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A N N U A L R E P O R T

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United Bancorporation 
of Alabama, Inc.



TABLE OF CONTENTS

Our Company	4
Our Values	8
Our Mission	12
President's Interview	16
Financials	24
Turning Banking Upside Down	38

**SENIOR
MANAGEMENT**

Robert R. Jones III
President & CEO

Leigh Anne Russell-Jones
Chief Financial Officer

Gwen Braden
Chief Operations Officer

Justin Jennings
Chief Retail Officer

Mike Vincent
Chief Credit Officer

Tonya Lambert
Chief Marketing Officer

Alex Jones
President
UB Community Development, LLC

**BOARD OF
DIRECTORS**

UBAB & UB

David D. Swift Sr.

Chairman of the Board

Michael R. Andreoli

Dale M. Ash

Charles D. Cottrell

L. Walter Crim

Robert R. Jones III

Richard K. Maxwell

Ricky W. Smith

UB ONLY

Ida Ross Swift Hicks

Elmo "Douglas" Ziebach Jr.

This presentation contains forward-looking statements relating to the financial condition, results of operations and business of United Bancorporation of Alabama, Inc.

These forward-looking statements involve risks and uncertainties and are based on the beliefs and assumptions of the management of United Bancorporation of Alabama, Inc., and the information available to management at the time that this presentation was prepared. Factors that could cause actual results to differ materially from those contemplated by such forward-looking statements include, among others, the following: (i) general economic or business conditions, either nationally or regionally, may be less favorable than expected, resulting in, among other things, a deterioration in credit quality and/or a reduced demand for credit or other services; (ii) changes in the interest rate environment may reduce net margins and/or the volumes and values of loans made or held as well as the value of other financial assets held; (iii) competitive pressures among depository and other financial institutions may increase significantly; (iv) legislative or regulatory changes, including changes in accounting standards, may adversely affect the businesses in which United Bancorporation of Alabama, Inc. is engaged; (v) local, state or federal taxing authorities may take tax positions that are adverse to United Bancorporation of Alabama, Inc.; (vi) adverse changes may occur in the securities markets; (vii) competitors of United Bancorporation of Alabama, Inc. may have greater financial resources and develop products that enable them to compete more successfully than United Bancorporation of Alabama, Inc. Therefore, United Bancorporation of Alabama, Inc. can give no assurance that the results contemplated in the forward-looking statements will be realized. Investors are cautioned not to place undue reliance on the forward-looking statement. United Bancorporation of Alabama, Inc. does not undertake a duty to update any forward-looking statements made in this presentation.



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OUR COMMITMENT TO COMMUNITY AND ECONOMIC DEVELOPMENT IS STRONG.

Communities will have accessible employment opportunities, affordable housing and residents will have the opportunity for accessible homeownership. Our local governments, residents and businesses will be financially stable and therefore THRIVE.

Our commitment to community and economic development is strong, and our track record speaks for itself. In 2010, United Bank became the first bank in Alabama to be a certified Community Development Financial Institution (CDFI). Since then, the Bank has worked with its partner, UB Community Development, to expand local markets and invest in local businesses. The partnership has created and retained many jobs and improved the quality of life in our communities. In fact, UB Community Development has grown into the Southeast's premier financial partner for affordable housing as well as economic and community development.

Our work goes beyond investing in businesses. We've tapped into other community development lending programs to help small cities upgrade their infrastructure, purchase new vehicles for their volunteer fire departments, build

new city facilities and much more. We're also very active in the affordable housing space, helping finance the building of new affordable communities for seniors and families throughout the Southeast.

Our involvement in community and economic development has gone way beyond being a facet of our business strategy. It has become our passion. We believe it is what defines us and sets us apart from other banks. We couldn't be more proud of what we've accomplished and what we have planned for the future.

When United Bank was founded in 1904, it was a community bank. While the Bank's original leaders couldn't possibly imagine what we've achieved and how we've grown, at our core we are still a community bank. One that has accomplished much and has a bold, promising future while still adhering to its foundational mission.





OUR CORE VALUES

Our core values remind us on a daily basis what United Bank stands for. It gives us a sense of security and acts as a guide for our employees, but our core values do more than that. They also help our customers know what we stand for. That we are there for them and are doing our best every day to make sure we are all successful.

U

UNITY OF EFFORT

Alignment of mission and vision and activities.

N

NURTURE RELATIONSHIPS

We will nurture relationships with our clients, communities and employee owners.

I

INNOVATE

We are innovative in our products and services.

T

THE "T" FACTOR

Let's focus on what we CAN do and not what we CAN'T do.

E

EDUCATE

We will educate our communities, employee owners, and clients because education is the foundation for building wealth and financial security.

D

DETERMINED

We are determined to always do what is right.



WE'RE CHAMPIONS OF FAMILIES AND SUPPORTERS OF SMALL BUSINESS.

Building strong communities by empowering employee owners to deliver responsive and innovative products and services that promote healthy and resilient businesses and families with an emphasis on underserved and economically distressed communities within our diverse footprint.

We've always been more than a bank. We're champions of families and supporters of small business. We're educators, boosters and volunteers. We're a Community Development Financial Institution that works every day to build and grow communities, create and retain jobs and strengthen our local economy. We're an engine for innovation, a catalyst for change and we're committed to helping improve the lives of the families and individuals who call this area home. It's just who we are. It's at the heart of everything we do.

Because we understand that, we're all in this together. We are one ecosystem and we can only succeed if our communities are healthy. We understand that our children need good schools to attend so they can become the business leaders of the future. We

understand that people need good jobs so they can shop at local businesses, eat at local restaurants, buy homes in our communities and build stronger neighborhoods. That our businesses have a financial partner to help them grow so they can create good jobs. And that our seniors and struggling families can have access to affordable housing so they can live with dignity and be contributing members in our communities.

As we all certainly learned in 2020, we need each other, so much more than we realized. We can only survive and thrive when we work together to solve problems, overcome obstacles and improve our lives. At United Bank, we knew this long before the COVID-19 pandemic because it's how we've been doing business for years.



PRESIDENT'S INTERVIEW

WE CAME OUT OF 2019 IN A **STRONG POSITION.**

Twenty-twenty was quite a year, to say the least. How was United Bank positioned and what was the focus at the beginning of the year?

We came out of 2019 in a strong position. The economy was in good shape, interest rates were rising and we had some important initiatives planned for 2020. We were very positive, upbeat and then, like the rest of the country, we hit a brick wall. It was sudden and unprecedented. It was severe, it affected everyone — businesses, individuals, families — we really had no idea what was going on. It was troubling.

Being such an unprecedented event, there really was no road map to follow. How did United Bank prioritize and make decisions in the face of such sudden, universally destabilizing circumstances?

Our first priority was to protect the health and safety of our employees. Like most businesses, we had to move quickly and we worked hard to support our employees during this transition and after.

Then, we had to turn our attention to business continuity and the needs of our customers. We had to address issues of staffing, offices, communicating with customers and the continuity of services.

We certainly reaped the benefits of the technology infrastructure we'd put into place at the end of 2019. With the installation of our last Smart ATM just before the pandemic disruption, we immediately started communicating to customers about how to use them. We were keenly focused on figuring out the best way to keep serving our customers.

United Bank decided to participate in PPP (Paycheck Protection Program), even while dealing with many other challenges. Why did United Bank make this decision?

We made the decision to participate because we value our small business relationships. We wanted to be a resource to help them navigate the program. Most of the big banks decided only to work with bigger businesses. These bigger businesses typically have a controller and accounting staff which offers them the capacity to complete the applications faster. Small businesses don't have those resources. They were getting left out, and we felt a duty to be a trusted advisor.

As a result, we learned even more about the power of relationships. We came through for our customers when others abandoned theirs.



How did United Bank organize the team to handle all the competing demands?

At the same time we were addressing business continuity, the uncertainty of the pandemic, and the implementation of the PPP program, we also had to address forbearance — helping our customers modify their existing loans.

To address all of these demands, we modified operations and evaluated inventory. We had to see what we were capable of accomplishing. As a result, we deployed our staff into areas to address the company demands. We moved audit staff to forbearance and set up three teams for PPP — one team for applications, one for information and one for documentation.

We needed to be prepared for whatever was coming — while still trying to keep continuity and facing manpower issues at the same time. We were learning in real time and making decisions every day.

We needed to be prepared for whatever was coming — while still trying to keep continuity and facing manpower issues at the same time. **We were learning in real time and making decisions every day.**

It sounds like the team really came through.

It was like a ship going through hazards and finding a way to navigate. The technology was already in place. We held Zoom calls daily and worked every day (except Easter Sunday), sometimes all night long.

Our people figured out ways to overcome challenges. I was so pleased to watch our group learning and exchanging solutions. I watched them grow in real time.

They really grew as a team. We have an employee based in Birmingham who has previously felt detached from the rest of the team. After working so closely with his colleagues over the past months, he said now he really feels like he's part of the team.

We did what we could to make it easier for our people to do their jobs. We offered \$500 grants to all employees and they didn't abuse them. If they didn't need them, they didn't take them. We offered complimentary telehealth services to all employees, absorbed the cost for employees to upgrade computer equipment, advanced sick and vacation time, allowed flexible work schedules and many other things.

We adapted to circumstances in support of our team as they occurred. In Monroe County, we set up computer stations for employees' children to use for distance learning while their parents worked. Many areas of Monroe County have limited internet access, which posed a real hardship for kids to participate in virtual learning. Not only did it help the parents and the kids, but it was the right thing to do operationally. If they couldn't take care of their kids, they couldn't work. And we needed them to be an active part of our team.

In addition to COVID-19, we also endured two hurricanes that devastated our area. But we kept going. Our employees were front line workers for the financial sector. They adapted and kept things going.

We did what we could to make it easier for our employees to do their jobs.

\$500 Grant To Every Employee

.....

Free Telehealth

.....

Paid Computer Upgrades

.....

Advanced Sick & Vacation Time

.....

Flexible Work Schedule

Is it true United Bank had a pandemic plan?

It is. Years ago we had a very thorough security chief, John Brantley — he's now retired — who had us develop and implement a pandemic plan in response to the bird flu. When COVID-19 hit, I remembered it, dug around and found the plan. We realized there were boxes at each branch with PPE. We had an abundance of inventory to protect our staff at all the branches. We had hundreds of N95 masks, hand sanitizer, brochures and information about what to do during a pandemic. It was something. I actually called John and told him we were using it.

Obviously, the pandemic has had an impact on the financial performance of many businesses. How did it affect United Bank?

In response to the pandemic, the Federal government lowered interest rates to zero to support the economy. To us, lowered rates meant falling margins. For example, PPP loans were 1 percent, whereas our loans before were 4 percent. We completed 950 PPP loans that ranged from \$400 to \$2 million, but the fees from those aren't realized until the loan is forgiven.

We were making fewer loans due to COVID-19 and also dealing with forbearance. As a result, our revenue was negatively affected.

We also assumed during these unprecedented times there would be major credit problems so we increased our reserves. Normally we put \$50,000 to \$70,000 a month into reserves to allow for loan losses, but we felt it was necessary to increase reserves to \$1.6 million.

We had a strong profitable year. Despite not meeting budget, we exceeded our targeted income with the announcement of several CDFI awards.

Our net income was strong, but our margins were compressed because of interest rates, and our expenses were higher because of the additional reserves. NSF fees decreased but interchange fees increased because of online shopping.

Truth is, the diversity of our income sources gives us the ability to offset trends, helps us weather disruption and gives us stability.

The diversity of our income sources gives us the ability to offset trends, helps us weather disruption and gives us stability.

After such a rocky year — and with COVID-19 still impacting many aspects of our lives — What is in the future for United Bank?

I ran into a hedge fund manager at a meeting once who referred to United Bank as his "safe haven." He said we were resilient and adaptive. That we consistently faced challenges, adapted and moved forward. We have, over the year, confronted challenges, assessed risk, developed a strategy and moved forward. Our attitude is to adapt and evolve.

Looking forward, we realize consumer personal behaviors changed and will be forever altered. Our foundation, workforce and customer has changed and will not go back. But we will respond.

Even though our employees aren't all together as they were in the past, it's important for us to stay connected and keep our culture intact. Zoom calls help, but until the pandemic is stabilized and contained, we'll work hard to keep our company culture together. It's very important to me.

The new economic model will mean we have to price products differently and focus our efforts on deepening relationships with customers. For example, our bankers have always seen loans as transactional. But lower rates mean less spread on loans. Profit has always been a factor to loan transactions, but there equally needs to be a focused effort on deepening relationships. This can be accomplished by exploring alternative revenue streams. We'll work to find ways to add value to our services, help our clients save money and strengthen relationships.

These are unstable times, but there are so many good things and opportunities to capture. There are areas of concern but also areas of opportunity. We have the tools to take advantage of them. We feel optimistic and look forward to growth. There will be other challenges, but we are prepared and positioned to adapt and overcome.

Bob Jones 



UNITED REPORTED RECORD HIGH NET INCOME.

Despite the COVID-19 pandemic, United Bancorporation of Alabama, Inc. (“United”) reported a record high net income of \$12.1 million for the twelve months ending December 31, 2020. For comparison, 2019 year-to-date net income was \$9.7 million. Earnings per share for the twelve month period was \$3.22 compared to \$2.86 for the same period in 2019.

Net interest income before the provision was \$26.2 million compared to \$25.1 million for the same period in the prior year, an increase of \$1.1 million or 4.5%. The net interest margin was 3.53% as compared to 4.09% for the same period in 2019. The margin was negatively impacted by the Federal Reserve’s move to lower the federal funds rate from 1.75% to 0.25% and PPP loans earning a 1.0 percent yield. Conversely, the \$1.2 million in PPP fees that were recognized had a positive impact.

Because of the economic uncertainty caused by COVID-19, the provision for credit losses for the twelve months ended December 31, 2020 was \$2.7 million, a \$1.0 million or 61.6% increase over the prior year.

Non-interest income for the twelve months ending December 31, 2020 was \$16.2 million compared to \$10.9 million for the same period last year. 2020 income includes both the Capital Magnet Fund (CMF) award of \$6.0 million and the Financial Assistance (FA) award of \$799,000. 2019 non-interest income includes a one-time benefit of \$1.025 million for the discontinuance of Alabama’s State Small Business Credit Initiative (SSBCI) guarantee program.

NET INCOME

\$13m

\$11m

\$9m

\$7m

\$5m

2020

2019

NET INTEREST INCOME

\$28m

\$26m

\$24m

\$22m

2020

2019

BALANCE SHEET

United reported total assets of \$988.7 million at December 31, 2020 as compared to \$727.5 million at December 31, 2019, an increase of \$261.2 million or 35.9%.

At December 31, 2020 securities were \$159.5 million as compared to \$138.7 million for the same period last year, an increase of \$20.8 million or 15.0% in an effort to deploy excess cash into higher yielding assets.

Total loans, net of unearned income at December 31, 2020 were \$526.3 million compared to \$455.1 million at December 31, 2019, representing an increase of \$71.2 million or 15.6%. PPP loans account for \$37.6 million of the growth. The remaining \$33.6 million in loan growth was fueled by real estate construction for New Market Tax Credit (NMTC) and Low Income Housing Tax Credit (LIHTC) projects as well as loans to small businesses and municipalities.

The allowance for loan losses increased to \$7.8 million along with the allowance to loans coverage ratio of 1.48%. Excluding the guaranteed portion of all loans, the coverage ratio would be 1.63%.

Total deposits were \$868.8 million at December 31, 2020 as compared to \$619.1 million in total deposits at December 31, 2019, representing an increase of \$249.8 million or 40.3%. Deposits increased throughout the year as customers reduced their spending and saved more because they, too, were concerned about the economic fallout from COVID-19. In addition, year end deposit balances were further elevated by temporary transactions that normalized in the first quarter of 2021. The inflated balances are also reflected in the \$262.8 million cash balance at year end, which is an increase of \$164.4 million or 167.1% over the same period last year.

As of December 31, 2020, other borrowings totaled \$9.9 million, an increase of \$1.8 million or 23.0% over the prior period. The increase is attributable to United's investment in two NMTC transactions. As investor, United will receive 39.0% tax credit over a seven year period.

TOTAL ASSETS

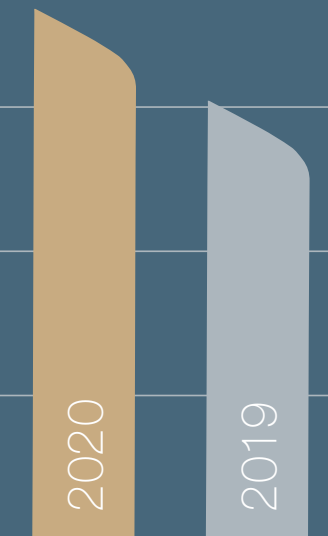
\$1b
\$900m
\$800m
\$700m
\$600m



35.9%
Increase in Assets

TOTAL LOANS

\$700m
\$600m
\$500m
\$400m
\$300m



15.6%
Increase in Loans

17.66%

Tier One
Capital Ratio

11.41%

Tier One
Leverage Ratio

9.80%

Equity to
Assets

CAPITAL

Stockholder's equity totaled \$96.8 million compared to \$82.8 million at December 31, 2019, an increase of \$13.9 million or 16.8%. Tier one capital ratio, tier one leverage ratio and equity to assets were approximately 17.66%, 11.41% and 9.80%, respectively.

2020
**STOCKHOLDERS'
EQUITY**

\$96.8m

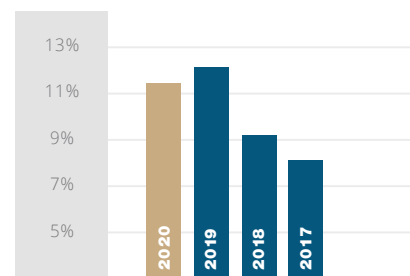
We needed to offer our customers **financial flexibility** during the pandemic through loan payment deferrals.

CREDIT QUALITY

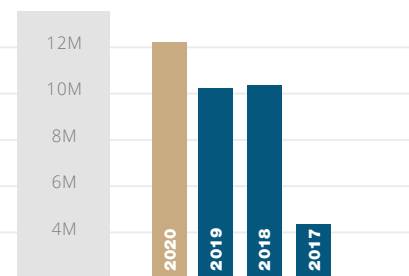
In an effort to provide financial relief to customers during the pandemic, United allowed customers to defer, or modify, loan payments. In July, modifications peaked at \$53.5 million in loans.

By the end of the year, only \$296,015 in COVID-19 related modifications remained. These loans are expected to resume their normal payment schedule during the first quarter of 2021.

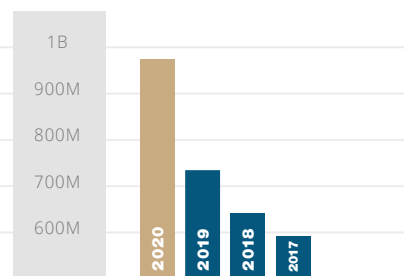
As of December 31, 2020, other real estate owned and net of reserves totaled \$157,000, which is a reduction of \$926,359 or 85.5% from last year.



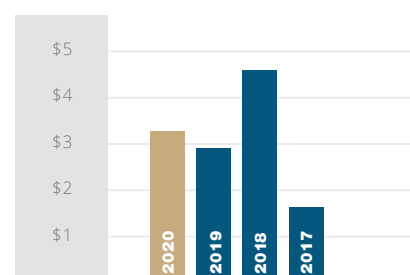
TIER ONE LEVERAGE RATIO
Totals ending December 31



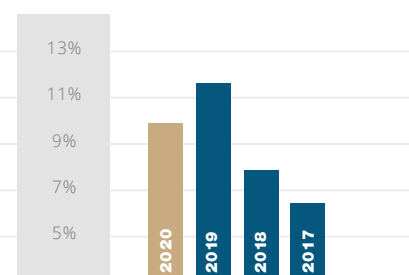
NET INCOME
Totals ending December 31



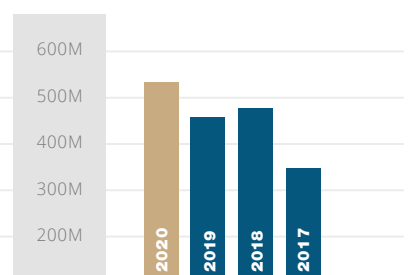
TOTAL ASSETS
Totals ending December 31



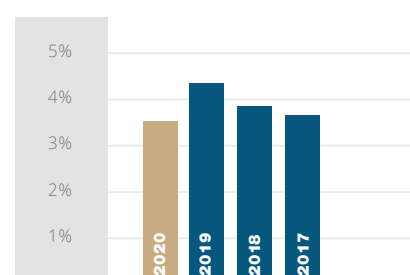
EARNINGS PER SHARE
Totals ending December 31



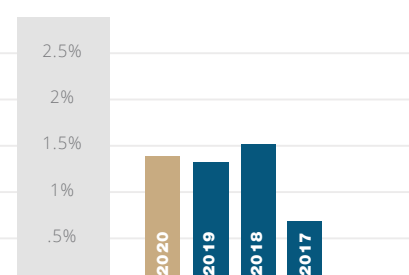
EQUITY TO TOTAL ASSETS
Totals ending December 31



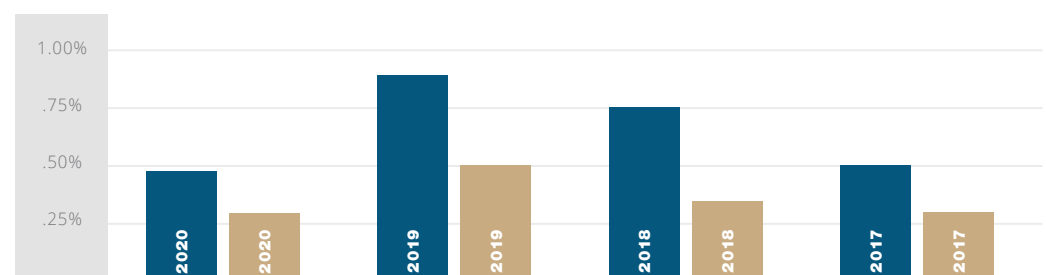
LOANS, NET OF UNEARNED INCOME
Totals ending December 31



NET INTEREST MARGIN
Totals ending December 31



RETURN ON AVERAGE ASSETS
Totals ending December 31



COST OF FUNDS

United Bancorporation *of Alabama, Inc.*

Equity	12/31/20	12/31/19	12/31/18	12/31/17
Tier One Leverage Ratio	11.41%	12.70%	9.15%	8.18%
Tier One Capital Ratio	17.66%	17.33%	12.92%	12.42%
Equity to Total Assets	9.80%	11.34%	7.31%	6.38%
Total Assets	\$988,707,713	\$727,497,858	\$637,584,383	\$597,748,252
Earnings & Performance Ratios				
Net Income	\$12,170,237	\$9,779,691	\$9,988,224	\$3,495,312
Return on Average Equity	13.40%	13.90%	24.38%	9.46%
Earnings per Share	\$3.22	\$2.86	\$4.09	\$1.44
Weighted Average Shares Outstanding	3,778,933	3,419,566	2,440,195	2,421,994

United Bank

Equity	12/31/20	12/31/19	12/31/18	12/31/17
Tier One Leverage Ratio	8.94%	9.60%	9.45%	8.72%
Loans, net of unearned income	\$528,127,265	\$455,124,946	\$479,277,464	\$346,771,978
Total Deposits	\$875,767,177	\$627,898,251	\$591,811,692	\$540,202,958
Net Interest Margin	3.64%	4.21%	3.94%	3.72%
Return on Average Assets	1.44%	1.37%	1.51%	0.68%
Cost of Funds				
United Bank Cost of Funds	0.37%	0.33%	0.39%	0.49%
AL Banks Peers Cost of Funds	0.48%	0.57%	0.66%	0.81%

CONSOLIDATED BALANCE SHEETS

ASSETS

	December 31 2020	December 31 2019
Cash and due from banks	\$108,506,410	\$40,901,279
Interest bearing deposits in banks	154,376,518	55,534,092
Federal funds sold	-	2,000,000
Cash and cash equivalents	262,882,928	98,435,371
Securities available for sale (amortized cost of \$141,515,294 and \$120,643,349 respectively)	144,854,569	121,372,532
Securities held to maturity (fair values of \$15,267,741 and \$17,658,034 respectively)	14,701,703	17,345,341
Loans held for sale	2,817,561	-
Loans held for investment	526,285,086	455,124,9406
Less: Allowance for loan losses	7,822,526	5,286,160
Net loans	518,462,560	449,838,786
NMTC Sub-CDE QLICI Loans	3,500,000	-
Premises and equipment, net	15,760,075	15,627,115
Interest receivable	4,175,263	4,099,373
Bank owned life insurance	12,033,331	11,709,616
Other real estate owned	157,000	1,083,359
Other assets	9,362,723	7,986,365
Total assets	\$988,707,713	\$727,497,858

LIABILITIES

	December 31 2020	December 31 2019
Deposits		
Non-interest bearing	\$486,405,309	\$271,688,965
Interest bearing	382,474,307	347,377,918
Total deposits	868,879,616	619,066,883
Other borrowings	9,910,458	8,058,708
Interest payable	219,460	239,854
Accrued expenses and other liabilities	2,538,539	6,961,893
Note payable to Trust	10,310,000	10,310,000
Total liabilities	891,858,073	644,637,338

STOCKHOLDERS' EQUITY

Preferred stock of \$.01 par value. Authorized 250,000 shares; no shares issued	-	-
Class A common stock, \$0.01 par value. Authorized 5,000,000 shares; 3,790,647 and 3,774,369 issued; 3,742,128 and 3,702,476 shares outstanding in 2020 and 2019, respectively	37,907	37,744
Class B common stock, \$0.01 par value. Authorized 250,000 shares; no shares issued	-	-
Additional paid in capital	33,576,095	33,204,200
Retained earnings	61,859,668	50,655,518
Accumulated other comprehensive income (loss), net of tax	2,504,457	546,888
	97,978,127	84,444,350
Less: 239 and 239 treasury shares, at cost, respectively	1,951	1,951
Less: Unvested Restricted Stock and Unallocated ESOP shares	1,126,536	1,581,879
Total stockholders' equity	96,849,640	82,860,520
Total liabilities and stockholders' equity	\$988,707,713	\$727,497,858

CONSOLIDATED STATEMENTS OF EARNINGS

INTEREST INCOME

	12 months ended, December 31	
	2020	2019
Interest and fees on loans	\$26,106,940	\$23,973,321
Interest on investment securities		
Taxable	1,950,120	2,443,034
Nontaxable	794,187	831,346
Total investment income	2,744,307	3,274,380
Other interest income	372,673	1,059,241
Total interest income	\$29,223,920	\$28,306,941

INTEREST EXPENSES

Interest on deposits	\$2,559,124	\$2,695,378
Interest on other borrowed funds	476,292	538,322
Total interest expense	3,035,416	3,233,700
Net interest income	26,188,504	25,073,241
Provision for loan losses	2,727,891	1,687,364
Net interest income after provision for loan losses	\$23,460,613	\$23,385,877

NON-INTEREST INCOME

	12 months ended, December 31	
	2020	2019
Service charge on deposits	\$4,772,309	\$4,887,250
CDFI Award Income	7,002,251	479,803
New Markets Tax Credit sub-allocation and placement fees	880,000	1,880,000
Investment securities gains, net	211,350	117,512
Mortgage loan and related fees	1,181,987	985,962
Other	2,184,610	2,625,322
Total non-interest income	16,232,507	10,975,849

NON-INTEREST EXPENSE

Salaries and benefits	14,027,657	12,608,987
Net occupancy expense	2,695,706	2,124,438
Other	7,594,568	7,168,167
Total non-interest expense	24,317,931	21,901,592
Earnings before income tax expense	15,375,189	12,460,134
Income tax expense	3,204,952	2,680,443
Net earnings	12,170,237	9,779,691
Net earnings available to common shareholders	\$12,170,237	\$9,779,691
Basic earnings per share available to common shareholders	\$3.22	\$2.86
Diluted earnings per share available to common shareholders	\$3.22	\$2.86
Basic weighted average shares outstanding	3,778,933	3,419,566
Diluted weighted average shares outstanding	3,778,933	3,419,566

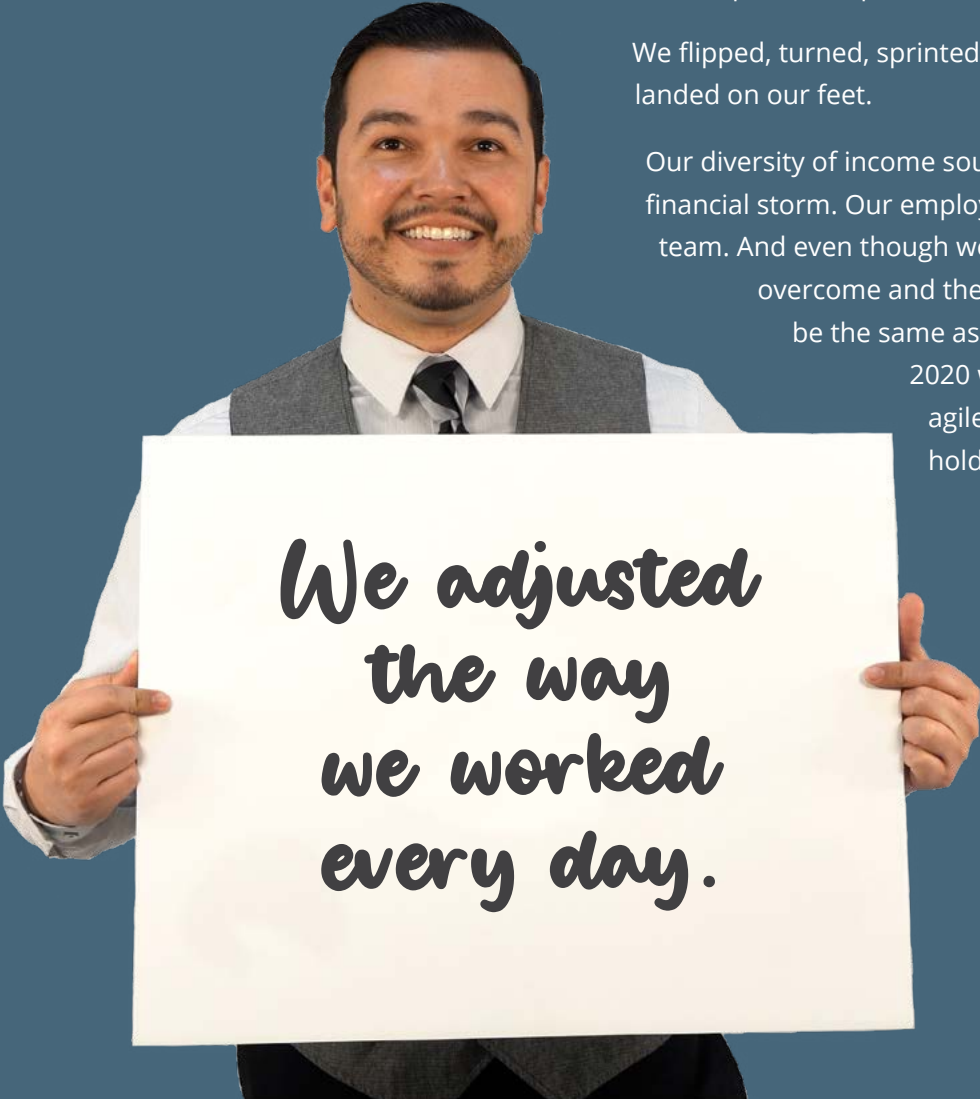
TURNING BANKING UPSIDE DOWN

This year, we didn't have to turn banking upside down. COVID-19 did that for us in an absolutely unprecedented way.

We responded. We changed how and where we worked. We pivoted to find solutions for challenges most of us never anticipated — or could have possibly imagined. We utilized technology to serve our customers, both external and internal. We made the decision to help local small businesses through the Paycheck Protection Program (PPP), which strengthened existing relationships and helped us forge new ones, too.

We flipped, turned, sprinted and zig zagged. But, ultimately, we landed on our feet.

Our diversity of income sources helped us weather the financial storm. Our employees grew personally and as a team. And even though we know there are still obstacles to overcome and the banking landscape will likely never be the same as it was before the pandemic, in 2020 we learned we're resilient, creative, agile and regardless of what the future holds, we will survive and thrive.

A man with a beard and mustache, wearing a white shirt, a grey vest, and a dark tie, is smiling and holding a large white sign. The sign has the text "We adjusted the way we worked every day." written on it in a black, handwritten-style font.

*We adjusted
the way
we worked
every day.*

20

I M P A C T R E P O R T

20

United Bancorporation 
of Alabama, Inc.

OVERCOMING CHALLENGES TO **FURTHER OUR MISSION**

“Building Strong Communities.”

That’s our mission at United Bank. It’s at the heart of everything we do and makes us who we are. We fulfill our mission by helping, supporting and embracing the people, families, businesses and organizations that make our communities strong.

Twenty-twenty delivered to us a pandemic, hurricanes, economic challenges, job losses, school closures ... the list goes on. All the disruption, uncertainty and fear threatened to limit our ability to serve our community and fulfill our mission. Yet, it also meant our communities needed us more than ever.

While we were working hard to keep our company and our own families moving forward, we also made time and found ways to serve our neighbors, to support our schools, businesses and families in need. We got creative. We worked together. We overcame the challenges to do the work we love so much. We continued — and we always will — to do our part to help build strong communities.



TABLE OF CONTENTS

Corporate Responsibility	4
Outreach & Engagement	26
Economic Development	32
Turning Banking Upside Down	46



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OTCQX: UBAB



SUPPORTING DEVELOPING AND GROWING OUR WORKFORCE

TECHNOLOGY & REMOTE WORK

In 2020, Zoom served as the communications line for United Bank amidst the chaos of COVID-19. We began using Zoom in July of 2019, though at the time, we did not yet realize the second half of 2019 was training us for web conferencing in 2020.

When we were first hit with the full force of COVID-19 in March 2020, we found that even if we were working remotely, participation and interactions were not disrupted due to the connectivity with Zoom. This was important as we rotated work schedules, especially as childcare needs changed during school closures. Additionally, we have actively extended communications beyond the confines of our bank walls to include Advisory Board meetings, the 2020 Annual Shareholder Meeting and multiple Paycheck Protection Program Small Business Resource classes.

SCHOOL ADJUSTMENTS

United Bank created computer workstations in extra offices for Monroe County United Bank team members with children attending Monroe County schools to assist with distance learning for the first nine weeks of the 2020 – 2021 school year. Monroe County schools decided on virtual-only classes shortly before the school year began. Many areas of Monroe County have limited internet access, and virtual only school presented a hardship for several of our team members with school aged children. The impact of bringing their children to work with them to a dedicated area for school provided comfort and brought some team members to tears.

United Bank's team members continually adapted to challenges of COVID-19.

- To limit COVID-19 exposure, we spread team members out as much as possible, utilizing all locations and implementing an on-site team rotation schedule
- Encouraged team members to work remotely when possible
- Allowed for flexible work schedules when possible
- Implemented a casual dress code
- Provided and stocked supplies of hand sanitizer, gloves, masks (disposable and cloth), and additional cleaning supplies to all areas of United Bank
- Communicated bankwide via The Insider (the Bank's Intranet), e-mail, Zoom, and Agility Recovery software

We were always available to serve our customers.

ENCOURAGING AND DEVELOPING THE BANKING TALENT OF THE FUTURE

United Bank believes in encouraging and developing the banking talent of the future through our ongoing internship program. Over the past year, we had numerous interns who have made contributions to our organization while also preparing themselves for a rewarding professional career.



Adonis Williams

Adonis started with UB the summer before his senior year of high school. He initially worked in our Executive office and then transferred to ISD. He still works with us on a regular basis while he is attending Coastal Alabama Community College pursuing a bachelor's degree in Education.



Madeline Poss

Madeline was hired June 2020 as a Summer Ag Intern after graduating from Mississippi State University with a bachelor's degree in Agricultural Economics. Madeline accepted a full-time position as an Ag Specialist in August 2020.



Owen Caraway

Owen started in August 2019 as a Retail Banking Intern during his senior year at the University of South Alabama. After graduating in December 2019 with a bachelor's degree in Finance, Owen accepted a full-time position with us as a Retail Banker in Daphne. After completing Retail Banker and Consumer Lender competencies, Owen is now a Consumer Lender.



Jared Hornsby

Jared was hired in May 2019 as a Credit Admin Intern. That summer, he worked in Credit Admin, CDFI, ISD, Loan Ops and Marketing. During school breaks and Summer 2020, Jared worked exclusively with Credit Admin. Jared will be working remotely, as needed, as he finishes his last semester at Birmingham Southern. He has accepted a full-time position with us as a Credit Analyst following graduation in May 2021.

ESOP

EMPLOYEE STOCK OPTION PROGRAM

The United Bank Employee Stock Option Program (ESOP) was established in 2017 and has grown to over \$2 million in a few short years.

The program allows our employees to own stock in the company without any cash outlay. During their employment at United Bank, shares are distributed into employees' retirement accounts. When an employee leaves or retires, they can cash out the stock. The longer an employee works at the Bank, the more stock they will accumulate. In many cases, ESOPs provide a significant financial retirement benefit for long-term employees.

All ESOPs are different, but United Bank's program covers 100 percent of our employees — they don't have to contribute to any specific retirement fund in order to receive stock.

Because of the success and growth of the Bank — which was made possible by the work and dedication of United Bank employees — our employees have benefitted tremendously from our ESOP program. When the program was started in 2017, the stock valuation was \$12.50 a share. Last year, the stock was valued at \$25 a share and currently is \$27 per share.

With our positive financial outlook, ongoing growth and plans for the future, we predict our employees will continue to benefit greatly from our program.

\$27 per share

Available to
100%
of our employees

Program valued at
\$2 MILLION

COVID-19

RESPONSE

ZOOM STATS

United Bank hosted 1,927 meetings involving 24,682 participants, encompassing 1,033,655 meeting minutes (or 17,227.6 hours). We truly realized the value of Zoom when the Paycheck Protection Program launched in April and our team was working around the clock. We would have multiple Zoom sessions simultaneously in progress, with United Bank team members moving seamlessly from one meeting to another to get the job done and disburse PPP loan funds to our customers as quickly as possible.

CARES Act, COVID-19 TIME

As of April 1, 2020, through the Families First Coronavirus Response Act (CARES), our team members could be paid up to eighty hours of sick leave for eligible COVID-19 reasons including childcare. Extended Family and Medical Leave Act (FMLA) time was also available for COVID-19 reasons. United Bank advanced 2020 – 2021 vacation time first, followed by sick time, if the need arose.

Advanced Vacation & Sick Time

.....
Up to Eighty Hours of Additional Sick Leave

TELEDOC, \$500 ONE TIME GRANT

To assist United Bank team members and their families, United Bank provided 6 months of Telehealth for each employee and their families at an expense of over \$10,000 to the Bank. Seventy-nine employees requested the “no questions asked” \$500 donation from United Bank, totaling \$39,500, while 21 requested the \$500 technology supplement from the Bank to be applied toward the purchase of a computer, printer or increasing residential internet speed as a means to help us better work from home. With both programs wrapping up at the end of May, United Bank’s investment totaled \$50,000, and recipients expressed gratitude to the Bank as the funds provided a welcomed financial infusion.

\$39,000
in Employee COVID-19 Relief

\$10,500
in Employee Home Technology Upgrades

ZOOM PARTICIPATION IN 2020

1,033,655
MINUTES

24,682
PARTICIPANTS

HURRICANES SALLY & ZETA RELIEF EFFORTS

The 2020 Atlantic hurricane season is only the second hurricane season on record requiring implementation of the Greek alphabet to name storms. Our area dealt with unwelcome hits by Hurricanes Sally and Zeta and many are still dealing with storm debris, damage to properties, and living under a blue tarped roof.



CLEANING UP DEBRIS

United Bank team members lending helping hands in Atmore and Magnolia Springs following Hurricane Sally.



Hurricane relief distribution sites were set up by United Bank in Lillian and in Magnolia Springs. Each site disbursed 300 bags of ice and Pepsi Bottling of Atmore supplied 100 cases of bottled water.

United Bank's Philip Bass, Kathy Nowell, and Rosie Stallworth donated bottled water to the community and provided a special delivery to the Magnolia Springs Volunteer Fire Department.

East Brewton experienced record flooding during Hurricane Sally. Piggly Wiggly Manager, Cyndi Lundy, and her staff worked diligently to clean the store and restock the shelves as they prepared to reopen. United Bank's East Brewton branch partnered with local restaurant Camp 31 BBQ in Brewton and supplied the staff of Piggly Wiggly lunch.

United Bank's Chad Yarbrough, Senior Vice President Community Bank Business Lender, purchased catering trays to feed one of our local small business customers, Robertsdale Power Equipment, and their dedicated staff in recognition of their long hours serving fellow citizens during this time of need. Dwight and his staff expressed deepest appreciation of United Bank for Chad's thoughtfulness and for the lunch provided by United Bank.

Ashley Wood, Daphne Branch Manager, learned that Ruff Wilson Youth Organization was expanding hours beyond their normal after school hours to accommodate parents who were working following Hurricane Sally. Baldwin County Schools were closed for almost two weeks, causing a childcare hardship. On behalf of United Bank, Ashley provided a wonderful lunch for the staff and students at Ruff Wilson, lending a helping hand in an unexpected time of need.

Through a Lions Club District 34-C Hurricane Sally Relief Grant, Atmore Lions Club fed all 45 Atmore Police Department and Atmore Fire Department employees, providing meals to cover each of the three shifts over a two day span.

Volunteer Hours

3,485 HOURS

Civic | 1,809 Hours • Education | 782 Hours

Food and Health | 460 Hours • Economic | 434 Hours

Individuals Served

76,143

Value of Manpower Hours

\$109,398

Financial Counseling Sessions

9,391

Financial Counseling Hours

4,981

Donations to Civic, Charitable and Community Organizations

\$65,205

In Credit Advantage Loans

\$25,098

Gateway Checking Accounts

20

To help the library better serve their customers, United Bank donated a Ford Transit to the Baldwin County Library Cooperative (BCLC). The vehicle is used to transport books and resources between libraries throughout the county as BCLC works to meet the needs of its patrons during the pandemic.



United Cerebral Palsy (UCP) Foundation in Mobile was onsite Wednesday, January 29, 2020 to accept donations from United Bank following a systems upgrade, including 187 towers (ISD removed and destroyed the hard drives), two scanners, two battery backups, 157 keyboards and mice, three check scanners, and an assortment of cables and power cords.

2020 FARM TO TABLE INITIATIVE

Prepared by Chef Chris Rainosek with The Noble South
Watson Farms | 11535 Weaver Road | Wilmer, AL 36587

10

Volunteers

341

Hours Given

123

Attendees

16

Local Businesses Supported

20

Trees & Bushes Ruffled off

12

Small Businesses Connected



PPP

The United Bank team came together and continued regular duties along with the addition of PPP responsibilities that represented an effort above and beyond the normal call of duty.

8,455

Jobs Retained

PAYCHECK PROTECTION PROGRAM (PPP)

United Bank's participation originated 952 PPP loans totaling \$50 million, with 676 loans, or 71.01% of the loans for businesses in Alabama, 244 loans or 25.63% of loans for businesses in Florida, and 32 loans, or 3.36% of the loans for businesses in other states. Loans ranged from \$447.37 to \$2 million. 301 of the loans, or 31.62% of the loans, are less than \$10,000.00, 492 of the loans, or 51.68% of the loans, are less than \$20,000.00, 662 of the loans, or 69.54% of the loans are less than \$35,000.00, while 846 of the loans, or 88.87% of the loans, are less than \$100,000.00. Six of the loans are greater than \$1 million.

Small Business Resource Webinars

In April, United Bank launched Small Business Resource Webinars via Zoom on the Paycheck Protection Program. The webinars enhanced customer understanding of the workings of the PPP process, from the initial phase of applications for loan funds to the current status of application for loan forgiveness. These webinars continue to be hosted today by United

556

Jobs Created

ARC of Baldwin County

"Many of ARC of Baldwin's residents are deemed to have health risks due to pre-existing health issues. Some of the ARC residents have part time jobs and most have been laid off or cannot work. As a result, ARC of Baldwin County has been providing 24 / 7 care for all their residents. They also have been spending significantly more on sanitation supplies to meet the increased Center for Disease Control guidelines during COVID-19. Their PPP loan allowed ARC of Baldwin to maintain the 24 / 7 payroll and meet supply needs."

City Cleaners

City Cleaners in Monroeville, Alabama is a local, family-owned small business founded in 2002. The lobby of City Cleaners was temporarily closed as a safety precaution in regard to COVID-19 and their drive-thru became the primary site for drop off and pick up services. Fortunately, their business continued to retain their five employees and is fully operational today.

L&M Marine

Michael Maxwell of L & M Marine, LLC on Highway 59 in Stapleton, Alabama shared his personal testimony with United Bank. "Our PPP loan allowed us to maintain and keep all of our employees on a full time schedule."

M&A Stamp and Sign Company

Owner Jeannine McNeely said, "I can't believe how much United Bank stepped in and helped our small business."

CHURCH STREET INCUBATOR

Church Street Incubator, sponsored by United Bank's Charitable Foundation, provides an opportunity for small businesses to be based in the incubator and become established while further developing and growing in a stable business environment.

With the current structure of Church Street Incubator, the estimated overall savings to the five businesses based in the incubator

and not having to incur overhead and certain other expenses on an annual basis is \$84,660, collectively.

The five businesses currently based at the Church Street Incubator include We Are Family Home Care Services, Brinda's Beauty and Wellness, Creek Clean, Urgent Tech Care and Main Street Atmore.



FINANCIAL FOCUS PROJECT

2,688
Program Users

2,103
Activity Starts

24
Minutes
Average Time
in Program

RUFF WILSON YOUTH CENTER, DAPHNE, ALABAMA

In collaboration with United Way of Baldwin County and Bank on South Alabama, United Bank visited Ruff Wilson Youth Center in Daphne on March 9, 2020. United Bank CDFI Program Coordinator Laura Puchner led the interactive conversation with the children's parents. The discussions included addressing everyday financial challenges, positive solutions for monthly money management, savings, vehicle purchases and personally extending an invitation for the parents and students to drop by any of our local branches.

SUCCESSES THROUGHOUT THE YEAR

121
at Small Business
Workshops

226
at Grow with
Google Events

7,015
Youths reached
through
Facebook
engagement

FINANCIAL EDUCATION

VITA VOLUNTEER INCOME TAX ASSISTANCE

For Tax Year 2019 – United Bank’s 10 volunteers prepared 135 Federally Accepted Tax returns during our abbreviated tax season due to the COVID-19 Pandemic.

10 VOLUNTEERS **135** TAX RETURNS

\$23,085 AVERAGE ADJUSTED GROSS INCOME OF TAX PAYERS



#81 American Banker Magazine 2020

Best Banks to Work For

#9 Business Alabama Magazine 2020

Best Companies to Work For in Alabama

American Banker Magazine Top Banks

Publicly Held Banks with Assets
Less Than \$2 Billion



The Atmore Advance Best of the Best:

Best Bank
Best Banker - Patrick Woods

Big Beautiful Baldwin's Best

Best Mortgage / Home Loan Provider
Best Auto Loan Provider
Best Loan Officer

ICBA COMMUNITY COMMITMENT AWARD **DAWN SKIPPER**

1,084
Masks Made

In addition to working full time at United Bank, Dawn Skipper, an Ags specialist, carved out personal time to volunteer in a local effort in the Atmore to sew masks in the midst of COVID-19. Dawn is an accomplished seamstress and dove straight in, leading research efforts to identify an appropriate pattern design. A concerted effort in Atmore resulted in coordination of material donations along with necessary elastic and filters.

CORPORATE AWARDS



POWER IN BLUE

As a show of continued support and encouragement for our businesses during COVID-19, United Bank provided funding to each United Bank team member for POWER IN BLUE FRIDAY (March 20, 2020) to spend locally. Two hundred strong, each team member patroned a local business of choice and added a handwritten, personal message to Bob's message that we, at United Bank, support our local businesses in our communities.



MORE THAN **\$3,200** SPENT AT LOCAL SMALL BUSINESSES

12
OFFICES

\$1,200
WORTH OF GIFTS



TWELVE DAYS OF **KINDNESS**

United Bank employees participated in our annual twelve days of giving to others during the holiday season. Those receiving gifts included groups feeding families, elementary school teachers, the

Atmore police and fire departments, Toys for Tots, a local woman's shelter and several families — customers and neighbors — who had fallen on hard times and needed some assistance.

2020 THIRD QUARTER BANK-WIDE OUTREACH

To honor the hard-working men and women in our communities, United Bank's Third Quarter Bank-Wide Outreach featured each of our branches surprising local workers with cash.



Rufus Morris,
Self Employed
Milton Branch



Melvin Sanders,
Eastern Shore Centre
Eastern Shore Branch



Grant Everhart & Angela Green,
Medstar Emergency Medical
Flomaton Branch



Chiquita Nettles,
Westgate Village Nursing Home
Brewton Branch



Jerome Bivins,
High Cotton Recycling
Frisco Branch



James Weaver, Sr.,
Frisco City Water Department
Frisco Branch

United Bank INREACH CHALLENGES

Weight Loss Challenge
176.9 LBS

31 Participants
5.7 Average Pounds Lost Per Participant

Step Count Competition
5,939,105 STEPS

21 Participants
296,955 Average Steps Per Participant

L HOME



NEW MARKETS TAX CREDIT PROGRAM

The New Markets Tax Credit (NMTC) Program attracts private capital into low-income communities by awarding investors tax credits against their federal income tax in exchange for making investments in qualified projects.

UBCD uses the NMTC program to help fund small businesses and finance projects related to education, healthcare, manufacturing, hospitality, non-profits and community centers. The projects funded through UBCD's NMTCs are creating jobs, providing goods and services, housing options, improving access to healthcare, and access to affordable healthy food.

2020 PROJECTS

5 Standalone
Projects

Total Allocation
\$65 MILLION

NMTC Placed Capital Investment
\$145 MILLION

United Bank Loans
\$44 MILLION

2 Loan Pools

Totaling More Than
\$8.8 MILLION

AMCREF

\$2.3m NMTC

\$1.8m UB Loan

NCIF

\$6.5m NMTC

\$5.1m UB Loan

1 million square feet
of infrastructure in:

Total NMTC Allocation
\$43 MILLION

Total Jobs

695 **2,435** **422**

Jobs Created Temporary Retained

Healthcare • Manufacturing • Education
Nonprofit • Construction • IT • Grocery
Historic Preservation • Restaurants



Coastal Growers Peanut Shelling Plant

UBCD placed \$10 million of their New Markets Tax Credit (NMTC) allocation into Coastal Growers to construct a new peanut shelling facility in Atmore, Alabama.

UBCD, jointly with Baker Tilly, assisted in sourcing an additional \$50 million in New Markets Tax Credit allocations from partner Community Development Entities including MuniStrategies, allocating \$5 million, Rural Development Partners \$15 million, Waveland \$15 million and National Impact Fund \$15 million. Additionally, United Bank applied for and received a \$40 million Business and Industry Loan Guarantee from USDA Rural Development to support the project financing.

Farmer-owned Coastal Growers currently works with 100 regional farms with over 200 employees and \$4.8 million in total wages. Upon completion, they anticipate working with 130 regional farms supporting almost \$8 million of wages.

The new 475,000-square-foot facility will source peanuts within a 200-mile radius from farms in Mississippi, Alabama, Georgia and Florida. The project will create 95 construction jobs and 130 permanent jobs with training and career advancement opportunities. The project anticipates shelling 140,000 tons of peanuts annually, which will be sold domestically and internationally.

The support of several entities, including the City of Atmore Industrial Development Board, the City of Atmore, the Alabama Farmers Association (ALFA), Alabama's Workforce Training Program (AIDT), made the project possible. Additional support includes a new rail transload facility which will service several nearby businesses in addition to Coastal Growers, and the potential future expansion of a blancher at the project site.

COMMUNITY FACILITIES LENDING

Adequate, up-to-date infrastructure and public services play a key role in a community's quality of life.

However, in rural or economically stressed regions and communities, there often isn't adequate funding to support the establishment, maintenance and replacement of essential public services and facilities. In addition to contributing to the quality of life for residents, these facilities and capabilities can be critical in helping communities attract businesses and much-needed employment to the communities.

The CFL program gives UBCD the ability to offer long term — up to 35 years — fixed-rate financing to eligible municipal and non-profit borrowers.

Total Allocations
\$40 MILLION

Total Transactions
\$12 MILLION

Total Projects Closed
12 Fire Trucks • Fire Department
Municipal Water, Utility and Sanitation



ATMORE NEW SANITATION FACILITY **\$1,000,000**

The City of Atmore's 20 sanitation workers provide services for more than 9,200 residents. The new facility, which replaced a 60-year-old building, is a 6,000-square-foot pre-engineered metal building with new amenities like state-of-the-art ventilation and climate control work environment.

CREOLA CITY HALL **\$375,000**

Funds will be used to purchase and renovate their leased 6,000-square-foot office facility. City Hall will have expanded capacity, allowing for individual office space for the Mayor, building inspector, city clerk and administrative staff. Additional amenities will include public computer access to Creola citizens and an added public works department.



Satsuma Fire Truck **\$476,442**

The Satsuma, Alabama Fire Department serves more than 7,000 Satsuma residents within 10 square miles. After the purchase of the new fire truck, the city will have four fire trucks in addition to new equipment for the new truck.



CAPITAL MAGNET FUND

The Capital Magnet Fund (CMF) program is designed to attract private investment in affordable rental housing.

The UBCD team uses its CMF awards to provide supplemental funding with flexible terms to affordable housing projects that may not be feasible without this critical source of capital.

Since 2017, UBCD has provided funding to 32 projects across Alabama, Tennessee, and Georgia, representing almost 1,800 apartment homes built or preserved for families and senior adults.

\$10 MILLION
IN CMF AWARDS
SINCE 2017

32 TOTAL
PROJECTS

\$300 MILLION
OF PRIVATE CAPITAL INVESTED



GRACEWAY APARTMENTS FAIRHOPE, ALABAMA

Graceway Apartments, completed in Summer of 2020, is a 48-unit apartment community for senior adults ages 55 and above. Graceway features a community clubhouse with exercise room, computer center, and common area for gathering. There is also a walking trail and covered gazebo for use by the residents. The community is in close proximity to shopping and medical services.

TURNING BANKING UPSIDE DOWN

Just as COVID-19 turned our banking operations upside down, it also had a dramatic impact on how we engage with and support our employees, our neighbors and our community. We've always been heavily invested in enhancing and strengthening our community, but the pandemic meant the needs were greater than ever before.

We supported our employees with financial grants, work flexibility, Telehealth services, and even made it possible for their children to do their remote schoolwork in our offices while their parents worked.

We supported our community with volunteer hours, funding, financial education, food drives and more. We donated a vehicle and computer equipment. We helped with hurricane relief — twice. And through it all, we continued our economic development efforts with our New Markets Tax Credits, Community Facilities Lending and Capital Magnet Fund projects.

We've always had a different way of looking at banking and our ability to impact the community. This year simply underscored the importance of our work and reinforced commitment to it going forward.



**We are
involved
in our
communities!**