United Bancorporation of Alabama, Inc.

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For Immediate Release

United Bancorporation of Alabama, Inc. Announces Third Quarter Earnings

(OTCQX: UBAB)- United Bancorporation of Alabama, Inc., parent company of United Bank, Town-Country National Bank, and UB Community Development, a community development partner of United Bank, announces its financial results for the third quarter ending September 30, 2021.

United Bancorporation of Alabama, Inc. ("United") reported net income of $15.2 million for the nine months ended September 30, 2021 compared to net income of $10.6 million for the same period last year. Earnings per share for the nine-month period was $4.07 compared to $2.86 for the same period in 2020.

Net income for the three-month period ended September 30, 2021 was $3.3 million compared to net income of $2.3 million for the same period last year. Earnings per share for the three-months ended September 30, 2021 was $0.89 compared to earnings per share for the same period last year of $0.62.

The return on average assets and average equity for the nine months ended September 30, 2021 was 2.00% and 19.80%, respectively.

Town-Country National Bank Acquisition

On July 26, 2021, United Bancorporation of Alabama, Inc. completed its acquisition of Town-Country National Bank (TCNB) located in Camden, Ala. The acquisition expands United's footprint into the Blackbelt, a historically underserved and economically distressed region. Of the total assets acquired $65.9 million were loans. Of the liabilities assumed $117.8 million were deposits.

As a result of the purchase, all assets were marked to fair value. The loan fair value marks will be amortized over the contractual life of the loans. TCNB recognized $6.4 million in goodwill and $671,000 in core deposit intangible. The core deposit intangible will be amortized over its useful life.

Balance Sheet

United reported total assets of $1.15 billion at September 30, 2021 as compared to $903.2 million at September 30, 2020, an increase of $247.4 million or 27.4%. Growth can be attributed to the addition of TCNB and to United Bank's continued deposit growth. Cash and interest bearing deposit balances increased by $41.9 million or 27.4%. The securities portfolio increased by $108.6 million or 75.9%. United Bank's portfolio increased $78.2 million over the last year in efforts to deploy excess capital into higher yielding assets.

Total loans, net of unearned income at September 30, 2021 were $652.7 million compared to $551.1 million at September 30, 2020, representing an increase of $101.6 million or 18.4%. United Bank's loan growth of $36.9 million was fueled by the ramp up in agriculture production, municipal, and real estate construction for New Markets Tax Credit (NMTC) and Low Income Housing Tax Credit (LIHTC) projects. United Bank originated over $94.0 million in PPP loans with $25.0 million yet to be forgiven. TCNB did not participate in the PPP program.

Operating Results

Year-to-date 2021 net interest income before the provision was $23.8 million compared to $19.4 million for the same period in the prior year, an increase of $4.3 million or 22.5%. PPP fees comprised $2.4 million of the increase. Third quarter 2021 net interest income before the provision was $9.1 million versus $6.9 million in the third quarter of 2020, representing an increase of $2.2 million or 31.8%. PPP fees accounted for $810,498 of the increase.

As a result, United's net interest margin for the nine months ended September 30, 2021 was 3.52% as compared to 3.61% for the same period in 2020. Earning asset yields declined 20 bps year over year to 3.83%. During the same period, yields on interest bearing liabilities fell 21 bps to 60 bps. The cost of funds for the nine months ended September 30, 2021 declined 12 bps year-over-year to 31 bps.

Similarly, for the quarter ended September 30, 2021, the net interest margin was 3.58% as compared to 3.51% for the same quarter in 2020, a 7 bps difference. The yield on earning assets was 3.88%, 3 bps higher than the same quarter last year. Yields on interest bearing liabilities decreased 14 bps to 56 bps for the three months ended September 30, 2021. For the third quarter 2021, the cost of funds was 30 bps compared to 35 bps for the same quarter last year.

The provision for credit losses for the nine months ended September 30, 2021 was $951,178 compared to $1.8 million for the same period last year. The economic uncertainty surrounding COVID contributed to last year's higher provision. Those concerns have abated somewhat, resulting in a lower provision this year. During the third quarter 2021, the provision was $358,044 compared to $817,195 made during the same period last year. At September 30, 2021 the allowance for loan losses was $9.2 million and the coverage ratio was 1.42%. Excluding PPP and other guaranteed loans, the allowance to loans coverage ratio was 1.52%.

Non-interest income for the nine months ended September 30, 2021 was $18.8 million compared to $13.8 million for the same period last year. In 2021, United received a Capital Magnet Fund ("CMF") award in April of $8.0 million and Rapid Response Program award in August of $1.8 million; and in May 2020 it received CMF award of $6.0 million. 2021 year-to-date NMTC fee income was $2.0 million, an increase of $1.0 million over the same period last year. A NMTC transaction closed during the quarter generating $280,000 in fee income. The CDFI Fund awarded UB Community Development, LLC $65 million in NMTC allocation in the most recent funding round. Mortgage related income also increased $240,816 or 28.77% over last year. Service charges and fee income increased $572,249 or 16.1% over last year with TCNB generating approximately $196,000 of the increase.

For the quarter ended September 30, 2021 non-interest income was $4.5 million compared to $2.7 million for the quarter ended September 30, 2020. The primary difference being the $1.8 million Rapid Response Program award.

Non-interest expense for the nine months ended September 30, 2021 was $21.9 million compared to $18.0 million for the same period last year, an increase of $3.8 million or 21.13%. Non-interest expense for three months ended September 30, 2021 was $9.0 million compared to $6.2 million, which is an increase of $2.7 million or 44.6% for the same period last year. During the third quarter, United accelerated the recognition of $1.5 million in prepaid expenses associated with various contracts and other projects with an average contract life greater than one year. Acquisition costs also caused expenses to be higher during the quarter.

Credit Quality

At September 30, 2021, non-performing assets were $236,240. Restructured loans totaled $959,331 of which $650,082 were performing. At September 30, 2020, restructured loans totaled $1.3 million of which $1.0 million was performing. Non-accruals increased by $2.5 million from the same period last year. TCNB does not have any restructured or nonaccrual loans.

Capital

At September 30, 2021, shareholders' equity totaled $107.3 million compared to $95.6 million at September 30, 2020, an increase of $11.7 million or 12.3%.

At September 30, 2021 tier one capital ratio, tier one leverage ratio and total equity to total assets were approximately 15.39%, 9.71% and 9.33%, respectively.

United's Executive Officers will conduct conference calls on November 10, 2021 at 9:00 a.m. and 2:00 p.m. (CST) to discuss third quarter 2021 performance.

To join the conference call by computer:

https://zoom.us

Meeting ID: 935 6102 3951

Passcode: 668139

To join the conference call by phone:

(312) 626-6799 or (346) 248-7799

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About United Bank

United Bank is a $1 billion financial institution that has enjoyed 117 years of continuous service to Atmore, Alabama and surrounding communities. United Bank has offices in Atmore, East Brewton, Brewton, Daphne, Flomaton, Monroeville, Frisco City, Bay Minette, Foley, Lillian, Loxley, Magnolia Springs, Semmes, Silverhill, Spanish Fort, and Summerdale in Alabama. United Bank serves Santa Rosa County, Florida in Jay, Milton, and Pace. For more information about United Bank, please visit our website at www.unitedbank.com. Member FDIC.

About UB Community Development

UB Community Development's strong history and experience in New Markets Tax Credit transactions, coupled with our passion for improving the communities around us, make UBCD Alabama's premier financial partner for economic and community development. Through our NMTC projects, Community Facilities Lending Program and Community Housing Capital Fund, UBCD is working with community development partners in the fields of healthcare, education, manufacturing, public works, and more. For more information about UB Community Development, visit our website at www.UBCommunityDevelopment.com.

About Town-Country National Bank

Town-Country National Bank is a $136 million financial institution serving Camden, Alabama and surrounding communities since 1978. It has a single office in Camden, Alabama. For more information about TCNB, please visit our website at www.tcnbank.com. Member FDIC.

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.

United Bancorporation of Alabama, Inc.

Quarterly Comparison

	9/30/2021	6/30/2021	3/31/2021	12/31/2020	9/30/2020
Equity					
Tier One Leverage	9.71%	11.84%	11.71%	11.43%	11.49%
Tier One Capital	15.39%	19.16%	18.28%	17.66%	17.66%
Equity to Total Assets	9.33%	10.52%	10.27%	9.80%	10.59%
At Month End					
Loans, net of unearned income	652,761,266	571,661,664	553,218,075	526,285,086	551,126,127
Total Deposits	1,015,427,987	882,178,102	828,654,826	868,879,616	770,724,204
Total Assets	1,150,643,495	1,018,035,722	949,038,124	988,707,713	903,211,003
Earnings & Performance Ratios					
Net Income	3,351,471	8,331,361	3,578,122	1,554,805	2,303,469
Net Interest Margin	3.58%	3.33%	3.66%	3.33%	3.51%
Return on Average Equity	12.25%	32.53%	14.86%	6.46%	9.77%
Return on Average Assets	1.16%	3.38%	1.58%	0.66%	1.02%
Earnings per Share	0.89	2.22	0.96	0.42	0.62
Weighted Avg Shares Outstanding	3,755,988	3,750,811	3,744,651	3,732,848	3,723,313

United Bank
Your Hometown Advantage

Quarterly Comparison

	9/30/2021	6/30/2021	3/31/2021	12/31/2020	9/30/2020
At Month End					
Loans, net of unearned income	588,036,390	573,503,843	555,060,254	528,127,265	551,069,040
Total Deposits	900,066,310	904,352,236	836,366,711	875,767,178	775,148,363
Total Assets	1,008,741,132	1,013,091,734	928,981,831	972,073,697	870,341,735
Earnings					
Net Income	3,424,213	8,794,871	2,523,728	1,597,617	1,962,185
Net Interest Margin	3.69%	3.40%	3.75%	3.41%	3.60%
Equity					
Tier One Leverage	9.24%	9.37%	9.13%	8.94%	8.92%
Tier One Capital	14.68%	15.20%	14.42%	13.95%	13.88%
Equity to Total Assets	9.23%	9.12%	8.81%	8.50%	9.28%
Cost of Funds					
United Bank Cost of Funds	0.28%	0.29%	0.30%	0.31%	0.33%
AL Banks Peers Cost of Funds	n/a	0.38%	0.43%	0.48%	0.57%

TCNB
TOWN-COUNTRY NATIONAL BANK

Quarterly Comparison

	9/30/2021	6/30/2021	3/31/2021	12/31/2020	9/30/2020
At Month End					
Loans, net of unearned income	66,567,055				
Total Deposits	118,823,667				
Total Assets	136,899,184				
Earnings					
Net Income	329,355				
Net Interest Margin	4.02%				
Equity					
Tier One Leverage	8.78%				
Tier One Capital*	n/a				
Equity to Total Assets	13.01%				
Loan Yield					
TCNB Loan Yield	4.57%				
AL Bank Peers Loan Yield	3.85%				

* Elected CBLR.

United Bancorporation of Alabama, Inc.
And Subsidiaries
Consolidated Balance Sheets
(Unaudited)

		September 30 2021		September 30 2020
		(Unaudited)		(Unaudited)
Assets				
Cash and due from banks	$	41,615,549	$	48,603,060
Interest-bearing deposits in banks		138,562,898		104,221,348
Federal funds sold		14,540,778		-
Cash and short term investments		194,719,225		152,824,408
Securities available for sale, at fair value (amortized cost of $239,860,340 and $124,197,238 at September 30, 2021 and 2020, respectively)		238,916,691		127,524,529
Securities held to maturity, at amortized cost (fair value of $13,181,550 and $16,203,886 at September 30, 2021 and 2020, respectively)		12,797,022		15,614,198
		251,713,713		143,138,727
Loans held for sale		117,000		1,085,700
Loans held for investment		652,761,266		551,126,127
Less: Allowance for loan losses		9,267,910		7,019,267
Loans, net		643,493,356		544,106,860
NMTC Sub-CDE QLICI Loans		3,500,000		14,770,000
Premises and equipment, net		17,121,154		16,143,264
Interest receivable		5,004,604		4,912,242
Bank owned life insurance		17,235,589		11,952,842
Other real estate owned, net		209,599.00		507,294
Core Deposit Intangible		659,816.00		-
Goodwill		6,474,056.00		-
Other assets		10,395,384		13,769,666
Total assets		1,150,643,495		903,211,003
Liabilities and Stockholders' Equity				
Deposits				
Non-interest bearing		462,668,435		397,426,789
Interest-bearing		552,759,552		373,297,415
Total deposits		1,015,427,987		770,724,204
Interest payable		156,065		237,701
Other borrowings		13,384,619		20,536,365
Note payable to Trust		10,310,000		10,310,000
Accrued expenses and other liabilities		3,982,845		5,793,439
Total liabilities		1,043,261,516		807,601,709
Stockholders' equity				
Preferred stock of $.01. Authorized 250,000 shares; no shares issued		-		-
Class A common stock, par value $0.01. Authorized 5,000,000 shares; 3,803,523 and 3,790,647 issued; 3,755,004 and 3,732,504 shares outstanding in 2021 and 2020, respectively		38,035		37,906
Class B common stock, par value $0.01. Authorized 250,000 shares; no shares issued		-		-
Additional paid in capital		33,947,585		33,554,439
Retained earnings		76,664,137		60,872,456
Accumulated other comprehensive loss net of tax		(707,736)		2,495,469
		109,942,021		96,960,270
Less 239 treasury shares, at cost		1,951		1,951
Less unvested restricted stock and unallocated ESOP shares (117,985 and 57,904, respectively)		2,558,090		1,349,025
Total stockholders' equity		107,381,980		95,609,294
Total liabilities and stockholders' equity	$	1,150,643,495	$	903,211,003

United Bancorporation of Alabama, Inc.
And Subsidiaries
Consolidated Statements of Earnings
(Unaudited)

	Three Months Ended September 30		Nine Months Ended September 30	
	2021	**2020**	**2021**	**2020**
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Interest income				
Interest and fees on loans	$ 8,981,780	$ 6,943,489	$ 23,494,525	$ 19,427,721
Interest on investment securities				
Taxable securities	657,263	471,180	1,734,491	1,488,730
Nontaxable securities	192,337	199,577	596,025	596,117
Total investment income	849,600	670,757	2,330,516	2,084,847
Other interest income	69,696	31,846	135,520	296,175
Total interest income	9,901,076	7,646,092	25,960,561	21,808,743
Interest expense				
Interest on deposits	669,772	600,335	1,801,616	1,975,350
Interest on other borrowed funds	117,378	108,570	328,239	385,413
Total interest expense	787,150	708,905	2,129,855	2,360,763
Net interest income	9,113,926	6,937,187	23,830,706	19,447,980
Provision for loan losses	358,044	817,195	951,178	1,817,195
Net interest income after provision for loan losses	8,755,882	6,119,992	22,879,528	17,630,785
Noninterest income				
Service charge and fees	1,571,736	1,297,518	4,119,054	3,546,805
CDFI award income	1,826,265	-	9,826,265	6,799,000
New market tax credit closing fees	280,000	620,000	2,090,000	1,040,000
Investment securities gains, net	5,883	881	84,297	216,610
Mortgage loan and related fees	192,386	288,649	1,077,962	837,146
Other	647,428	550,414	1,589,215	1,344,367
Total noninterest income	4,523,698	2,757,462	18,786,793	13,783,928
Noninterest expense				
Salaries and benefits	3,813,503	3,652,572	10,980,261	10,490,293
Net occupancy expense	1,014,303	710,624	2,447,859	2,003,433
Other	4,187,510	1,871,659	8,441,874	5,561,829
Total noninterest expense	9,015,316	6,234,855	21,869,994	18,055,555
Earnings before income tax expense	4,264,265	2,642,599	19,796,328	13,359,158
Income tax expense	912,794	339,130	4,535,374	2,744,694
Net earnings	3,351,471	2,303,469	15,260,954	10,614,464
Net earnings available to common shareholders	$ 3,351,471	$ 2,303,469	$ 15,260,954	$ 10,614,464
Basic earnings per common share	$ 0.89	$ 0.62	$ 4.07	$ 2.86
Basic weighted-average shares outstanding	3,755,988	3,723,313	3,751,094	3,711,818
Diluted earnings per common share	$ 0.89	$ 0.62	$ 4.07	$ 2.86
Diluted weighted-average shares outstanding	3,755,988	3,723,313	3,751,094	3,711,818
Cash dividend declared per share	$ -	$ -	$ 0.12	$ 0.10