

United Bancorporation *of Alabama, Inc.*



200 East Nashville Avenue
Post Office Box 8
Atmore, Alabama 36504

251.446.6000
800.423.7026

www.unitedbank.com
Member FDIC



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Dear Shareholders,

Needless to say, 2020 was a year like no other, as the COVID-19 pandemic changed life —and business — as we knew it. I am proud to say, however, even faced with these unprecedented challenges, the United team pulled together and accomplished much on behalf of our customers, our company and our community.

In fact, I could not have been more proud of the way our team responded. It was with great pleasure and pride that I watched them work together — albeit remotely — overcome challenges, share information and find creative solutions to even the most daunting problems.

In addition to finding new and innovative ways to meet our customer's needs during this time, we also decided to support our local businesses by enthusiastically participating in the Paycheck Protection Program (PPP). During 2020, we made 950 PPP loans that ranged from \$400 to \$2 million, which helped many businesses in our communities keep their doors open and employees on the payroll.

Assuming the pandemic might cause significant credit problems, we increased our reserves by \$1.6 million. Normally we put \$50,000 to \$70,000 a month into reserves to allow for loan losses.

Despite all of the challenges, like margin compression because of lower interest rates, we reported record high net income of \$12.1 million. NSF fees were down due to consumer liquidity but interchange fees on our card programs increased because of online shopping and consumer spending.

Ultimately, the diversity of our income sources gave us the ability to offset trends, weather disruption, and maintain stability. We're confident this same diversity of income will sustain and propel us forward.

Our Company is starting off the year in a very strong position accomplishing several strategic milestones. On February 22, 2021, United Bank received an award of \$8 million from the US. Department of Treasury's Capital Magnet Fund program. United Bank was one of two applicants to receive an \$8 million award, which was the largest award granted to a single entity. On March 17th, 2021 United Bancorporation of Alabama, Inc. announced an agreement to acquire Town-Country National Bank, a Camden, AL based community bank with approximately \$126.2 million in total assets as of December 31, 2020. The acquisition is scheduled to close in the third quarter of 2021.

Included in the 2020 Annual Report is a detailed discussion of the performance. In addition, the Annual Impact Report captures the activities and accomplishments of the Company and our staff. While 2020 will be remembered as the year of COVID-19, I believe our results affirm the value of our mission and the resilience of the Company. In difficult times we supported our customers with access to credit, worked with them when forbearance was warranted, invested time and resources to help the communities and produced solid financial results.

Sincerely,



Bob Jones
President & CEO



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