

Report of Organizational Actions Affecting Basis of Securities

► See separate instructions.

Part I Reporting Issuer

1 Issuer's name MOUNTAIN COMMERCE BANCORP, INC		2 Issuer's employer identification number (EIN) 20-3638802	
3 Name of contact for additional information MARIE PATTERSON	4 Telephone No. of contact 423-262-5879	5 Email address of contact MARIE.PATTERSON@MCB.COM	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact PO BOX 6047		7 City, town, or post office, state, and Zip code of contact JOHNSON CITY, TN 37602	
8 Date of action MARCH 31, 2017	9 Classification and description CONVERSION OF PREFERRED STOCK TO COMMON STOCK		
10 CUSIP number	11 Serial number(s) MCBI	12 Ticker symbol	13 Account number(s) N/A

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

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ► ON MARCH 31, 2017, 2,469 SHARES OF THE COMPANY'S 5% SERIES A CUMULATIVE CONVERTIBLE REDEEMABLE PREFERRED STOCK (PREFERRED STOCK) OUTSTANDING WERE CONVERTED INTO 205,732 SHARES OF COMMON STOCK. NO FRACTIONAL SHARES OF COMMON STOCK WERE ISSUED IN CONNECTION WITH THE CONVERSION. INSTEAD, SHAREHOLDERS OF OUTSTANDING PREFERRED STOCK WHO WOULD OTHERWISE BE ENTITLED TO RECEIVE A FRACTIONAL SHARE OF COMMON STOCK AS A RESULT OF THE CONVERSION WERE ENTITLED TO RECEIVE CASH IN LIEU THEREOF.

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ► THE AGGREGATE TAX BASIS IN THE SHARES RECEIVED IN THE CONVERSION INCLUDING ANY FRACTIONAL SHARES TREATED AS RECEIVED AND THEN EXCHANGED FOR CASH, SHOULD BE EQUAL TO THE TOTAL TAX BASIS IN THE SHARES EXCHANGED, AND THE HOLDING PERIOD OF THE SHARES RECEIVED IN THE CONVERSION WILL INCLUDE THE HOLDING PERIOD OF THE SHARES EXCHANGED. A SHAREHOLDER'S TAX BASIS IN SHARES OF COMMON STOCK AFTER THE CONVERSION SHOULD EQUAL THE SHAREHOLDER'S TAX BASIS IN THE SHARES OF PREFERRED STOCK EXCHANGED. A SHAREHOLDER'S TAX BASIS IN SUCH COMMON STOCK RECEIVED IN THE CONVERSION IMMEDIATELY AFTER THE DEEMED SALE OF FRACTIONAL SHARES SHOULD EQUAL THAT SHAREHOLDER'S TOTAL TAX BASIS IN THAT SHAREHOLDER'S PRE-CONVERSION CONVERTIBLE PREFERRED SHARES, LESS THE TAX BASIS ALLOCATED TO THE FRACTIONAL SHARES RECEIVED.

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ► AS DISCUSSED IN ITEM 15 ABOVE, THE AGGREGATE TAX BASIS IN THE COMMON STOCK RECEIVED IN THE CONVERSION, INCLUDING ANY FRACTIONAL SHARES TREATED AS RECEIVED AND THEN EXCHANGED FOR CASH, SHOULD BE EQUAL TO THE TOTAL TAX BASIS IN THE SHARES OF PREFERRED STOCK EXCHANGED. THE MARKET VALUE OF THE COMMON STOCK WAS NOT APPLICABLE IN DETERMINING A SHAREHOLDER'S TAX BASIS IN THE COMMON STOCK RECEIVED IN THE CONVERSION.

Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ► THE APPLICABLE CODE SECTIONS ARE 368(a)(1)(E) (DEALING WITH RECAPITALIZATION), SECTION 358 (DEALING WITH BASIS) AND SECTION 1221. EACH SHAREHOLDER SHOULD CONSULT HIS OR HER OWN TAX ADVISOR WITH RESPECT TO THE QUANTITATIVE EFFECT OF THE CONVERSION ON THE TAX BASIS OF SUCH SHAREHOLDER'S COMMON STOCK RECEIVED IN THE CONVERSION.

18 Can any resulting loss be recognized? ► EXCEPT TO THE EXTENT OF CASH RECEIVED, IF ANY, IN LIEU OF FRACTIONAL SHARES, A SHAREHOLDER SHOULD NOT RECOGNIZE GAIN OR LOSS IN CONNECTION WITH THE CONVERSION. SHAREHOLDERS ENTITLED TO FRACTIONAL SHARES IN THE CONVERSION ARE DEEMED TO HAVE RECEIVED AND THEN IMMEDIATELY SOLD SUCH FRACTIONAL SHARES FOR CASH. IN GENERAL, IF A SHAREHOLDER RECEIVES CASH IN LIEU OF A FRACTIONAL SHARE, THE SHAREHOLDER SHOULD RECOGNIZE GAIN OR LOSS, SUBJECT TO THE RELEVANT LOSS LIMITATION PROVISIONS OF THE INTERNAL REVENUE CODE, BASED ON THE DIFFERENCE BETWEEN THE CASH RECEIVED AND THE ADJUSTED TAX BASIS IN THE FRACTIONAL SHARE. EACH SHAREHOLDER IS ADVISED TO CONSULT HIS OR HER OWN TAX ADVISOR AS TO THE GAIN OR LOSS RECOGNIZED IN CONNECTION WITH THE DEEMED SALE OF FRACTIONAL SHARES IN THE CONVERSION.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ► _____

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

Sign Here

Signature ► Marie Patterson

Date ► 11-10-17

Print your name ► MARIE PATTERSON

Title ► CHIEF FINANCIAL OFFICER

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ►				Firm's EIN ►
	Firm's address ►				Phone no.