii) United terminates the merger agreement after an adverse recommendation change.

The following summarizes the required conditions of closing:

- approval of the merger agreement by at least two-thirds of the issued and outstanding shares of HCSB common stock designated as voting common stock and at least a majority of the issued and outstanding HCSB common stock designated as non-voting common stock;

- approval of the merger and the bank merger by all government authorities, bodies or agencies having jurisdiction over such transactions, including the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the Department of Banking and Finance of the State of Georgia and the South Carolina State Board of Financial Institutions, and the expiration of all applicable waiting or similar periods required by law;

- no order, injunction, decree or judgment preventing the consummation of the merger or the other transactions contemplated by the merger agreement issued by any court or governmental body or agency of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the merger or the other transactions contemplated by the merger agreement shall be in effect;

no statute, rule, regulation, order, injunction or decree shall have been enacted, entered, promulgated or enforced by any governmental entity which prohibits or makes illegal consummation of the merger;

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- effectiveness of the registration statement of United relating to the shares of United common stock to be issued to HCSB shareholders in the merger, of which this document forms a part, and no stop order shall have been entered with respect thereto;

- the accuracy of the representations and warranties of each party in the merger agreement as of the date of the merger agreement and the day on which the merger is completed, subject to the materiality standards provided in the merger agreement, except, at each such time, as a result of changes or events expressly permitted or contemplated by the merger agreement or where the failure to be true and correct, either individually or in the aggregate, is not reasonably likely to have a material adverse effect on United;

- the performance and compliance by each party in all material respects of all agreements and covenants required to be performed by it at or prior to the effective time of the merger under the merger agreement;

- the delivery of officers' certificates, secretary's certificates and certificates of valid existence to United and HCSB by the other;

- receipt by each of United and HCSB of an opinion of its respective legal counsel as to certain tax matters; and

- payment of the merger consideration by United.

Surrender of Certificates

A letter of transmittal and instructions for effecting the surrender of certificates representing such holder's shares of HCSB common stock to United's exchange agent, Continental Stock Transfer & Trust Company, in order to receive payment of the consideration from United in connection with the merger will be mailed no later than five business days after the closing date of the merger to each holder of HCSB common stock of record at the effective time of the merger.

Upon the surrender of certificates representing such holder's shares of HCSB common stock (or affidavits of loss in lieu thereof) for cancellation to United's exchange agent and delivery of the letter of transmittal, duly executed and properly completed, with respect to such certificates, the record holder of such certificates will be entitled to receive in exchange therefore the merger consideration to be paid therefor pursuant to the terms of the merger agreement. No interest will be paid or accrue on any cash payable upon surrender of any certificate representing shares of HCSB common stock.

Until a holder delivers HCSB common stock to United, the holder may not receive payment of any dividends or other distributions on shares of United common stock into which his, her, or its shares of HCSB common stock have been converted, if any.

Required Shareholder Approval and Consent

The holders of at least two-thirds of the outstanding shares of HCSB common stock designated as voting common stock and at least a majority of the outstanding shares of HCSB common stock designated as non-voting common stock must approve the merger agreement for the merger to be completed. Abstentions from voting and broker non-votes will be included in determining whether a quorum is present and will have the effect of a vote against the merger agreement.

As of [•], 2017, the record date for determining the HCSB shareholders entitled to notice of and to vote at the special meeting, the outstanding voting securities of HCSB consisted of [•] shares of voting common stock and [•] shares of non-voting common stock, with each registered holder of HCSB common stock being entitled to one vote per share.

All of the directors of HCSB have agreed to vote their shares in favor of the merger. As of the record date, HCSB's directors owned [•] shares, or [•]%, of the outstanding HCSB voting common stock.

Expenses

All expenses incurred by United in connection with the merger, including all fees and expenses of its agents, representatives, counsel and accountants and the fees and expenses related to filing these materials and all regulatory applications with state and federal authorities will be paid by United. All expenses

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incurred by HCSB in connection with the merger agreement, including all fees and expenses of its agents, representatives, counsel and accountants will be paid by HCSB.

Conduct of Business of HCSB Pending Closing

The merger agreement provides that, pending consummation of the merger, HCSB will, except as required by applicable law, as expressly required or contemplated by the merger agreement, or with the prior written consent of United:

- conduct its business only in the ordinary course, without the creation of any indebtedness for borrowed money (other than deposit and similar accounts and customary credit arrangements between banks in the ordinary course of business);
- not enter into any new line of business or change in any material respect its lending, investment, underwriting, risk and asset liability management and other banking and operating, securitization and servicing policies (including any change in the maximum ratio or similar limits as a percentage of its capital exposure applicable with respect to its loan portfolio or any segment thereof);
- maintain its properties and assets in good operating condition, ordinary wear and tear excepted;
- maintain and keep in full force and effect all material insurance;
- make no change in the authorized or issued capital stock or other securities of HCSB, or issue or grant any right or option to purchase or otherwise acquire any of the capital stock or other securities of HCSB;
- not declare or make any dividend, distribution or payment in respect to the HCSB common stock,
- make no amendment to its articles of incorporation or bylaws, and maintain its corporate existence and powers;
- not acquire by merging or consolidating with, or by purchasing a substantial portion of the assets of, or by any other manner, any business or any corporation, partnership, association or other entity or division thereof or otherwise acquire or agree to acquire any assets which are material, individually or in the aggregate, to HCSB;
- not sell, mortgage, lease, buy or otherwise acquire, transfer or dispose of any real property or interest therein (except for sales in the ordinary course of business, including sales of other real estate owned and properties under contract at or above HCSB's carrying value as of the date of the merger agreement) or, except in the ordinary course of business, sell or transfer, mortgage, pledge or subject to any lien any other tangible or intangible asset;
- provide United with five business days' prior notice before execution of an agreement to make any loan or extension of credit in an amount in excess of \$500,000 (excluding any loan or extension of credit of a smaller amount on an outstanding loan or line of credit in excess of \$500,000);
-

not renew or amend any existing loan or extension of credit that is characterized as “Special Mention”, “Substandard”, “Doubtful”, or “Loss” in the books and records of HCSB; provided, however, that HCSB may amend or renew any existing loan that is characterized as “Special Mention”, “Substandard”, “Doubtful”, or “Loss”, in the event United shall not have disapproved of such request in writing within five (5) business days upon receipt of such request from HCSB;

- make no material change to its methodology for determining its allowance for loan and lease losses;

- make no change in the banking and safe deposit arrangements of HCSB, other than in the ordinary course of business, consistent with past practice;

- not make application for the opening, relocation or closing of any, or open, relocate or close any, branch office, loan production office or other significant office or operations facility of HCSB;

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- except in the ordinary course of business, not terminate, materially amend or waive any material right under any material contract or enter into any contract that would constitute a material contract if it were in effect on the date of the merger agreement;

- maintain the books and records of HCSB in the usual, regular and ordinary course;

- not, and will not permit Horry County State Bank to, prepare or file any tax return inconsistent with past practice or, on any tax return, take any position, make any election, or adopt any method inconsistent with positions taken, elections made or methods used in preparing or filing similar tax returns in prior periods, make or change any express or deemed election related to taxes, change an annual accounting period, adopt or change any method of accounting, file an amended tax return, surrender any right to claim a refund of taxes, enter into any closing agreements with respect to tax, or consent to any extension or waiver of the limitation period applicable to any tax proceedings related to HCSB or Horry County State Bank;

- promptly advise United orally and in writing of any change or event having, or which would reasonably be expected to have, a material adverse effect;

- file all reports required to be filed with any regulatory or governmental agencies between the date of the merger agreement and the closing date of the merger and deliver to United copies of all such reports promptly after the same are filed;

- not adopt any new benefit plans or programs or amend any existing benefit plans or programs, the effect of which is to increase benefits to any current or former employees, directors, officers or independent contractors or their descendants or beneficiaries or the liabilities of HCSB or its successors; and

- not grant or enter into any new employment agreement, retention agreement, severance pay, termination pay, retention pay, change in control or transaction or deal bonus or arrangement or other benefit plan.

Limitation on Discussions with Others

The merger agreement provides that HCSB may not, and may not authorize or permit any of its affiliates, officers, directors, employees, agents or advisors to, directly or indirectly, solicit or entertain offers from, negotiate with or in any manner encourage, discuss, accept or consider an acquisition proposal (as defined above) of any other third party. In addition, the merger agreement requires HCSB to immediately cease and cause to be terminated any previously undertaken or ongoing activities, discussions or negotiations with any other third party with respect to any acquisition proposal. Furthermore, if HCSB or any of its affiliates, officers, directors, employees, agents, or advisors receives any communication regarding an acquisition proposal between the date of the merger agreement and the closing date of the merger, then HCSB shall immediately notify United of the receipt of such acquisition proposal.

Notwithstanding the foregoing, prior to obtaining the approval of the shareholders of HCSB, the merger agreement does not prohibit HCSB from furnishing nonpublic information regarding HCSB to, or entering into a confidentiality agreement or discussions or negotiations with, any third party in response to a bona fide, unsolicited written acquisition proposal submitted by such third party if: (i) the acquisition proposal did not result from a breach of the merger agreement, (ii) HCSB's board of directors has determined in good faith, after consultation with its financial advisors and outside counsel, that such acquisition proposal constitutes or is reasonably likely to result in a superior

proposal, (iii) HCSB's board of directors determines in good faith, after consultation with its outside counsel, that a failure to take such action would be reasonably likely to result in a breach of the fiduciary duties of the members of the HCSB board of directors, (iv) (A) HCSB gives United prompt (but in no event later than 24 hours) notice (which notice may be oral, and, if oral, shall be subsequently confirmed in writing) (1) of HCSB's or any of its directors, officers, employees, representatives, agents or advisors receipt of any acquisition proposal (which notice shall include the identity of such person or group and the material terms and conditions of any proposals or offers, including, if applicable, copies of any written requests, proposals or offers, including proposed agreements) and (2) of HCSB's furnishing nonpublic information to, or entering into discussions or negotiations with, such person or group, and (B) HCSB receives from such person or group an executed

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confidentiality agreement containing terms no less favorable to HCSB than the terms of the confidentiality agreement entered into between HCSB and United, and (v) contemporaneously with, or promptly after, furnishing any such nonpublic information to such person or group, HCSB furnishes such nonpublic information to United (to the extent such nonpublic information has not been previously furnished by HCSB to United). In addition to the foregoing, HCSB shall keep United reasonably informed on a prompt basis of the status and material terms of any such acquisition proposal, including any material amendments or proposed amendments as to price and other material terms thereof and any change in HCSB's intentions with respect to the transactions contemplated by the merger agreement.

Interests of the Directors and Officers of HCSB in the Merger

In considering the recommendation of the HCSB Board of Directors with respect to the merger agreement, HCSB shareholders should be aware that the executive officers and directors of HCSB have certain interests in the merger that may be different from, or in addition to, the interests of HCSB shareholders generally. The HCSB Board of Directors was aware of these interests and considered them, among other matters, in approving the merger agreement and the transactions contemplated thereby and making its recommendation that HCSB shareholders vote to approve the merger agreement. These interests are described in further detail below. For purposes of all HCSB agreements and plans described below, the completion of the merger contemplated by the merger agreement will constitute a change of control, change in control or term of similar meaning.

Indemnification and Insurance

To the fullest extent permitted by applicable law, United has agreed that for six years after the completion of the merger, it will (subject to certain limitations) indemnify, and provide advance of expenses to, present and former HCSB directors and officers with respect to liabilities arising from acts or omissions occurring prior to the merger. Prior to the effective time of the merger, United will purchase, or direct HCSB to purchase, an extended reporting period endorsement under HCSB's existing directors' and officers' liability insurance coverage for acts or omissions occurring prior to the merger effective time by such directors and officers, which shall maintain such HCSB directors' and officers' liability insurance policy in effect for a period of six years after the merger effective time; provided that United shall not be obligated to make aggregate annual premium payments for such six-year period an amount in excess of 250% of the annual premium payments on such HCSB directors' and officers' liability insurance policy in effect as of the date of the merger agreement. If the amount of the premiums necessary to maintain or procure such insurance coverage exceeds such 250% maximum premium amount, then United shall use its reasonable best efforts to maintain the most advantageous policies of directors' and officers' liability insurance obtainable for a premium equal to such 250% maximum premium amount.

Existing HCSB Employment Agreements

HCSB is currently a party to amended and restated employment agreements, which we refer to as the employment agreements, with each of Jan H. Hollar, J. Rick Patterson, and W. Jack McElveen. These agreements provide that if HCSB terminates Ms. Hollar, Mr. Patterson, or Mr. McElveen without cause or any of them terminates for good reason within 12 months following a change in control, the executive will be entitled to (i) severance compensation in an amount equal to 299% of his or her then current annual base salary plus any bonus earned through the date of termination (including any amounts awarded for previous years but which were not yet paid) and (ii) continued participation, in accordance with the terms of the applicable benefit plans, in HCSB's group health plan pursuant to plan continuation rules under COBRA. In addition, these agreements provide that any restrictions on any outstanding equity incentive awards (including restricted stock) granted to the executives will lapse and such incentive awards will immediately become 100% vested.

Under these agreements, if any severance payments are deemed to constitute "excess parachute payments" within the meaning of Section 280G of the Internal Revenue Code of 1986, as amended, then the agreements include a "best net after tax" compliance provision. Under these employment agreements, the best net after tax provision will cause the executive's severance payment to either be (i) reduced to an

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amount which does not trigger the Section 280G-related excise tax or (ii) paid in full, depending on which payment would result in the executive receiving the greatest after tax payment. If paid in full thus triggering the excise tax, the executive would be liable for any such tax owed on the parachute payments.

Each employment agreement also provides that during the term of employment and for a period of 24 months for Ms. Hollar and Mr. Patterson and for a period of 12 months for Mr. McElveen following termination, the executive may not (a) compete with HCSB or any of its affiliates by, directly or indirectly, forming, serving as an organizer, director or officer of, or consultant to, or acquiring or maintaining more than a 1% passive investment in, a depository financial institution or holding company therefor if such depository institution or holding company has one or more offices within 30 miles from the main office of Horry County State Bank or any branch or loan production office of Horry County State Bank, subject to certain exclusions contained in the employment agreement, (b) solicit Horry County State Bank's customers with which the executive had material contact in connection with products or services provided by Horry County State Bank for the purpose of providing financial services, or (c) solicit Horry County State Bank's employees or consultants.

Severance and Release Agreements

Each of Ms. Hollar and Messrs. Patterson and McElveen are expected to enter into a severance and release agreement, which we refer to as the severance agreements, with United. The purpose of these agreements is to provide severance pay to Ms. Hollar and Messrs. Patterson and McElveen in full and complete satisfaction of the obligations to Ms. Hollar and Messrs. Patterson and McElveen under their existing employment agreements with HCSB, which are summarized above. For an estimate of the amounts that would be payable in connection with the merger to each of Ms. Hollar and Messrs. Patterson and McElveen pursuant to the severance agreements, see "Quantification of Potential Payments to HCSB's Named Executive Officers in Connection with the Merger" below. In exchange for the payments under the severance agreements, Ms. Hollar and Messrs. Patterson and McElveen will release and discharge United from any and all claims, demands, and liabilities that Ms. Hollar and Messrs. Patterson and McElveen have ever had or may have against United or United's officers, directors, or employees, both known and unknown, including, but not limited to, any and all claims, demands, and liabilities based on employment or the termination of the employment relationship. Ms. Hollar and Messrs. Patterson and McElveen will also agree not to file or consent to the filing of any lawsuit, complaint, or action against United, or United's officers, directors, or employees arising out of or in any way related to her or his employment or the termination of her or his employment.

Treatment of Outstanding HCSB Restricted Stock

Each share of HCSB common stock subject to restrictions on transfer and/or forfeiture granted under the HCSB 2016 Equity Incentive Plan that is issued and outstanding immediately prior to the effective time will become fully vested and will be converted automatically into and represent the right to receive the merger consideration, subject to any income or employment tax withholding required under the Internal Revenue Code of 1986, as amended, or any provision of applicable law.

As of the date of this document, Ms. Hollar, Mr. Patterson, and Mr. McElveen held 12,000,000 shares, 7,500,000 shares, and 5,000,000 shares, respectively, of unvested HCSB restricted stock. For an estimate of the amounts that would be payable in connection with the merger to each of Ms. Hollar and Messrs. Patterson and McElveen on settlement of their unvested equity-based awards, see "Quantification of Potential Payments to HCSB's Named Executive Officers in Connection with the Merger" below.

Other than the named executive officers, no HCSB directors hold unvested HCSB equity awards and two HCSB executive officers hold 3,250,000 shares of unvested HCSB restricted stock.

Employment with United

As of the date of this document, no named executive officer of HCSB has been offered employment with United.

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Quantification of Potential Payments to HCSB's Named Executive Officers in Connection with the Merger
The following table and related footnotes are intended to comply with Item 402(t) of Regulation S-K under the Securities Exchange Act of 1934, which requires disclosure of information about the payments and benefits that each of HCSB's "named executive officers," which consists of its principal executive officer, principal financial officer and the other most highly compensated executive officer, will or may receive that are based on or otherwise relate to the merger ("merger-based compensation"). This merger-based compensation is referred to as "golden parachute" compensation by the applicable SEC disclosure rules. This compensation is subject to a non-binding advisory vote of HCSB's holders of voting common stock, as described in "PROPOSAL NO. 2 — ADVISORY VOTE ON MERGER-RELATED COMPENSATION."

The amounts indicated below are estimates based on multiple assumptions that may or may not actually occur or be accurate on the relevant date, including an assumption that the employment of each of the three named executive officers is terminated immediately following the completion of the merger, and do not reflect certain compensation actions that may occur before the completion of the merger. For purposes of calculating such amounts, we have assumed July 3, 2017 as the closing date of the merger.

Name	Cash (\$)(1)	Equity (\$)(2)	Pension/ NQDC (\$)	Perquisites/Tax Benefits (\$)	Reimbursements (\$)	Other (\$)(3)	Total (\$)
Jan H. Hollar	\$ 771,217	\$ 511,461	—	—	—	\$ 20,000	\$ 1,302,678
J. Rick Patterson	\$ 685,526	\$ 319,663	—	—	—	—	\$ 1,005,189
William J. McElveen, Jr.	\$ 685,526	\$ 213,109	—	—	—	\$ 20,000	\$ 918,635

(1)

The amounts set forth represent double trigger payments (i.e., amounts triggered by a change in control for which payment is conditioned upon the executive officer's termination without cause or resignation for good reason within a twelve month time period following the change in control) due to the named executive officer pursuant to their employment agreements. These amounts also include minimum pro-rata annual bonuses due to Ms. Hollar, Mr. Patterson and Mr. McElveen, respectively, for the year in which the change in control occurs pursuant to their employment agreements.

(2)

The amounts set forth represent the value attributable to the vesting of the registered stock previously granted to Ms. Hollar, Mr. Patterson, and Mr. McElveen that will vest immediately upon completion of the merger. These values were determined based on the acceleration of vesting upon a change in control of all unvested restricted stock assuming the following: (i) a fair market value as of July 3, 2017 (the intended date of the change in control) of \$0.145 and (ii) both performance measures had already been met but none of the annual time vesting milestones had been achieved.

(3)

The amounts set forth represent the value attributable to the right of each of the named executive officers to continued participation, in accordance with the terms of the applicable benefit plans, in HCSB's group health plan pursuant to plan continuation rules under COBRA for the legally required periods, pursuant to their employment agreements. These values are estimated to be \$20,000 for each executive, except for Patterson who does not participate in the HCSB health plan and would decline any COBRA benefits.

Differences in Legal Rights between Shareholders of HCSB and United

Following the merger you will no longer be a HCSB shareholder and, if you receive shares of United following the merger, your rights as a shareholder will no longer be governed by HCSB's articles of incorporation and bylaws and the SCBCA. You will be a United shareholder and your rights as a United shareholder will be governed by United's

articles of incorporation and bylaws and the Georgia Business Corporation Code. Your former rights as a HCSB shareholder and your new rights as a United shareholder are different in certain ways, including the following:
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	HCSB Shareholder Rights	United Shareholder Rights
Authorized, Issued and Outstanding Capital Stock	The authorized capital stock of HCSB currently consists of 500,000,000 shares of voting common stock, \$0.01 par value per share, 150,000,000 shares of non-voting common stock, \$0.01 par value per share, and 5,000,000 shares of preferred stock, \$0.01 par value per share. As of [•], 2017, [•] shares of common stock were issued and outstanding, [•] shares of non-voting common stock were issued and outstanding and no shares of preferred stock were issued and outstanding.	The authorized capital stock of United currently consists of 150,000,000 shares of common stock, \$1.00 par value per share, 26,000,000 shares of non-voting common stock, \$1.00 par value per share, and 10,000,000 shares of preferred stock, \$1.00 par value per share. As of [•], 2017, [•] shares of common stock were issued and outstanding, no shares of non-voting common stock were issued and outstanding and no shares of preferred stock were issued and outstanding.
Shareholder Ability to Call Special Meetings	The bylaws of HCSB provide that special meetings may be called by the Chief Executive Officer, the President, the Chairman of the Board of Directors or a majority of the Board of Directors, and by the holders of at least 10% of all the votes entitled to be cast on any issue proposed to be considered at such special meeting.	The bylaws of United provide that special meetings may be called by the Board of Directors, the Chairman of the Board of Directors, the Chief Executive Officer, the President or the Chief Financial Officer, and by the holders of at least 25% of the shares of shares entitled to vote on the matter considered at the special meeting.
Advance Notice Requirements for Shareholder Proposals	The bylaws of HCSB provide that for business to be brought properly before an annual meeting by a shareholder, the shareholder must have given timely notice in writing to the Secretary. To be timely, the notice must be given, either by personal delivery or by United States mail, postage prepaid, return receipt requested, to the Secretary not less than 30 nor more than 60 days in advance of the annual meeting. A shareholder's notice shall set forth for each matter the shareholder proposes to bring before the annual meeting (i) a description of the business desired to be brought before the annual meeting (including the specific proposal(s) to be presented) and the reasons for conducting such business at the annual meeting; (ii) the name and record address of the shareholder proposing such business; (iii) the class and number of shares that are owned of record, and the class and number of shares that are held beneficially, but not held of record, by the shareholder as of the record date of the meeting; and (iv) any interest of the shareholder in such business. HCSB shareholders do not have the ability to submit a	The bylaws of United provide that for business to be brought properly before an annual meeting by a shareholder, the stockholder must have given timely notice of the business in writing to the Secretary. To be timely, the notice must be delivered or mailed to and received at the principal offices of United on or before the later to occur of (i) 14 days prior to the annual meeting or (ii) five days after notice of the meeting is provided to the shareholders. A shareholder's notice must set forth (i) a brief description of each matter of business the shareholder proposes to bring before the meeting and the reasons for conducting that business at the meeting; (ii) the name, as it appears on United's books, and address of the shareholder proposing the business; (iii) the series or class and number of shares of United's capital stock that are beneficially owned by the shareholder; and (iv) any material interest of the shareholder in the proposed business. United shareholders do not have the ability to submit a proposal for a special meeting of shareholders.

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	HCSB Shareholder Rights	United Shareholder Rights
	proposal for a special meeting of shareholders.	
	The bylaws of HCSB provide that the number of directors may be increased or decreased by action of the HCSB Board of Directors at any time, but in no event shall the number be less than five or greater than 25. If, in any case after proxy materials for an annual meeting have been mailed, any person nominated becomes unable or unwilling to serve, the number of authorized directors shall automatically be reduced by a number equal to the number of such persons. HCSB's Board of Directors currently has seven directors.	The bylaws of United provide that the number of directors on United's Board of Directors may range from eight to fourteen. The number of directors may be increased or decreased from time to time by the Board of Directors by resolution, but no decrease shall have the effect of shortening the term of an incumbent director. United's Board of Directors currently has nine directors.
Number of Directors		
	The bylaws of HCSB provide that directors may be removed with or without cause by the affirmative vote of the holders of at least a majority of the shares entitled to vote at an election of directors.	The articles of incorporation of United provide that directors may be removed only for cause and only upon the affirmative vote of the holders of two-thirds of the issued and outstanding shares entitled to vote on the removal.
Removal of Directors		
	The SCBCA provides that, unless the articles of incorporation require a different vote, a plan of merger or share exchange may only be approved by (i) two-thirds of the votes entitled to be cast on the plan, regardless of the class or voting group to which the shares belong and (ii) two-thirds of the votes entitled to be cast on the plan within each voting group entitled to vote as a separate voting group on the plan. The articles of incorporation of HCSB do not alter this default voting standard with respect to HCSB voting common stock. However, the articles of incorporation of HCSB alter this default voting standard with respect to HCSB non-voting common stock by requiring the holders of a majority of the issued and outstanding shares of non-voting common stock to approve any agreement, merger or business consolidation, or any other transaction or action by HCSB that would have the effect of changing any preference or any relative or other right provided for the benefit of the holders of the HCSB non-voting common stock.	Neither the articles of incorporation nor bylaws of United require any supermajority approval of business transactions generally. The articles of incorporation of United provide that in order to engage in a merger, consolidation, sale or transfer or disposition of all or substantially all of the assets of United, sale of \$1 million or more in securities, a plan of liquidation, or any other transaction with any holder of 10% or more of the issued and outstanding shares of United that would increase the percentage ownership of such shareholder, such transaction must be approved by either a resolution adopted by at least three-fourths of the directors then in office, or the affirmative vote of the holders of at least 75% of the outstanding shares of common stock of United and the separate affirmative vote of at least 75% of the outstanding shares of common stock, excluding those shares held by such shareholder.
Approval of Business Transactions		

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HCSB Shareholder Rights

The South Carolina Business Combinations Statute provides that a 10% or greater shareholder of a resident domestic corporation cannot engage in a “business combination” (as defined in the statute) with such corporation for a period of two years following the date on which the 10% shareholder became such, unless the business combination or the acquisition of shares is approved by a majority of the disinterested members of such corporation’s board of directors before the 10% shareholder’s share acquisition date. This statute further provides that at no time (even after the two-year period subsequent to such share acquisition date) may the 10% shareholder engage in a business combination with the relevant corporation unless certain approvals of the board of directors or disinterested shareholders are obtained or unless the consideration given in the combination meets certain minimum standards set forth in the statute. The law is very broad in its scope and is designed to inhibit unfriendly acquisitions but it does not apply to corporations whose articles of incorporation contain a provision electing not to be covered by the law. The articles of incorporation of HCSB do not contain such a provision.

United Shareholder Rights

The bylaws of United provide that any action required or permitted to be taken at a meeting of shareholders may be taken without a meeting if a written consent (or consents) has been signed by the holders of outstanding United stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted. Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent must be given to those shareholders who have not consented in writing.

Shareholder Action Without Meeting	The SCBCA provides that shareholder action by written consent in lieu of a meeting is permitted only if such consent is unanimous. Neither the articles of incorporation nor bylaws of HCSB alter this default standard.
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	HCSB Shareholder Rights	United Shareholder Rights
Exclusive Forum	The bylaws of HCSB do not set forth an exclusive forum for legal proceedings.	The bylaws of United provide that the United States District Court for the Northern District of Georgia or, if such court lacks jurisdiction, any Georgia state court that has jurisdiction, shall, to the fullest extent permitted by law, be the sole and exclusive forum for certain legal proceedings.
Amendments to Articles of Incorporation and Bylaws	The SCBCA provides that, unless the articles of incorporation require a different vote, a South Carolina corporation's articles of incorporation generally may be amended only upon approval by (i) two-thirds of the votes entitled to be cast on the amendment, regardless of the class or voting group to which the shares belong and (ii) two-thirds of the votes entitled to be cast on the amendment within each voting group entitled to vote as a separate voting group on the amendment. The articles of incorporation of HCSB do not alter this default voting standard. HCSB's bylaws provide that HCSB's Board of Directors may alter, amend or repeal any provision of the bylaws, or new bylaws may be adopted at any meeting at which a quorum is present, by the affirmative vote of a majority of the directors. HCSB's bylaws also provide that HCSB's shareholders may alter, amend or repeal any provision of the bylaws, or new bylaws may be adopted at any meeting of the shareholders at which a quorum is present or represented by proxy, by the affirmative vote of the holders of a majority of each class of shares entitled to vote thereon. Upon adoption of any new bylaw by the shareholders, the shareholders may expressly provide that the Board of Directors may not adopt, amend or repeal that bylaw or any bylaw on that subject.	United's articles of incorporation specifically provide that any amendment or repeal of any provision of the articles of incorporation or Article II (Stockholders' Meetings) or Article III (Board of Directors) of the bylaws requires the affirmative vote of holders of a majority of the shares of United's capital stock then issued and outstanding and entitled to vote on such matters. United's bylaws provide that United's Board of Directors may alter, amend or repeal United's bylaws or adopt new bylaws, subject to the voting requirement included in United's articles of incorporation. Any bylaws adopted by United's Board of Directors may be altered, amended or repealed, and new bylaws adopted, by the shareholders of United.
Dividends	United declared cash dividends of \$0.09 per share of common stock in the first quarter of 2017, \$0.30 per share in 2016, \$0.22 per share in 2015 and \$0.11 per share in 2014. United intends to continue paying cash dividends, but the amount and frequency of cash dividends, if any, will be determined by United's	

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Board of Directors after consideration of certain non-financial and financial factors including earnings, capital requirements, and the financial condition of United, and will depend on cash dividends paid to it by its subsidiary bank. The ability of United's subsidiary bank to pay dividends to it is restricted by certain regulatory requirements. No cash dividends were declared on HCSB's common stock in the first quarter of 2017 or in 2016, 2015 or 2014.

Accounting Treatment

The merger will be accounted for as a purchase for financial reporting and accounting purposes under generally accepted accounting principles in the United States. After the merger, the results of operations of HCSB will be included in the consolidated financial statements of United. The merger consideration will be allocated based on the fair values of the assets acquired and the liabilities assumed. Any excess of cost over fair value of the net tangible and identified intangible assets of HCSB acquired will be recorded as goodwill. Any identified intangible asset may be amortized by charges to operations under generally accepted accounting principles in the United States.

Regulatory Approvals

The Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the Department of Banking and Finance of the State of Georgia and the South Carolina State Board of Financial Institutions must approve the merger. In determining whether to grant that approval, the Federal Reserve will consider the effect of the merger on the financial and managerial resources and future prospects of the companies and banks concerned and the convenience and needs of the communities to be served.

The review of the merger application by the Federal Reserve, the Federal Deposit Insurance Corporation, the Georgia Department of Banking and Finance or the South Carolina State Board of Financial Institutions will not include an evaluation of the proposed transaction from the financial perspective of the individual shareholders of HCSB. Further, no shareholder should construe an approval of the merger application by the Federal Reserve, the Federal Deposit Insurance Corporation, the Georgia Department of Banking and Finance or the South Carolina State Board of Financial Institutions to be a recommendation that the shareholders vote to approve the proposal. Each shareholder entitled to vote should evaluate the proposal to determine the personal financial impact of the completion of the proposed transaction. Shareholders not fully knowledgeable in such matters are advised to obtain the assistance of competent professionals in evaluating all aspects of the proposal including any determination that the completion of the proposed transaction is in the best financial interest of the shareholder.

Dissenters' Rights

Under South Carolina law, holders of HCSB common stock will be entitled to dissent from the merger and to obtain payment in cash of the fair value of his or her shares of HCSB common stock. Set forth below is a summary of the procedures that must be followed by the holders of HCSB common stock in order to exercise their dissenters' rights of appraisal. This summary is qualified in its entirety by reference to the text of the applicable South Carolina statutes, a copy of which is attached as Appendix B to this document.

A record holder of HCSB common stock who wishes to assert dissenters' rights (i) must deliver to HCSB before the vote is taken on the merger agreement written notice of his or her intent to demand payment for his or her shares if the merger is effectuated, and (ii) must not vote his or her shares in favor of the merger agreement.

If the merger is approved at the HCSB special meeting, HCSB will deliver, no later than 10 days after the special meeting, a written dissenters' notice to all HCSB shareholders who satisfied the two requirements set forth above. The written dissenters' notice will state where the payment demand must be sent and where stock certificates must be deposited, will include a form for demanding payment that includes the date of the first announcement to news media or to shareholders of the terms of the merger and requires that the person asserting dissenters' rights certify whether or not he or she or, if he or she is a

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nominee asserting dissenters' rights on behalf of a beneficial shareholder, the beneficial shareholder acquired beneficial ownership of the shares before that date, and will set a date by which HCSB must receive the payment demand, which date will not be less than 30 or more than 60 days after the written dissenters' notice is delivered. A dissenting shareholder who does not demand payment or deposit his or her share certificate as required by the dissenters' notice will not be entitled to payment for his or her shares, and such shareholder's shares of HCSB common stock will be converted into the right to receive the merger consideration in connection with the merger.

As soon as the merger is consummated, or upon receipt of a payment demand, HCSB will pay to each dissenting shareholder who properly demanded payment the amount HCSB estimates to be the fair value of his or her shares, plus accrued interest. If the shareholder believes the amount of the payment is less than fair value or that the interest is calculated incorrectly or HCSB fails to make payment within 60 days after the date set for demanding payment, or if the merger is not consummated, HCSB fails to return the deposited certificates within 60 days after the date set for demanding payment, he or she may notify HCSB in writing of his or her own estimate of fair value and amount of interest due and demand payment of his estimate (less the payment already received). However, a dissenting shareholder waives his or her right to demand additional payment if he or she fails to notify HCSB of his or her demand in writing within 30 days after HCSB made payment for his or her shares. If a demand for payment remains unsettled, HCSB will commence a court proceeding to determine the fair value of the shares and the accrued interest. Exercise of dissenters' rights by holders of HCSB common stock will result in the recognition of gain or loss, as the case may be, for federal income tax purposes.

Material U.S. Federal Income Tax Consequences and Opinion of Tax Counsel

Subject to the limitations, assumptions and qualifications described herein, in the opinion of each of Troutman Sanders LLP and Nelson Mullins Riley & Scarborough, LLP, the following discussion summarizes the anticipated material U.S. federal income tax consequences of the merger generally applicable to "U.S. holders" (as defined below) of HCSB common stock that exchange their shares in the merger. This summary is based upon the Internal Revenue Code of 1986, as amended (the "Code"), Treasury regulations promulgated thereunder, judicial authorities, published positions of the Internal Revenue Service ("IRS") and other applicable authorities, all as in effect on the date of this discussion and all of which are subject to change (possibly with retroactive effect) and differing interpretations. The opinions of tax counsel for each of United and HCSB are filed as Exhibit 8.1 and Exhibit 8.2, respectively, to the registration statement on Form S-4 of which this document is a part. These opinions will be based on representations, covenants and undertakings provided by United and HCSB and on customary factual assumptions. If any of the representations or assumptions upon which the opinions are based are inconsistent with the actual facts, the U.S. federal income tax consequences of the mergers could be adversely affected. Neither of the opinions described above will be binding on the IRS or any court. United and HCSB have not sought and will not seek any ruling from the IRS regarding any matters relating to the mergers, and as a result, there can be no assurance that the IRS will not assert, or that a court would not sustain, a position contrary to any of the conclusions set forth below.

This summary is limited to U.S. holders (as defined below) that hold their shares of HCSB common stock as a capital asset within the meaning of Section 1221 of the Code (generally, property held for investment). Furthermore, this discussion does not address all of the tax consequences that may be relevant to a particular HCSB shareholder or to HCSB shareholders that are subject to special rules under U.S. federal income tax laws, such as: shareholders that are not U.S. holders; banks, thrifts, or other financial institutions; insurance companies; mutual funds; tax-exempt organizations; S corporations, partnerships or other pass-through entities (or investors in such entities); regulated investment companies; real estate investment trusts; retirement plans, individual retirement accounts or other tax-deferred accounts; dealers in stocks and securities or currencies; persons subject to the alternative minimum tax provisions of the Code; former citizens or residents of the U.S.; persons whose functional currency is not the U.S. dollar; traders in securities that elect to use a mark-to-market method of accounting; persons who own more than 5% of the outstanding common stock of HCSB; persons who hold HCSB common stock as part of a straddle, hedge, constructive sale, wash sale, conversion or other integrated transaction; and U.S. holders who acquired their shares of HCSB common stock through the exercise of an employee stock option, through a qualified retirement plan or otherwise as compensation.

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In addition, this discussion does not address any alternative minimum tax or any state, local or foreign tax consequences of the merger, nor does it address any other U.S. federal tax consequences (such as gift or estate taxes) including any tax consequences arising under the unearned income Medicare contribution tax pursuant to Section 1411 of the Code. Determining the actual tax consequences of the merger to each HCSB shareholder may be complex. They will depend on each HCSB shareholder's specific situation and on factors that are not within the control of United or HCSB. Accordingly, each HCSB shareholder should consult its tax advisor with respect to the particular tax consequences of the merger to such holder.

For purposes of this section, the term "U.S. holder" means a beneficial owner of HCSB common stock that for United States federal income tax purposes is: a citizen or resident of the United States; a corporation, or other entity treated as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the United States, any state thereof or the District of Columbia; an estate that is subject to U.S. federal income tax on its income regardless of its source; or a trust, the substantial decisions of which are controlled by one or more U.S. persons and which is subject to the primary supervision of a U.S. court, or a trust that validly has elected under applicable Treasury regulations to be treated as a U.S. person for U.S. federal income tax purposes.

If a partnership (including any entity or arrangement that is treated as a partnership for U.S. federal income tax purposes) holds HCSB common stock, the tax treatment of a partner generally will depend on the status of the partners and the activities of the partnership. Partnerships and partners in such a partnership should consult their tax advisers about the tax consequences of the merger to them.

Holders of HCSB common stock are urged to consult with their own tax advisors as to the tax consequences of the merger given their particular circumstances.

Tax Consequences of the Merger

The merger will be treated as a "reorganization" within the meaning of Section 368(a) of the Code. Consummation of the merger is conditioned upon each of United and HCSB receiving a written tax opinion, dated the closing date of the merger, from their respective outside legal counsels to the effect that, based upon facts, representations and assumptions set forth in such opinions, (i) the merger will be treated for federal income tax purposes as a reorganization within the meaning of Section 368(a) of the Code, and (ii) United and HCSB will each be a party to that reorganization within the meaning of Section 368(b) of the Code. An opinion of counsel represents the counsel's best legal judgment and is not binding on the IRS or any court, and as a result, there can be no assurance that the IRS will not assert, or that a court would not sustain, a position contrary to any such opinion. In addition, if any of the representations or assumptions upon which these opinions are based are inconsistent with the actual facts, the U.S. federal income tax consequences of the merger could be adversely affected. Accordingly, each HCSB shareholder should consult its tax advisor with respect to the particular tax consequences of the merger to such holder.

Tax Consequences to United and HCSB

Each of United and HCSB will be a party to the merger within the meaning of Section 368(b) of the Code, and neither United nor HCSB will recognize any gain or loss as a result of the merger.

Tax Consequences to Shareholders

Exchange Solely for United Common Stock. A U.S. holder will not recognize any gain or loss in connection with such U.S. holder's exchange of all of its shares of HCSB common stock for shares of United common stock, except in respect of cash received in lieu of any fractional share of United common stock.

Cash Received in Lieu of a Fractional Share. If a U.S. holder receives cash in the merger instead of a fractional share interest in United common stock, the U.S. holder will be treated as having received such fractional share in the merger, and then as having received cash in exchange for such fractional share. Gain or loss will be recognized in an amount equal to the difference between the amount of cash received and the HCSB's shareholder's adjusted tax basis allocable to such fractional share. This gain or loss will be a capital gain or loss, and will be long-term capital gain or loss if, as of the effective date of the merger, the U.S. holder held its shares of HCSB common stock for more than one year.

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Exchange Solely for Cash upon Exercise of Dissenters' Rights. Upon the proper exercise of dissenters' rights, the exchange of HCSB shares solely for cash generally will result in recognition of gain or loss by the U.S. holder in an amount equal to the difference between the amount of cash received by the U.S. holder and the U.S. holder's tax basis in its HCSB common stock (generally the purchase price paid by the U.S. holder to acquire such stock). The gain or loss generally will be a capital gain or loss, and will be long-term capital gain or loss if, as of the effective date of the merger, the U.S. holder held its shares of HCSB common stock for more than one year.

Tax Basis in, and Holding Period for, United Common Stock. The aggregate tax basis of the United common stock received by a U.S. holder as a result of the merger will be the same as such shareholder's aggregate tax basis in its HCSB common stock surrendered in the merger, decreased by the amount of basis allocable to a fractional share of United common stock deemed received and exchanged for cash in the merger) (as discussed above). The holding period of the United common stock (including any fractional share deemed received and redeemed as discussed above) a U.S. holder receives as a result of the exchange will include the holding period of HCSB common stock surrendered in the merger. If a U.S. holder has differing bases or holding periods in respect of its shares of HCSB common stock, it should consult its tax advisor with regard to identifying the bases or holding periods of the particular shares of United common stock received in the exchange.

Backup Withholding and Information Reporting. A non-corporate U.S. holder may be subject under certain circumstances to information reporting and backup withholding (currently at a rate of 28%) on any cash payments received. A U.S. holder generally will not be subject to backup withholding, however, if such U.S. holder (1) furnishes a correct taxpayer identification number, certifies that it is not subject to backup withholding and otherwise comply with all the applicable requirements of the backup withholding rules; or (2) provide proof that it is otherwise exempt from backup withholding. Any amounts withheld under the backup withholding rules are not an additional tax and generally will be allowed as a refund or credit against the U.S. holder's U.S. federal income tax liability, provided such U.S. holder timely furnishes the required information to the IRS. U.S. holders should consult their own tax advisors regarding the application of backup withholding based on their particular circumstances and the availability and procedure for obtaining an exemption from backup withholding.

A HCSB shareholder who receives United common stock as a result of the merger will be required to retain records pertaining to the merger. Each HCSB shareholder who is required to file a U.S. federal income tax return and who is a "significant holder" that receives United common stock in the merger will be required to file a statement with such U.S. federal income tax return in accordance with Treasury Regulations Section 1.368-3 setting forth information regarding the parties to the merger, the date of the merger, such HCSB shareholder's basis in the HCSB common stock surrendered and the fair market value of the United common stock and cash received in the merger. A "significant holder" is a holder of HCSB common stock who, immediately before the merger, owned at least 5% of the outstanding stock of HCSB or securities of HCSB with a basis for federal income tax purposes of at least \$1 million.

THE PRECEDING DISCUSSION IS INTENDED ONLY AS A SUMMARY OF THE MATERIAL UNITED STATES FEDERAL INCOME TAX CONSEQUENCES OF THE MERGER AND DOES NOT PURPORT TO BE A COMPLETE ANALYSIS OR DISCUSSION OF ALL POTENTIAL TAX EFFECTS RELEVANT THERETO. HCSB SHAREHOLDERS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS AS TO THE SPECIFIC TAX CONSEQUENCES TO THEM OF THE MERGER, INCLUDING TAX RETURN REPORTING REQUIREMENTS, THE APPLICABILITY AND EFFECT OF NON-U.S., FEDERAL, STATE, LOCAL, AND OTHER APPLICABLE TAX LAWS, AND THE EFFECT OF ANY PROPOSED CHANGES IN THE TAX LAWS.

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PROPOSAL NO. 2 — ADVISORY VOTE ON MERGER-RELATED COMPENSATION

Section 951 of the Dodd-Frank Act and Rule 14a-21(c) under the Securities Exchange Act of 1934 require that HCSB seek a non-binding advisory vote from its shareholders to approve certain compensation that its named executive officers will receive from HCSB and Horry County State Bank in connection with the merger.

HCSB is presenting this proposal, which gives HCSB shareholders the opportunity to express their views on such merger-related compensation by voting for or against the following resolution:

“RESOLVED, that the compensation that may become payable to HCSB’s named executive officers in connection with the completion of the merger, as disclosed in the section captioned “Proposal 1 — Description of the Merger — Interests of Directors and Officers of HCSB in the Merger” and the related tables and narrative, is hereby approved.”

The HCSB Board of Directors unanimously recommends that shareholders approve the merger-related compensation arrangements described in this document by voting “FOR” the above proposal.

Approval of this proposal is not a condition to completion of the merger, and the vote with respect to this proposal is advisory only and will not be binding on HCSB or United. Therefore, if the merger is approved by the HCSB shareholders and completed, the merger-related compensation will still be paid to the HCSB named executive officers.

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INFORMATION ABOUT UNITED COMMUNITY BANKS, INC.

General

Financial and other information about United is set forth on United's Form 10-K for the year ended December 31, 2016 (which includes certain provisions of United's Proxy Statement for its 2017 Annual Meeting) and the quarterly report on Form 10-Q for the quarter ended March 31, 2017 which is incorporated herein by reference.

Securities

The authorized capital stock of United currently consists of 150,000,000 shares of common stock, \$1.00 par value per share, 26,000,000 shares of non-voting common stock, \$1.00 par value per share, and 10,000,000 shares of preferred stock, \$1.00 par value per share.

Common Stock

All voting rights are vested in the holders of the common stock. Each holder of common stock is entitled to one vote per share on any issue requiring a vote at any meeting. The shares do not have cumulative voting rights. Upon liquidation, holders of United's common stock, together with holders of United's non-voting common stock, junior preferred stock, junior participating preferred stock and Series E preferred stock, will be entitled to receive on a pro rata basis, after payment or provision for payment of all our debts and liabilities, and after all distributions payments are made to holders of United's Series A preferred stock, Series B preferred stock, Series C preferred stock, Series D preferred stock and Series H preferred stock, all of United's assets available for distribution, in cash or in kind. Subject to the rights of holders of United's Series A preferred stock, Series B preferred stock, Series C preferred stock, Series D preferred stock and Series H preferred stock to receive dividends, all shares of United's common stock, together with all shares of United's non-voting common stock, junior preferred stock and Series E preferred stock, are entitled to share equally in any dividends that United's Board of Directors may declare on its common stock, non-voting common stock, junior preferred stock and Series E preferred stock from sources legally available for distribution.

The outstanding shares of United common stock are, and the shares of United common stock to be issued by United in connection with the merger will be, duly authorized, validly issued, fully paid, and nonassessable.

As of [•], 2017, [•] shares of common stock were issued and outstanding, exclusive of [•] shares issuable to participants in United's Deferred Compensation Plan and [•] shares reserved for issuance upon the exercise of outstanding options and vesting of restricted stock.

Non-Voting Common Stock

United's authorized non-voting common stock consists of 26,000,000 shares. Except with respect to voting rights and as specifically set forth below, the non-voting common stock has the same designations, powers, preferences, limitations, restrictions, and relative rights as, and is identical in all respects to, United's common stock.

Except as required by Georgia law or United's articles of incorporation, holders of the non-voting common stock have no right to vote on any matter submitted to a vote at a meeting of United's shareholders. United's articles of incorporation provide that, in addition to any other vote required by law, the affirmative vote of the holders of a majority of the outstanding shares of the non-voting common stock, voting separately as a class, will be required to amend, alter or repeal any provision of the articles of incorporation that significantly and adversely affects the rights, preferences or privileges of the non-voting common stock.

Subject to any preferential dividend rights of any preferred stock of United, the holders of non-voting common stock will be entitled to receive, to the extent permitted by law, such dividends as may be declared from time to time by United's Board of Directors on the common stock. If a dividend is declared and paid

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with respect to United's common stock, then the Board of Directors will declare and pay an equivalent dividend, on a per share basis, to the non-voting common stock. Likewise, if the Board of Directors declares and pays a dividend on the non-voting common stock, it will declare and pay an equivalent dividend, on a per share basis, on the common stock.

After distribution in full of any preferential amount to be distributed to the holders of any preferred stock of United, holders of non-voting common stock and common stock will be entitled to receive, in the event of the voluntary or involuntary liquidation, dissolution, distribution of assets or winding-up of United, all of United's remaining assets of whatever kind available for distribution to the shareholders ratably in proportion to the number of shares of common stock and non-voting common stock held by them.

The non-voting common stock may be converted into common stock by any holder of non-voting common stock, other than the initial holder of such non-voting common stock or an affiliate thereof, who acquires one or more shares of non-voting common stock in an "Approved Transfer". An "Approved Transfer" means a sale or other transfer (i) to an affiliate of the holder of the non-voting common stock to be transferred under common control with such holder's ultimate parent, general partner or investment advisor but only if the transferee agrees in writing for the benefit of United to be bound by the terms of an applicable Investor Agreement; (ii) in a widely distributed public offering registered pursuant to the Securities Act of 1933; (iii) to a person that is acquiring at least a majority of United's outstanding "voting securities" (as defined in the Bank Holding Company Act and any rules or regulations promulgated thereunder) not including any voting securities such person is acquiring from the holder of the non-voting common stock to be transferred or its affiliates; or (iv) upon certification by the holder of the non-voting common stock to be transferred in writing to United that such holder believes that the transferee shall not, after giving effect to such transfer, own for purposes of the Bank Holding Company Act, or the Change of Bank Control Act, and any rules and regulations promulgated thereunder, more than 2% of any class of voting securities of United outstanding at such time.

As of [•], 2017, no shares of non-voting common stock were issued and outstanding.

Preferred Stock

United is authorized to issue 10,000,000 shares of preferred stock, issuable in specified series and having specified voting, dividend, conversion, liquidation, and other rights and preferences as United's Board of Directors may determine. The preferred stock may be issued for any lawful corporate purpose without further action by United shareholders. The issuance of any preferred stock that has conversion rights might have the effect of diluting the interests of United's other shareholders. In addition, shares of preferred stock could be issued with certain rights, privileges, and preferences, which would deter a tender or exchange offer or discourage the acquisition of control of United.

Of such authorized number of shares of preferred stock, (i) 1,000,000 shares of junior preferred stock are authorized, with no shares issued and outstanding; (ii) 287,411 shares of Series A preferred stock are authorized, with no shares issued and outstanding; (iii) 180,000 shares of Series B preferred stock are authorized, with no shares issued and outstanding; (iv) 65,000 shares of Series C preferred stock are authorized, with no shares issued and outstanding; (v) 25,000 shares of Series D preferred stock are authorized, with no shares issued and outstanding; (vi) 1,000,000 shares of Series E preferred stock are authorized, with no shares issued and outstanding; (vii) 195,872 shares of Series F preferred stock are authorized, with no shares issued and outstanding; (viii) 151,185 shares of Series G preferred stock are authorized, with no shares issued and outstanding, and (ix) 9,992 shares of Series H preferred stock are authorized, with no shares issued and outstanding.

Trust Preferred Securities

United has four wholly-owned statutory trusts, which have issued guaranteed preferred interests in United's junior subordinated deferrable interest debentures. The debentures represent the sole asset of each of the trusts. These debentures qualify as Tier I capital under Federal Reserve Board guidelines. All of the common securities of the trusts are owned by United. United has entered into contractual arrangements which, taken collectively, fully and unconditionally, guarantee payment of: (1) accrued and unpaid

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distributions required to be paid on the securities; (2) the redemption price with respect to any securities called for redemption by the respective trust; and (3) payments due upon a voluntary or involuntary dissolution, winding up or liquidation of the respective trust. The following is a description of each trust preferred security.

In September 2006, United acquired Southern Bancorp, Inc. (“SBC”) and its wholly owned Delaware statutory trust, Southern Bancorp Capital Trust I (“SBC Trust”), which issued \$4.25 million of floating rate capital securities of SBC Trust and \$132,000 in floating rate common securities to SBC. The proceeds from the issuance of the securities were used by SBC Trust to purchase \$4.382 million of junior subordinated debentures of SBC that bear interest at a rate, reset quarterly, equal to the prime rate plus 1%. The securities accrue and pay distributions quarterly at the then applicable interest rate. The securities mature on March 31, 2034 unless the maturity date is accelerated pursuant to the indenture after March 31, 2009. United has the right to redeem the debentures purchased by SBC Trust: (1) in whole or in part, on or after March 31, 2009 at par, and (2) in whole (but not in part), at any time, within 90 days following the occurrence and during the continuation of a tax event, an investment company event or a capital treatment event at par. As specified in the debenture, if the debentures are redeemed prior to maturity, the redemption price will include any accrued but unpaid interest.

In October 2008, United formed a wholly owned Delaware statutory business trust, United Community Statutory Trust III (“United Statutory Trust III”), which issued \$1.238 million of trust preferred securities. The proceeds from the sale of the trust preferred securities were used by United Statutory Trust III to purchase \$1.238 million in aggregate principal amount of United’s variable rate junior subordinate debentures, which bear interest at a variable rate equal to prime plus 3%. The securities accrue and pay distributions at a variable rate equal to the prime rate plus 3% per annum of the stated liquidation value of \$1,000 per capital security. The securities are mandatorily redeemable upon maturity of the debentures on October 31, 2038, or upon earlier redemption as provided in the indenture. United has the right to redeem the debentures purchased by United Statutory Trust III (i) on or after October 31, 2013 or (ii) at any time upon certain events, such as change in the regulatory capital treatment of the trust preferred securities, United Statutory Trust III being deemed an investment company or the occurrence of certain adverse tax events.

In July 2016, United acquired Tidelands Bancshares, Inc. (“Tidelands”) and its wholly-owned Delaware statutory trusts, Tidelands Statutory Trust I (“Tidelands Trust I”) and Tidelands Statutory Trust II (“Tidelands Trust II”). Tidelands Trust I issued \$8.0 million of trust preferred securities and \$248,000 of common securities. The proceeds from the sale of the securities were used by Tidelands Trust I to purchase \$8.248 million in aggregate principal amount of Tidelands’ floating rate junior subordinated notes, which bear interest at a variable rate equal to the three-month LIBOR plus 1.38% per annum of the stated liquidation value of \$1,000 per capital security. The securities are mandatorily redeemable upon maturity of the debentures on March 30, 2036, or upon earlier redemption as provided in the indenture. United has the right to redeem the debentures purchased by Tidelands Trust I (i) on or after March 30, 2011, or (ii) at any time upon certain events, such as change in the regulatory capital treatment of the trust preferred securities, Tidelands Trust I being deemed an investment company or the occurrence of certain adverse tax events. Tidelands Trust II issued \$6.0 million of trust preferred securities and \$186,000 of common securities. The proceeds from the sale of the securities were used by Tidelands Trust II to purchase \$6.186 million in aggregate principal amount of Tidelands’ floating rate junior subordinated notes, which bear interest at a variable rate equal to the three-month LIBOR plus 5.075% per annum of the state liquidation value of \$1,000 per capital security. The securities are mandatorily redeemable upon maturity of the debentures on June 30, 2038, or upon earlier redemption as provided in the indenture. United has the right to redeem the debentures purchased by Tidelands Trust II (i) on or after June 30, 2013, or (ii) at any time upon certain events, such as change in the regulatory capital treatment of the trust preferred securities, Tidelands Trust II being deemed an investment company or the occurrence of certain adverse tax events.

Transfer Agent and Registrar

The transfer agent and registrar for United’s common stock and the debentures is Continental Stock Transfer & Trust Company.

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Certain Provisions of United's Articles of Incorporation and Bylaws Regarding Change of Control Ability to Consider Other Constituencies

United's articles of incorporation permit its Board of Directors, in determining what is believed to be in the best interest of United and its shareholders, to consider the interests of its employees, customers, suppliers and creditors, the communities in which its offices and establishments are located and all other factors that they consider pertinent, in addition to considering the effects of any actions on United and its shareholders. This provision permits United's Board of Directors to consider numerous judgmental or subjective factors affecting a proposal, including some non-financial matters, and on the basis of these considerations may oppose a business combination or some other transaction which, viewed exclusively from a financial perspective, might be attractive to some, or even a majority, of its shareholders.

Amendments to Articles of Incorporation and Bylaws

United's articles of incorporation specifically provide that any amendment or repeal of any provision of the articles of incorporation or Article II (Stockholders' Meetings) or Article III (Board of Directors) of the bylaws requires the affirmative vote of holders of a majority of the shares of United's capital stock then issued and outstanding and entitled to vote on such matters.

Supermajority Approval of Interested Business Combinations

United's articles of incorporation provide that if a proposed business combination between United and any interested shareholder is not approved by three-fourths of all directors of United then in office, the business combination must be approved by the affirmative vote of the holders of at least 75% of the outstanding shares of United's common stock, including the affirmative vote of the holders of at least 75% of the outstanding shares of common stock held by shareholders other than the interested shareholder. This provision may discourage attempts by other corporations or groups to acquire control of United, without negotiation with management, through the acquisition of a substantial number of shares of United's stock followed by a forced merger. This provision may also enable a minority of the shareholders of United to prevent a transaction favored by a majority of the shareholders, and may discourage tender offers or other non-open market acquisitions of United's common stock because of the potentially higher vote requirements for shareholder approval of any subsequent business combination. Additionally, in some circumstances, United's Board of Directors could, by withholding its consent to such a transaction, cause the 75%/75% shareholder vote to be required to approve a business combination, thereby enabling management to retain control over the affairs of United and their present positions with United.

Removal of Directors

United's articles of incorporation provide that a member of United's Board of Directors may only be removed for cause, and only upon the affirmative vote of two-thirds of the outstanding shares of capital stock of United entitled to vote thereon. This provision may prevent a significant shareholder from avoiding board scrutiny of a proposed business combination by merely removing directors with conflicting views, and may encourage individuals or groups who desire to propose takeover bids or similar transactions to negotiate with the Board of Directors. However, outside of the context of an acquisition attempt, it may serve as an impediment to a more legitimate need to remove a director.

INFORMATION ABOUT HCSB FINANCIAL CORPORATION

Financial and other information about HCSB is set forth on HCSB's Form 10-K, as amended on Form 10-K/A for the year ended December 31, 2016 and the quarterly report on Form 10-Q for the quarter ended March 31, 2017 which is incorporated herein by reference.

INTEREST OF CERTAIN PERSONS IN THE MERGER

Interests of executive officers and directors of HCSB in the proposed merger are discussed above under the heading "Proposal No. 1 — The Merger — Interests of the Directors and Officers of HCSB in the Merger", at page 42.

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LEGAL MATTERS

Troutman Sanders LLP and Nelson Mullins Riley & Scarborough, LLP will deliver at the effective time their opinions to United and HCSB, respectively, as to certain United States federal income tax consequences of the merger. Please see the section entitled “Material United States Federal Income Tax Consequences of the Merger.” Troutman Sanders LLP, counsel to United, has provided an opinion as to the legality of the United common stock to be issued in connection with the merger. As of the date of these materials, members of Troutman Sanders LLP participating in this matter own an aggregate of 643 shares of United common stock.

EXPERTS

The financial statements and management’s assessment of the effectiveness of internal control over financial reporting (which is included in Management’s Report on Internal Control over Financial Reporting) incorporated in this proxy statement/prospectus by reference to the United Community Banks, Inc. Annual Report on Form 10-K for the year ended December 31, 2016 have been so incorporated in reliance on the report of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given upon the authority of this firm as experts in auditing and accounting.

The consolidated financial statements of HCSB and its subsidiary as of December 31, 2016 and 2015, and for the three-year period ended December 31, 2016 incorporated in these materials by reference to the Annual Report on Form 10-K for the year ended December 31, 2016 have been so incorporated in reliance on the report of Elliott Davis Decosimo, LLC, an independent registered public accounting firm, given upon the authority of this firm as experts in auditing and accounting.

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PROPOSAL NO. 3 — ADJOURNMENT OR POSTPONEMENT OF THE MEETING

If HCSB does not receive a sufficient number of votes to constitute a quorum or approve the merger agreement, it may propose to adjourn or postpone the special meeting for the purpose of soliciting additional proxies to establish a quorum or approve the merger agreement. HCSB does not currently intend to propose adjournment or postponement at the special meeting if there are sufficient votes to approve the merger agreement. If approval of the proposal to adjourn or postpone the special meeting for the purpose of soliciting additional proxies is submitted to the HCSB shareholders for approval, the approval requires that the number of votes cast at the special meeting, in person or by proxy, in favor of the proposal exceeds the number of votes cast against the proposal. The HCSB Board of Directors unanimously recommends that shareholders vote “FOR” the proposal to adjourn or postpone the special meeting, if necessary or appropriate, including to solicit additional proxies to approve the merger agreement.

OTHER MATTERS

As of the date of this document, management of HCSB knows of no other matters which may be brought before the special meeting other than as described in this document. However, if any matter other than the proposed merger or related matters should properly come before the special meeting, the proposed proxies will be deemed to confer authority to the individuals named as authorized therein to vote the shares represented by the proxy as to any matters that fall within the purposes set forth in the notices of special meeting.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The SEC allows United and HCSB to incorporate certain information into this document by reference to other information that has been filed with the SEC. The information incorporated by reference is deemed to be part of this document, except for any information that is superseded by information in this document. The documents that are incorporated by reference contain important information about the companies and you should read this document together with any other documents incorporated by referenced in this document.

This document incorporates by reference the following documents that have previously been filed with the SEC by United:

- United’s Form 10-K for the fiscal year ended December 31, 2016 (which incorporates certain portions of United’s Proxy Statement for the 2017 Annual Meeting);
- United’s Form 10-Q for the quarter ended March 31, 2017;
- the information in United’s Definitive Proxy Statement on Schedule 14A, filed with the SEC on March 24, 2017;
- United’s Form 8-K’s filed April 21, 2017 and May 15, 2017; and
- All other reports filed by United pursuant to Sections 13(a) or 15(d) of the Securities Exchange Act of 1934 since December 31, 2016 and prior to the date of the special meeting of the HCSB shareholders.

This document also incorporates by reference the following documents that have previously been filed with the SEC by HCSB:

- HCSB’s Form 10-K for the fiscal year ended December 31, 2016, as amended on Form 10-K/A;
- HCSB’s Form 10-Q for the quarter ended March 31, 2017;
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HCSB's Form 8-K's filed March 24, 2017 and April 20, 2017; and

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All other reports filed by HCSB pursuant to Sections 13(a) or 15(d) of the Securities Exchange Act of 1934 since December 31, 2016 and prior to the date of the special meeting of the HCSB shareholders.

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In addition, United and HCSB are incorporating by reference any documents they may file under Section 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of this document and prior to the date of the special meeting of the HCSB shareholders, provided, however, that United and HCSB are not incorporating by reference any information furnished (but not filed), except as otherwise specified herein.

Both United and HCSB file annual, quarterly and special reports, proxy statements and other business and financial information with the SEC. You may obtain the information incorporated by reference and any other materials United or HCSB file with the SEC without charge by following the instructions in the section entitled “Where You Can Find More Information.”

All information concerning United and its subsidiaries has been furnished by United, and all information concerning HCSB and its subsidiary has been furnished by HCSB. You should rely only on the information contained or incorporated by reference in these materials in making a decision to vote on the merger agreement. No person has been authorized to provide you with information that is different from that contained in these materials.

These materials are dated [•], 2017. You should not assume that the information contained in these materials is accurate as of any date other than such date, and neither the mailing of these materials to shareholders nor the issuance of United common stock in the merger shall create any implication to the contrary.

These materials do not constitute an offer to sell, or a solicitation of an offer to buy, any securities, or the solicitation of a proxy, in any jurisdiction to or from any person to whom it is not lawful to make any such offer or solicitation in such jurisdiction. Neither the delivery of these materials nor any distribution of securities made hereunder shall, under any circumstances, create an implication that there has been no change in the affairs of United or HCSB since the date hereof, or that the information herein is correct as of any time subsequent to its date.

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A WARNING ABOUT FORWARD-LOOKING STATEMENTS

This document and the documents that are incorporated by reference herein contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 about United, HCSB and their subsidiaries. These forward-looking statements are intended to be covered by the safe harbor for forward-looking statements provided by the Private Securities Litigation Reform Act of 1995.

Forward-looking statements are not statements of historical fact, and can be identified by the use of forward-looking terminology such as “believes”, “expects”, “may”, “will”, “could”, “should”, “projects”, “plans”, “goal”, “targets”, “potential”, “forma”, “seeks”, “intends”, or “anticipates” or the negative thereof or comparable terminology. Forward-looking statements include discussions of strategy, financial projections, guidance and estimates (including their underlying assumptions), statements regarding plans, objectives, expectations or consequences of various transactions, and statements about the future performance, operations, products and services of United and its subsidiaries after the proposed merger.

Forward-looking statements involve risks, uncertainties, assumptions, and certain other factors that could cause actual results to differ from results expressed or implied by the forward-looking statements, including, but not limited to the factors set forth under the “Risk Factors” section above or in United’s or HCSB’s Annual Report on Form 10-K for the fiscal year ended December 31, 2016, as well as the following factors:

- competition from other companies that provide financial services similar to those offered by United and HCSB;
- combining the businesses of United and HCSB may cost more or take longer than expected;
- retaining key personnel of United and HCSB may be more difficult than expected;
- revenues of the combined entity following the merger may be lower than expected, and the operating costs of the combined entity may be higher than expected; and
- expected cost savings resulting from the merger may not be fully realized, or may not be realized as soon as expected.

We believe the forward-looking statements contained in or incorporated by reference into this document are reasonable, but we caution that the foregoing list of factors that could cause actual results to differ materially from those anticipated in such forward-looking statements is not exclusive and that you should not place undue reliance on such forward-looking statements, because the future results and shareholder values of United following completion of the merger may differ materially from those expressed or implied by these forward-looking statements. We do not intend to update any forward-looking statement, whether written or oral, relating to the matters discussed in these materials.

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APPENDIX A

EXECUTION VERSION

AGREEMENT AND PLAN OF MERGER

by and between

HCSB FINANCIAL CORPORATION

and

UNITED COMMUNITY BANKS, INC.

April 19, 2017

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