United Bancorporation of Alabama, Inc.

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For Immediate Release

United Bancorporation of Alabama, Inc. Announces Fourth 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 fourth quarter ended December 31, 2021.

United Bancorporation of Alabama, Inc. ("United") reported net income of $18.5 million for the twelve months ended December 31, 2021 compared to net income of $12.1 million for the same period last year. Earnings per share for the twelve-month period was $4.87 compared to $3.22 for the same period in 2020.

Net income for the three-month period ended December 31, 2021 was $3.2 million compared to net income of $1.5 million for the same period last year. Earnings per share for the three-months ended December 31, 2021 was $0.87 compared to earnings per share for the same period last year of $0.42.

A semiannual dividend of $0.16 per share was declared for stockholders of record on December 31, 2021 and paid on January 17, 2022.

Balance Sheet

United reported total assets of $1.11 billion at December 31, 2021 as compared to $988.7 million at December 31, 2020, an increase of $126.9 million or 12.8%. Growth can be attributed to the acquisition of Town-Country National Bank (TNCB), whose assets totaled $135.7 million at year end. Cash and interest bearing deposit balances declined by $145.3 million or 55.3% as those assets shifted into the investment portfolio for higher yields. The securities portfolio increased by $131.1 million or 82.2%. TCNB's investment portfolio totaled $46.2 million at year end.

Total loans, net of unearned income at December 31, 2021 were $657.1 million compared to $526.2 million at December 31, 2020, representing an increase of $130.9 million or 24.9%. Loan growth was fueled by municipal, commercial and real estate construction lending. Only $10.7 million of United Bank's original $94.0 million in PPP loans has not been forgiven. TCNB did not participate in the PPP program.

Operating Results

Year-to-date 2021 net interest income before the provision was $32.8 million compared to $26.2 million for the same period in the prior year, an increase of $6.6 million or 25.5%. Net PPP fees comprised $3.0 million of the increase. Fourth quarter 2021 net interest income before the provision was $8.9 million versus $6.7 million in the fourth quarter of 2020, representing an increase of $2.2 million or 32.8%. Net PPP fees of $607,320 were recognized during the fourth quarter 2021.

As a result, United's net interest margin for the twelve months ended December 31, 2021 was 3.49% as compared to 3.53% for the same period in 2020. Earning asset yields declined 13 bps year over year to 3.80%; and yields on interest bearing liabilities fell 18 bps to 60 bps. The cost of funds for the twelve months was 31 bps, 9 bps less than the prior year.

Similarly, the fourth quarter net interest margin was 3.41% as compared to 3.33% for the same quarter in 2020. The yield on earning assets was 3.72%, 7 bps higher than the same quarter last year. Yields on interest bearing liabilities decreased 10 bps to 55 bps for the three months ended December 31, 2021. Fourth quarter cost of funds for both 2021 and 2020 were 32 bps and 33 bps, respectively.

The provision for credit losses for the twelve months ended December 31, 2021 was $1.8 million compared to $2.7 million for 2020. This year's lower provision reflects more stable economic conditions as the pandemic continues to dissipate. The fourth quarter 2021 and 2020 provisions were $910,845 and $910,696, respectively. At December 31, 2021, the allowance for loan losses was $10.2 million. The allowance to loans coverage ratio for United Bank and TCNB was 1.64% and 0.69%, respectively.

Non-interest income for the twelve months ended December 31, 2021 was $22.6 million compared to $16.2 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 New Market Tax Credit ("NMTC") fee income was $1.8 million, an increase of $920,000 over the same period last year. Service charges and fee income increased $1.0 million or 22.3% over last year with TCNB generating approximately $460,000 of the increase.

For the quarter ended December 31, 2021 non-interest income was $3.9 million compared to $2.3 million for the quarter ended December 31, 2020. UBCD generated $460,000 in NMTC fee income.

Non-interest expense for the twelve months ended December 31, 2021 was $29.7 million compared to $24.3 million for the same period last year, an increase of $5.4 million or 22.2%. Non-interest expense for three months ended December 31, 2021 was $7.8 million compared to $6.2 million, which is an increase of $1.6 million or 26.6% for the same period last year. Year-to-date expenses are higher because of $1.5 million in accelerated expenses recognized during the third quarter.

Credit Quality

At December 31, 2021, nonaccrual loans totaled $11.4 million, an increase of $8.2 million from the same period last year. Restructured loans totaled $1.0 million. TCNB does not have any restructured loans.

Capital

At December 31, 2021, shareholders' equity totaled $109.7 million compared to $96.8 million at December 31, 2020, an increase of $12.8 million or 13.3%.

At December 31, 2021 tier one capital ratio, tier one leverage ratio and total equity to total assets were approximately 15.15%, 9.82% and 9.82%, respectively.

United will host a conference call on February 16, 2022 at 10:00 am (CST) to discuss fourth quarter 2021 performance. To join the conference call by computer:

https://zoom.us

Meeting ID: 910 8411 1511

Passcode: 165375

To join the conference call by phone:

(312) 626-6799 or (646) 558-8656

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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.
And Subsidiaries
Consolidated Balance Sheets
(Unaudited)

		December 31 2021 (Unaudited)		December 31 2020 (Audited)
Assets				
Cash and due from banks	$	39,443,767	$	108,506,410
Interest-bearing deposits in banks		71,854,343		154,376,518
Federal funds sold		6,278,135		-
Cash and short term investments		117,576,245		262,882,928
Securities available for sale, at fair value (amortized cost of $281,101,133 and $141,515,294 at December 31, 2021 and 2020, respectively)		278,953,682		144,854,569
Securities held to maturity, at amortized cost (fair value of $12,105,153 and $15,267,741 at December 31, 2021 and 2020, respectively)		11,787,052		14,701,703
		290,740,734		159,556,272
Loans held for sale		62,864		2,817,561
Loans held for investment		657,155,493		526,285,086
Less: Allowance for loan losses		10,203,372		7,822,526
Loans, net		646,952,121		518,462,560
NMTC Sub-CDE QLICI Loans		3,500,000		3,500,000
Premises and equipment, net		16,769,945		15,760,075
Interest receivable		5,245,661		4,175,263
Bank owned life insurance		17,341,720		12,033,331
Other real estate owned, net		189,602.00		157,000
Core Deposit Intangible		643,040.00		-
Goodwill		6,474,056.00		-
Other assets		10,112,955		9,362,723
Total assets		1,115,608,943		988,707,713
Liabilities and Stockholders' Equity				
Deposits				
Non-interest bearing	$	421,797,659	$	486,405,309
Interest-bearing		558,381,956		382,474,307
Total deposits		980,179,615		868,879,616
Interest payable		129,107		219,460
Other borrowings		11,355,629		9,910,458
Note payable to Trust		10,310,000		10,310,000
Accrued expenses and other liabilities		3,931,277		2,538,539
Total liabilities		1,005,905,628		891,858,073
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; 3,804,277 and 3,790,647 issued; 3,765,965 and 3,742,128 shares outstanding in 2021 and 2020, respectively		38,043		37,907
Class B common stock, par value $0.01. Authorized 250,000 shares; no shares issued		-		-
Additional paid in capital		34,137,927		33,576,095
Retained earnings		79,321,002		61,859,668
Accumulated other comprehensive loss net of tax		(1,610,587)		2,504,457
		111,886,385		97,978,127
Less 239 treasury shares, at cost		1,951		1,951
Less unvested restricted stock and unallocated ESOP shares (100,505 and 48,280, respectively)		2,181,119		1,126,536
Total stockholders' equity		109,703,315		96,849,640
Total liabilities and stockholders' equity	$	1,115,608,943	$	988,707,713

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

	Three Months Ended December 31		Twelve Months Ended December 31	
	2021	**2020**	**2021**	**2020**
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Interest income				
Interest and fees on loans	$ 8,679,755	$ 6,709,185	$ 32,174,280	$ 26,106,940
Interest on investment securities				
Taxable securities	833,778	503,475	2,568,269	1,950,120
Nontaxable securities	231,549	198,070	827,574	794,187
Total investment income	1,065,327	701,545	3,395,843	2,744,307
Other interest income	66,845	26,075	202,368	372,673
Total interest income	9,811,927	7,436,805	35,772,490	29,223,920
Interest expense				
Interest on deposits	728,082	583,774	2,529,700	2,559,124
Interest on other borrowed funds	105,299	93,673	385,969	476,292
Total interest expense	833,381	677,447	2,915,669	3,035,416
Net interest income	8,978,546	6,759,358	32,856,822	26,188,504
Provision for loan losses	910,845	910,696	1,862,023	2,727,891
Net interest income after provision for loan losses	8,067,701	5,848,662	30,994,799	23,460,613
Noninterest income				
Service charge and fees	1,715,711	1,290,269	5,834,765	4,772,309
CDFI award income	-	202,898	9,826,265	7,002,251
New market tax credit sub-allocation and placement fees	460,000	-	1,800,000	880,000
Investment securities gains, net	-	(5,260)	84,297	211,350
Mortgage loan and related fees	116,752	344,841	1,194,714	1,181,987
Other	1,658,425	556,694	3,927,095	2,184,610
Total noninterest income	3,950,888	2,389,442	22,667,136	16,232,507
Noninterest expense				
Salaries and benefits	4,515,821	3,662,164	15,496,082	14,027,657
Net occupancy expense	902,076	692,272	3,349,749	2,695,706
Other	2,458,326	1,868,929	10,869,253	7,594,568
Total noninterest expense	7,876,223	6,223,365	29,715,084	24,317,931
Earnings before income tax expense	4,142,367	2,014,739	23,946,851	15,375,189
Income tax expense	876,856	459,934	5,420,386	3,204,952
Net earnings	3,265,511	1,554,805	18,526,465	12,170,237
Net earnings available to common shareholders	$ 3,265,511	$ 1,554,805	$ 18,526,465	$ 12,170,237
Basic earnings per common share	$ 0.87	$ 0.42	$ 4.87	$ 3.22
Basic weighted-average shares outstanding	3,755,636	3,732,609	3,807,620	3,778,690
Diluted earnings per common share	$ 0.87	$ 0.42	$ 4.87	$ 3.22
Diluted weighted-average shares outstanding	3,755,636	3,732,609	3,807,620	3,778,690
Cash dividend declared per share	$ 0.16	$ 0.15	$ 0.28	$ 0.25

United Bancorporation of Alabama, Inc.

Quarterly Comparison

	12/31/2021	9/30/2021	6/30/2021	3/31/2021	12/31/2020
Equity					
Tier One Leverage	9.82%	9.71%	11.84%	11.71%	11.43%
Tier One Capital	15.15%	15.39%	19.16%	18.28%	17.66%
Equity to Total Assets	9.82%	9.33%	10.52%	10.27%	9.80%
At Month End					
Loans, net of unearned income	657,155,493	652,761,266	571,661,664	553,218,075	526,285,086
Total Deposits	980,179,615	1,015,427,987	882,178,102	828,654,826	868,879,616
Total Assets	1,115,608,943	1,150,643,495	1,018,035,722	949,038,124	988,707,713
Earnings & Performance Ratios					
Net Income	3,265,511	3,351,471	8,331,361	3,578,122	1,554,805
Net Interest Margin	3.41%	3.58%	3.33%	3.66%	3.33%
Return on Average Equity	12.01%	12.25%	32.53%	14.86%	6.46%
Return on Average Assets	1.11%	1.16%	3.38%	1.58%	0.66%
Earnings per Share	0.87	0.89	2.22	0.96	0.42
Weighted Avg Shares Outstanding	3,755,636	3,755,988	3,750,811	3,744,651	3,732,609

United Bank
Your Hometown Advantage

Quarterly Comparison

	12/31/2021	9/30/2021	6/30/2021	3/31/2021	12/31/2020
At Month End					
Loans, net of unearned income	594,068,473	588,036,390	573,503,843	555,060,254	528,127,265
Total Deposits	867,411,140	900,066,310	904,352,236	836,366,711	875,767,178
Total Assets	976,558,028	1,008,741,132	1,013,091,734	928,981,831	972,073,697
Earnings					
Net Income	2,073,259	3,424,213	8,794,871	2,523,728	1,597,617
Net Interest Margin	3.32%	3.69%	3.40%	3.75%	3.41%
Equity					
Tier One Leverage	9.34%	9.24%	9.37%	9.13%	8.94%
Tier One Capital	14.27%	14.68%	15.20%	14.42%	13.95%
Equity to Total Assets	9.74%	9.23%	9.12%	8.81%	8.50%
Cost of Funds					
United Bank Cost of Funds	0.29%	0.28%	0.29%	0.30%	0.31%
AL Banks Peers Cost of Funds	n/a	0.35%	0.38%	0.43%	0.48%

TCNB
TOWN-COUNTRY NATIONAL BANK

Quarterly Comparison

	12/31/2021	9/30/2021	6/30/2021	3/31/2021	12/31/2020
At Month End					
Loans, net of unearned income	64,929,199	66,567,055			
Total Deposits	117,556,660	118,823,667			
Total Assets	135,757,614	136,899,184			
Earnings					
Net Income	371,872	329,355			
Net Interest Margin	4.30%	4.02%			
Equity					
Tier One Leverage*	8.71%	8.78%			
Equity to Total Assets	13.21%	13.01%			

* Elected CBLR.