United Bancorporation of Alabama, Inc.

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For Immediate Release

United Bancorporation of Alabama, Inc. Announces First Quarter Earnings

(OTCQX: UBAB)- United Bancorporation of Alabama, Inc., parent company of United Bank, Town-Country United Bank, and UB Community Development announces its financial results for the first quarter ended March 31, 2022.

United Bancorporation of Alabama, Inc. ("United") reported net income of $2.8 million for the three months ended March 31, 2022 compared to net income of $3.5 million for the same period last year. Earnings per share for the three-month period was $0.76 compared to $0.96 for the same period in 2021.

Town Country National Bank officially changed its name to Town Country United Bank (TCUB) on January 1, 2022 upon the conversion of its charter to an Alabama state-chartered bank.

Balance Sheet

United reported total assets of $1.2 billion on March 31, 2022 as compared to $949.0 million on March 31, 2021, an increase of $248.7 million or 26.2%. This difference is comprised of the addition of TCUB assets of $130.7 million and UB deposit growth of $125.4 million. Cash and interest-bearing deposit balances declined by $11.0 million or 5.7%, but overall liquidity is still strong with $180.9 million or 15.0% of total assets in cash.

The securities portfolio grew $126.4 million or 75.6% to $293.6 million, which is comprised of TCUB's $42.8 million portfolio and UB's portfolio of $250.8 million grew $83.6 million since last year. Securities account for 24.5% of total assets.

Total loans as of March 31, 2022 were $666.3 million compared to $553.2 million at March 31, 2021, representing an increase of $113.1 million or 20.5%. TCUB and UB loans accounted for $65.0 million and $49.9 million, respectively of the increase. Loan growth was fueled by municipal and commercial real estate lending. Only $7.8 million of United Bank's original $94.0 million in PPP loans remains unforgiven. TCNB did not participate in the PPP program.

Deposits totaled $1.0 billion as of March 31, 2022 compared to $828.6 million as of last year, an increase of $235.5 million or 28.4%. Non-interest bearing deposits grew $44.5 million or 10.4% to $474.4 million and interest-bearing deposits grew $190.9 million or 47.9% to $589.4 million. TCUB deposits totaled $114.2 million and consist of $22.1 million in non-interest bearing and $92.1 million in interest-bearing deposits.

Operating Results

Year-to-date 2022 net interest income before the provision was $8.5 million compared to $7.3 million a year ago, an increase of $1.1 million or 15.9%. Year-to-date net PPP fees comprised $170,577 versus $578,152 for the same period last year.

As a result, United's net interest margin for the three months ended March 31, 2022, was 3.30% as compared to 3.66% for the same period in 2021. Fewer PPP fees recognized during the first quarter was the primary driver of the lower net interest margin. Yields on interest bearing liabilities fell 7 bps from a year ago to 57 bps, and the cost of funds remained a flat 32 bps for both quarters.

The provision for credit losses for the three months ended March 31, 2022, was $330,573 compared to $593,134 for same period last year. As of March 31, 2022, the allowance for loan losses was $10.6 million and the allowance to loans coverage ratio was 1.59% for consolidated entities. The coverage ratio was 1.65% and 0.99% for United Bank and TCUB, respectively.

Non-interest income for the three months ended March 31, 2022, was $2.8 million compared to $3.9 million for the same period last year. Service charges and fee income was $1.5 million for the first quarter 2022, an increase of $397,316 or 33.9% over the same period last year with TCNB generating $250,511 of the increase. During the first quarter 2022, United received $122,256 for the CDFI Fund's inaugural round of Small Dollar Loan Program awards. Year-to-date 2022 New Market Tax Credit ("NMTC") fee income was $408,333 compared to $1.0 million for the same period last year. Similarly, mortgage lending fees for the first quarter were $163,995 a decrease of $356,544 from the same period last year.

Non-interest expense for the three months ended March 31, 2022, was $7.4 million compared to $6.1 million for the same period last year, an increase of $1.3 million or 21.4%. TCUB comprised $956,738 of the increase. UB's non-interest income increased approximately $421,812 or 6.8% over the same period last year.

Credit Quality

As of March 31, 2022, nonaccrual loans totaled $6.5 million, an increase of $4.0 million from the same period last year and a decrease of $4.9 million from the previous quarter. As TCUB does not have any restructured loans, UB's restructured loans totaled $1.2 million.

Capital

The sharp rise in interest rates over the past quarter has created unrealized losses in available-for-sale securities (AFS) that are recorded in accumulated other comprehensive income. As a result, shareholders' equity grew a modest 1.9% to $99.0 million on March 31, 2022, compared to $97.2 million a year ago, and $109.6 million on December 31, 2021. Shareholders' tangible book value of equity per share was $24.38, representing decreases of 6.0% from the prior year and 10.4% from the prior quarter.

Unrealized gains and losses are not included in regulatory capital calculations. As of March 31, 2022 United's tier one capital ratio, tier one leverage ratio and equity to total assets were approximately 14.2%, 9.9% and 8.3%, respectively.

UB's tier one capital ratio, tier one leverage ratio and equity to assets were 13.3%, 9.4% and 8.1%, respectively.

TCUB elected the Community Bank Leverage Ratio (CBLR) and its tier one leverage ratio and equity to assets were 9.2% and 12.2%, respectively.

United will host a conference call on May 13, 2022 at 10:00 am (CST) to discuss first quarter 2022 performance. To join the conference call by computer:

https://zoom.us

Meeting ID: 857 6292 4619

Passcode: 078499

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 $1.2 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 $130 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

	3/31/2022	12/31/2021	9/30/2021	6/30/2021	3/31/2021
Equity					
Tier One Leverage	9.94%	9.82%	9.71%	11.84%	11.71%
Tier One Capital	14.22%	15.15%	15.39%	19.16%	18.28%
Equity to Total Assets	8.28%	9.82%	9.33%	10.52%	10.27%
At Month End					
Loans, net of unearned income	666,388,761	657,155,493	652,761,266	571,661,664	553,218,075
Total Deposits	1,064,188,676	980,179,615	1,015,427,987	882,178,102	828,654,826
Total Assets	1,098,705,933	1,115,608,943	1,150,643,495	1,018,035,722	949,038,124
Earnings & Performance Ratios					
Net Income	2,876,598	3,265,511	3,351,471	8,331,361	3,578,122
Net Interest Margin	3.30%	3.41%	3.58%	3.33%	3.66%
Return on Average Equity	10.90%	12.01%	12.25%	32.53%	14.86%
Return on Average Assets	0.99%	1.11%	1.16%	3.38%	1.58%
Earnings per Share	0.76	0.87	0.89	2.22	0.96
Weighted Avg Shares Outstanding	3,767,526	3,755,636	3,755,988	3,750,811	3,744,651

United Bank

Your Hometown Advantage

Quarterly Comparison

	3/31/2022	12/31/2021	9/30/2021	6/30/2021	3/31/2021
At Month End					
Loans, net of unearned income	603,208,051	594,068,473	588,036,390	573,503,843	555,060,254
Total Deposits	954,077,312	867,411,140	900,066,310	904,352,236	836,366,711
Total Assets	1,061,534,757	976,558,028	1,008,741,132	1,013,091,734	928,981,831
Earnings					
Net Income	2,365,831	2,073,259	3,424,213	8,794,871	2,523,728
Net Interest Margin	3.13%	3.32%	3.69%	3.40%	3.75%
Equity					
Tier One Leverage	9.43%	9.34%	9.24%	9.37%	9.13%
Tier One Capital	13.33%	14.27%	14.68%	15.20%	14.42%
Equity to Total Assets	8.12%	9.74%	9.23%	9.12%	8.81%
Cost of Funds					
United Bank Cost of Funds	0.30%	0.28%	0.28%	0.29%	0.30%
AL Banks Peers Cost of Funds	n/a	0.32%	0.35%	0.38%	0.43%

TCUB

Town-Country United Bank

Quarterly Comparison

	3/31/2022	12/31/2021	9/30/2021	6/30/2021	3/31/2021
At Month End					
Loans, net of unearned income	65,022,889	64,929,199	66,567,055		
Total Deposits	114,271,042	117,556,660	118,823,667		
Total Assets	130,769,810	135,757,614	136,899,184		
Earnings					
Net Income	432,304	371,872	329,355		
Net Interest Margin	4.71%	4.30%	4.02%		
Equity					
Tier One Leverage*	9.20%	8.71%	8.78%		
Equity to Total Assets	12.24%	13.21%	13.01%		

* Elected CBLR.

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

	March 31 2022	March 31 2021
Assets		
Cash and due from banks	$ 58,293,520	$ 46,234,121
Interest-bearing deposits in banks	118,665,903	145,688,926
Federal funds sold	3,954,950	-
Cash and short term investments	180,914,373	191,923,047
Securities available for sale, at fair value (amortized cost of $303,136,123 and $153,576,509 at March 31, 2022 and 2021, respectively)	282,788,403	152,524,056
Securities held to maturity, at amortized cost (fair value of $10,937,346 and $15,176,766 at March 31, 2022 and 2021, respectively)	10,872,602	14,689,552
	293,661,005	167,213,608
Restricted equity securities, at cost	1,735,953	1,570,253
Loans held for sale	126,387	1,010,380
Loans held for investment	666,388,761	553,218,075
Less: Allowance for loan losses	10,599,153	8,613,870
Loans, net	655,789,608	544,604,205
NMTC Sub-CDE QLICI Loans	3,500,000	3,500,000
Premises and equipment, net	16,510,102	15,873,418
Interest receivable	4,931,462	4,116,716
Bank owned life insurance	17,445,956	12,111,940
Other real estate owned, net	187,294	-
Core Deposit Intangible	626,264	-
Goodwill	6,516,169	-
Other assets	15,784,174	7,114,557
Total assets	1,197,728,747	949,038,124
Liabilities and Stockholders' Equity		
Deposits		
Non-interest bearing	$ 474,738,573	$ 430,181,853
Interest-bearing	589,450,103	398,472,973
Total deposits	1,064,188,676	828,654,826
Interest payable	143,535	150,075
Other borrowings	19,616,337	9,741,848
Note payable to Trust	10,310,000	10,310,000
Accrued expenses and other liabilities	4,447,385	2,958,058
Total liabilities	1,098,705,933	851,814,807
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; 3,806,228 and 3,793,388 issued; 3,767,916 and 3,744,869 shares outstanding in 2022 and 2021, respectively	38,062	37,934
Class B common stock, par value $0.01. Authorized 250,000 shares; no shares issued	-	-
Additional paid in capital	34,195,931	33,641,851
Retained earnings	82,204,180	65,437,805
Accumulated other comprehensive loss net of tax	(15,260,789)	(789,340)
	101,177,384	98,328,250
Less 239 treasury shares, at cost	1,951	1,951
Less unvested restricted stock and unallocated ESOP shares (100,505 and 48,280, respectively)	2,152,619	1,102,982
Total stockholders' equity	99,022,814	97,223,317
Total liabilities and stockholders' equity	$ 1,197,728,747	$ 949,038,124

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

	Three Months Ended March 31 2022	Three Months Ended March 31 2021
Interest income:		
Interest and fees on loans	$ 8,185,603	$ 7,295,706
Interest on investment securities:		
Taxable securities	932,621	516,321
Nontaxable securities	237,655	203,477
Total investment income	1,170,276	719,798
Other interest income	47,375	29,370
Total interest income	9,403,253	8,044,874
Interest expense:		
Interest on deposits	709,763	562,771
Interest on other borrowed funds	134,937	94,802
Total interest expense	844,700	657,573
Net interest income	8,558,553	7,387,301
Provision for loan losses	330,573	593,134
Net interest income after provision for loan losses	8,227,980	6,794,167
Noninterest income:		
Service charge and fees	1,570,275	1,172,959
CDFI Award income	122,256	-
New market tax credit sub-allocation and placement fees	408,333	1,060,000
Conusulting fees	-	750,000
Investment securities gains, net	-	27,687
Mortgage loan and related fees	163,995	520,539
Other	610,509	432,277
Total noninterest income	2,875,368	3,963,462
Noninterest expense:		
Salaries and benefits	4,042,370	3,544,183
Net occupancy expense	794,217	720,895
Other	2,630,307	1,884,409
Total noninterest expense	7,466,894	6,149,487
Earnings before income tax expense	3,636,454	4,608,142
Income tax expense	759,856	1,030,020
Net earnings	2,876,598	3,578,122
Net earnings available to common shareholders	$ 2,876,598	$ 3,578,122
Basic earnings per common share	$ 0.76	$ 0.96
Basic weighted-average shares outstanding	3,767,526	3,744,651
Diluted earnings per common share	$ 0.76	$ 0.96
Diluted weighted-average shares outstanding	3,767,526	3,744,651
Cash dividend declared per share	$ -	$ -