

# BUILDING PEOPLE.

2019 ANNUAL REPORT



**United Bancorporation**  
*of Alabama, Inc.*



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# 2019 ANNUAL REPORT

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### 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  
EVP, President  
UB Community Development

### 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.

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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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# LETTER FROM **BOB JONES** CHIEF EXECUTIVE OFFICER



United had a tremendous year in 2019, made up of smart investment opportunities, organizational stability and strategic planning.

First, United completed a private placement of \$26.25 million of its common stock in April. As a result, 1,312,500 shares of common stock were issued at a purchase price of \$20.00 per share. Those funds have not only bolstered capital but also positioned the Company for future growth opportunities.

For the twelve months ending December 31, 2019, United Bancorporation of Alabama, Inc. reported net income of \$9.78 million or \$2.86 per diluted share compared to \$9.9 million or \$4.09 per diluted share for the twelve months of 2018. The \$9.9 million includes a \$4.0 million Capital Magnet Fund (CMF) awarded from the Community Development Financial Institution (CDFI) Fund to finance affordable housing projects. Without the award, 2018 net income would have been \$6.8 million or \$2.82 per diluted share. When compared to 2019, core earnings grew \$2.9 million or 42.15%. Earnings per share also increased despite the additional shares issued through the capital raise.

A sustained improvement in earnings provided the necessary stability to support a dividend increase. In the fourth quarter, a semi-annual dividend of \$0.13 per share was declared, which is a 62.5% increase from the prior dividend of \$0.08 per share.

The strong earnings growth in 2019 is due, in large part, to 2018's robust loan growth. Year-over-year interest and fees on loans increased \$3.8 million or 18.96%. Although year-over-year interest on deposits increased \$792,766 or 41.67%, the margin still expanded \$3.1 million or 15.30%, even after the provision.

Non-interest income, excluding CDFI award income and New Markets Tax Credit (NMTC) fees, increased \$2.4 million or 19.27% year-over-year. Of the \$2.4 million, \$1.025 million is attributable to the closing out of Alabama Department of Economic and Community Affairs (ADECA) State Small Business Credit Initiative (SSBCI Program), which partially guaranteed approximately \$6.7 million in loans. Increased revenues from debit and credit card interchange, secondary mortgage fees and investment portfolio gains comprised the remaining difference.

Community Development Financial Institution (CDFI) award income and NMTC fees decreased \$3.8 million or 30.31%. In 2018, United received a \$4.0 million CMF award whereas in 2019 it received two Bank Enterprise Awards totaling \$479,803. NMTC fees declined \$121,191 or 6.06%. The lower income is a function of the amount of NMTC allocation deployed during the year.

As a direct result of strategic investment in technology, people and branding, along with two branch acquisitions, year-over-year non-interest expense increased \$2.1 million or

10.59%. United's balance sheet continued to expand as it executed initiatives to grow its single family housing portfolio and to deploy funds awarded by USDA for its Community Facilities Relending Program and to leverage the CDFI Fund's CMF award and NMTC allocation. Year-over-year total assets grew \$89.9 million or 14.1% and loans grew \$45.2 million or 11.1%. Deposits grew \$45.9 million or 8.01%, with non-interest bearing and interest bearing deposits growing \$13.1 million or 5.08% and \$32.7 million or 10.42%, respectively. Even with the higher growth in interest bearing deposits, United's net interest margin and cost of funds for 2019 were 4.09% and 0.53%, respectively. United's cost of funds is consistently among the best across all banks nationwide.

Total equity increased \$36.2 million or 77.7% from the prior period. Net income and funds from the capital raise are the primary contributors to the hefty increase. Regulatory capital ratios for both United Bank and United Bancorporation of Alabama, Inc. exceed the minimum requirements.

## AWARDS & RECOGNITION

AMERICAN BANKER  
**TOP 200**  
COMMUNITY BANKS  
2019

The company was ranked 16th in the country in American Banker magazine's annual list of the top 200 publicly traded banks with assets of less than \$2 billion. The survey reviewed more than 600 banks across the country to compile the top 200 list. No other Alabama bank ranked in the top 100.



United Bank offers its employees benefits such as a 401(k) match and a profit-sharing contribution. It also provides tuition reimbursement for individuals desiring to attend banking school, such as the Alabama Banking School at the University of South Alabama. The bank also pays for continuing education for those seeking certification in a specialized area, such as commercial lending, marketing or compliance.



United Bancorporation of Alabama, Inc. was awarded a top 10 spot in the CB Resources, Inc. Top 10 Report for the third quarter of 2019. This places the Company among the top 10 percent of Community Banks nationally in their asset group based on key performance indicators.

# UNITED BANK LEADERSHIP PERSPECTIVE

Our company is fortunate to have a talented, cohesive and forward-looking team at the helm. Working together, they've accomplished great things this year and positioned us for even more strategic growth in the future. This year, we've asked each of them to provide their own recap and perspective on 2019 and what's ahead for us.



**JUSTIN JENNINGS**

*Chief Retail Officer*



**GWEN BRADEN**

*Chief Operations Officer*



**MIKE VINCENT**

*Chief Credit Officer*



**ALEX JONES**

*EVP, President UB Community Development*



**TONYA LAMBERT**

*Chief Marketing Officer*



**LEIGH ANNE JONES**

*Chief Financial Officer*



# RETAIL FOCUS

WITH JUSTIN JENNINGS  
CHIEF RETAIL OFFICER



“ From online account openings, to paperless transactions, to all branch employees being able to originate and close consumer loans, **technology will transform our banking experience.** ”

## Deposits

The Bank's strong core deposit base, particularly in non-interest bearing accounts, is and will continue to be a strategic advantage. Our expansive branch network's primary responsibility is deposit gathering, and what we may lose to peer banks in overhead costs is made up for in our overall cost of funds.

We do not primarily compete by price, but with convenience and cutting-edge products designed to meet the needs of our market areas. We have a strong focus on personal checking accounts but compete with the large institutions on municipal and governmental accounts. Our suite of deposit products and services allows us to serve all customer types, big and small.

## Job Realignment and Technology

Technology continues to shape and change our industry and customer expectations. We are completing a core conversion, incorporating key technology changes that will bring improved branch efficiencies and a higher level of service to our customers.

Gone are the days of job compartmentalization with branch employees being responsible for a single task and customers moved down an assembly line depending on their banking needs. The old service model is not only cumbersome for customers but doesn't create the type of engaging and enriching job experience demanded by today's work force.

When you come right down to it, we are bankers. And when someone comes into one of our branches — customer or prospect — we want to be able to handle their needs in one place. Branch employees will begin to leverage technology to accomplish this. From online account openings, to paperless transactions, to all branch employees being able to originate and close consumer loans, technology will transform our banking experience. While transactions will continue to be a big part of what we do, they will become secondary to our goal of being consultants.

## Market Expansion

We look forward to the expansion opportunities we have in 2020. We have recently opened our tenth office in Baldwin County, entering the Daphne market. This location was a very strategic opportunity for the Bank, not only because Daphne is one of the fastest growing cities in the fastest growing counties in the state, but also because it completes our branch network's ability to completely serve the Baldwin market area. The level of convenience this provides is unmatched by any other community bank in the area.

Additionally, by mid Q1 we will be opening our first location in the Mobile market area with a branch in Semmes. Semmes provides the Bank tremendous growth opportunities as it is a flourishing suburb of Mobile. There is strong growth in the residential real estate market, as well as many opportunities for agriculture and horticulture from our Agrifinance area.

## NEW TECHNOLOGY & A CHANGING WORKFORCE



The power behind the technology for us is to automate more of the mundane, transactional tasks so our employees have the time to serve our customers better.

### This provides a better customer experience

and a more rewarding job for the employee. It's essentially giving someone a better tool to do their job, to make them more productive and make the job more rewarding so the customer sees a happier, better-equipped employee.

This helps us attract high caliber employees, but also allows us to transition current employees into more rewarding, higher paying positions. Because

we're able to automate many of the transactional functions, not having those employees offsets the cost of paying our existing employees more for doing another job. And because the Bank is growing, there is a growing demand for skilled employees. Leveraging the technology allows us to retrain and redeploy our current employees into more rewarding positions. The new technology has allowed us — and will continue to allow us — to realign our resources to improve both our employee and customer experiences.

# NEW TECH AND THE CUSTOMER EXPERIENCE

Our job is to deploy our technology in a way that makes the customer's experience better, often without them even realizing it.

For consumers, technology has increasingly become an obstacle rather than an enhancement. I realize that's kind of a contrarian view, but there is a point of overload. Increasingly, people are left to their own devices, to be their own technologists, their own CFO, and make all of these very complex decisions.

You don't want technology just for technology; you want to use technology to improve the customer experience. For example, if a customer is getting a loan, instead of dealing with paperwork, they will receive their information in an electronic format and they can sign the document electronically. Instead of having to wait a day and a half for approval and funding of a loan, you can do it in a matter of minutes. Instead of giving our mortgage customers a huge pile of mortgage paperwork, we can put their documents on a searchable drive. That's what we want to happen. That's a better experience. That's what we're working toward.



## "Paper loan documents are a thing of the past."

Emilee Waters, Atmore Branch Manager

A customer stopped by the branch to inquire about a loan, Waters said. After taking his application and approving his request, she said she was excited to test out the Bank's new Pro Sign capabilities. "It was the first day of rollout and I was eager to give it a go," she said.

When the customer returned to the branch, she was able to walk him through the process of signing his documents on the Bank's new tablets. "He easily applied his signature where required," she said, adding "He made several comments about the new technology and the speed from application to closing."

Once they were finished with the closing, she told him his loan documents had been emailed to him and the funds had been deposited into his account.

She said he was amazed and mentioned repeatedly how easy and fast the whole process was. "The ease of this product is going to change how we do business," Waters said. "So far, all of my customers have enjoyed it and been rather amazed. I believe paper loan documents are now a thing of the past."

## "We closed his loan and the client wasn't even in the same city."

Rachel Holland, Senior Vice President, Agriculture Loan Officer

With the new Pro Sign technology, Holland explained she was able to go from application to closing for an ag client's equipment loan without ever meeting face-to-face with the customer. "It was all remote," she said, "all the documents were sent via email and the transaction didn't close in person."

When she asked the client what he thought of the process, he told her it was absolutely ideal for his needs. "He was out of town and wouldn't have been able to meet for several days," she said. "But Pro Sign made it all very easy and convenient. He couldn't have been more pleased with the process."

# TECHNOLOGY UPDATES

WITH GWEN BRADEN  
CHIEF OPERATIONS OFFICER



## CLOUD BASED ENVIRONMENT

Low Infrastructure Expense • No Servers Needed  
No Major Equipment Purchases Anticipated



## PRO SIGN TECHNOLOGY FOR LOANS



## MORE RELIABLE INTERNET

Direct Access to All Offices



## NEW DELIVERY CHANNELS

- Online Deposit Application
- Online Consumer Loans
- Online Mortgage Loans
- ATM Deposits
- Mobile Deposits
- ITMs



## LATEST TECHNOLOGY IN LOAN SYSTEMS/DEPOSIT SYSTEMS

**No significant expense increase in near future.**



# CREDIT PERFORMANCE

WITH MIKE VINCENT  
CHIEF CREDIT OFFICER



In 2019, United Bank grew its loan portfolio by \$45 million, or at a rate of slightly better than 11%. It is noted that growth was seen in almost every sector of the loan portfolio.

This growth was primarily fueled by strategic initiatives to deploy funds relating to the USDA Community Facilities Relending Program, as well as the CDFI awards like the CMF award and New Markets Tax Credits.

United Bank is always distinguished by our involvement in agriculture lending. The past year was no different in that we were able to assist farmers in South Alabama and the Florida panhandle by providing working capital to drive their operations. By and large, 2019 was a successful year in the agriculture portfolio with few areas of concern. At this time, United Bank's loan portfolio remains well diversified with no areas of significant concentration.

“ In 2020, we will **continue to grow our ag portfolio** by focusing on the new market opportunities in Semmes and leveraging our experience in this space to enter the nursery market in Mobile County. ”

Along with continued robust loan growth, United Bank is equally committed to maintaining sound credit quality. During 2019, non-accrual loans dropped by 41%, non-performing loans dropped by 45% and ORE dropped by 26%, placing each of these categories better than Alabama peer banks by comparison. At the same time, the Bank was able to increase the allowance for loan losses/total loans from 1.07% at December 31, 2018 to 1.16% at December 31, 2019, thus setting the Bank up nicely for 2020.

The Bank remains committed to the residential mortgage market. While reporting an 18.4% increase in secondary market fee income in 2019, we also reported a 2% increase in first lien residential mortgage loans held on the Bank's balance sheet. We have invested in new mortgage originators in the Florida market and are looking to capitalize on the robust housing market in that area. We now have five mortgage originators serving the Baldwin County, Alabama and Santa Rosa County, Florida markets, which are considered two of the highest growth markets in either state.

**11%**  
INCREASE IN TOTAL  
LOAN PORTFOLIO  
vs year end 2018

**7.8%**  
INCREASE IN  
LOAN FEES  
vs year end 2018

**19%**  
INCREASE IN  
INTEREST ON LOANS  
vs year end 2018

**18.4%**  
INCREASE IN SECONDARY  
MARKET FEE INCOME  
vs year end 2018

## LENDING STRATEGY: NEW BRANCHES AND TECHNOLOGY



We have continued our branch expansion and grown organically. We do this by identifying niche, under-served markets that offer an opportunity for success.

Our branches all have core deposit funding accountability, but their credit strategies are based on the specific areas. For example, the Daphne credit strategy focuses on mortgages and small business, while the Semmes branch has a credit emphasis on agrifinance.

We will stick with this proven approach going forward: expand into strategic areas, and build our deposit accounts while focusing on specific credit opportunities depending on the individual market.

Our new technology will also greatly enhance our lending efforts by improving the customer experience. For example, we recently closed the first mortgage refinance using the new system. What normally would take 45 days took just 15 days. That's huge to a customer. We will be among the best in breed in technology and the customer experience going forward and that presents so many opportunities.

# COMMUNITY DEVELOPMENT

WITH ALEX JONES

*EVP, PRESIDENT, UB COMMUNITY DEVELOPMENT*



UB Community Development (UBCD) operates across three unique lines of business: New Markets Tax Credits, Community Housing Capital and Community Facilities Lending. These lines of business allow UBCD to create value outside of the Bank's historical geographic footprint.

Each of these three lines is complimentary to the Bank's core operations by creating expanded opportunities for loan and deposit relationships. Due to the specialized and complex nature of the transactions undertaken via these programs, we have created a defensible market share to sustain long term growth across Alabama, Florida and Mississippi.

In 2019, we closed seven standalone projects in Alabama and Mississippi utilizing \$47MM of our allocation, with total project costs over \$122.5MM. United Bank provided approximately \$38.7MM in financing for these projects, which created more than 600 new jobs. Our financing supported a wide range of projects that include an interstate travel center, assisted living facility with memory care, retail stores, advanced manufacturing, a research and development facility and more. When we commit to a project, we partner with the project from concept to completion, which can take over a year. We believe this level of commitment converts our clients from borrowers to advocates of UBCD.

## New Markets Tax Credit

Since 2015 we have closed four New Markets Tax Credit (NMTC) funded revolving loan funds totaling \$31.5MM in financing. We have funded small business loans from these pools to a very diverse subset of borrowers. In 2019 we partnered with National Community Investment Fund to utilize its \$6.5MM allocation to fund our next loan fund. From this loan fund, we were able to fund six small business loans. These loan funds allow us to bring the benefits of NMTCs to our small business clients: lower rates, higher loan-to-value and flexible repayment terms.

## Capital Magnet Fund Award

In 2017 United Bank received a \$4MM Capital Magnet Fund award from the Community Development Financial Institution (CDFI) Fund to be used for affordable housing. UBCD, as the manager of this program for the Bank, has deployed these funds into \$162MM in housing construction. United Bank originated \$56MM in construction loans to fund these affordable housing facilities with 856 units built. This success was in no small part due to the two experienced team members that came on board to oversee our affordable housing program. With our receipt of a \$6MM CMF award in February of 2020, we feel that our success and impact in this area will continue.

## Community Facilities Lending

United Bank was the sole recipient in Alabama or Florida of a Community Facility (CF) funding source from the United States Department of Agriculture Rural Development Agency. The CF program allows us to offer long-term — up to 35 years — fixed-rate financing to eligible municipal and non-profit borrowers. Since inception of the program in 2018, we have closed \$6.5MM and have another \$12.5MM in the closing process with approximately \$21MM available to lend. We brought on board two team members to oversee the roll-out of this program to ensure its success. From Ardmore, Alabama on the Tennessee line to Atmore, Alabama on the Florida line, our team has met with mayors, fire chiefs, utility systems, hospitals and others to make them aware of the program. Thus, we have the capacity for continued growth and increasing market awareness of this unique offering.

“UBCD has coupled unique program offerings with an experienced team of practitioners that **will continue to deliver value** to United Bancorporation and enhance the performance of United Bank.”



# DIGITAL TRANSFORMATION

Our Digital Transformation began in 2018 with the integration of digital technology into all areas of the Bank. This integration has fundamentally changed how our business operates and the value we deliver to our customers.

As we were integrating and rolling out the new technology, we decided it was important to humanize the virtual engagement so the customer would still feel connected to the Bank. With this in mind, we created The Banking Store.

The Banking Store technology will be rolled out in the next 12 months and include modules like Consumer Bot, which will allow the customer to apply for, receive approval and close a loan online without coming into a branch. U-Open will allow customers to open accounts online, and we'll even offer ATMs that allow customers to speak directly to a Bank representative.

We believe this technology will be a great asset to both the Bank and our customers, as we serve many rural areas and customers often don't have the transportation they need to get to a branch. This new technology will allow them to connect with banking services they might not have been able to previously. Our ultimate goal is to connect customers to the Bank through seamless, virtual connections, regardless of where the customer is located.

Another benefit of The Banking Store will be the re-skilling and up-cycling of some of our internal team members. By re-skilling our internal team members, we are creating a greater return on the Bank's greatest asset — our people. We will be leveraging already knowledgeable team members and transitioning them into customer-focused job duties, which will result in more exciting and rewarding positions for our valued employees and enhanced service for our customers.



**KENDALL LEWIS**  
VICE PRESIDENT, E-BANKING MANAGER

# MARKETING OUTLOOK

WITH TONYA LAMBERT  
CHIEF MARKETING OFFICER



The marketing strategy for 2020 has a multi-focused approach that includes innovation, growth and retention by introducing new ideas and methods to the Company that will grow existing relationships and retain our legacy foundational mission.

The majority of financial solutions offered by banks are contained in three core areas: retail services, business solutions and financial services. The 2020 marketing plan is multi-focused and strategically engages all areas of production while supporting department and corporate budgeted goals. Our goals involve all aspects of our multi-bottom line mission and include increased shareholder value, core bank growth, elevation of UB Community Development funding solutions and brand enhancement in emerging growth markets. Planned marketing channels will support producers and their overall 2020 budgeted goals with metrics to quantify the return on our marketing investment.

We plan to support all lines of business through strategic marketing objectives, tailored media placement, data analysis, messaging, expanded resources and creative engagement. Our tools of engagement include using data metrics to identify unfulfilled needs, customer segmentation and product promotion.

With onboarding and reboarding campaigns, we will improve customer engagement, share of wallet and ultimately the value of a community bank relationship.

Within the strategic marketing plan, monthly priorities are defined that capture areas of our Company that include revenue generating opportunities through retail, mortgage and financial services as well as deposit gathering products and ancillary services. Not every piece of communication will be product-centric but will be a balanced approach elevating our convenience services such as Smart ATMs, online and mobile banking, and campaigns surrounding Financial Focus, our financial literacy platform.



# FINANCIAL ROUNDUP

WITH LEIGH ANNE JONES  
CHIEF FINANCIAL OFFICER

## Income Statement

For the twelve months ending December 31, 2019, net interest income before the provision increased 17.1% to \$25.07 million, compared to \$21.4 million for the twelve months ending December 31, 2018.

For the year 2019, the net interest margin improved 26 bps to 4.09%, compared to 3.83% in the preceding year. The lower federal funds rate impacted the margin between the third and fourth quarters in 2019.

For the twelve months ended December 31, 2019, non-interest income decreased 14.2% to \$10.9 million, compared to \$12.7 million for the twelve months ended December 31, 2018. The difference in non-interest income is mainly attributed to a \$4.0 million CMF award received in 2018. Excluding CMF, non-interest income would have increased 29.5%. 2019 non-interest income excluding SSBCI and BEA was \$9.5 million. When compared to 2018 non-interest income without CMF, non-interest income in 2019 grew 7.8%. Service charges on deposits increased 7.25% to \$2.3 million, compared

to \$2.2 million in 2018. Mortgage related fees increased 18.3% to \$985,962, compared to \$833,318 in the prior year. In 2019, card program related revenues increased 15.8% to \$2.5 million, compared to \$2.2 million in 2018. In 2019, UB Community Development generated \$1.1 million in non-interest income, compared to \$1.4 million in 2018, a decrease of 20.3%. The lower income is a function of the amount of New Markets Tax Credit allocation deployed during the year.

Non-interest income was also impacted by 2 BEA awards of \$479,803 and \$1.025 million from the closeout of the SSBCI program.

Non-interest expense for the twelve months ended December 31, 2019 was \$21.9 million, an increase of 8.6% from the \$20.1 million for the twelve months ended December 31, 2018. The year-over-year increase was driven primarily by expenses associated with branch expansion and other strategic initiatives.

## Balance Sheet

Total loans, net of unearned income at December 31, 2019, were \$455.1 million, compared to \$409.8 million or an increase of 11.0%. Year-over-year loan growth was fueled by loans made to municipalities, commercial and industrial and commercial real estate related lending, which were all 2019 initiatives to deploy funds awarded by USDA for its Community Facilities Relending Program, and to leverage the CDFI Fund's CMF award and NMTC allocation.

Total deposits increased 8.0% to \$619.1 million as of December 31, 2019, compared to \$573.1 million at December 31, 2018. While the deposit growth reflects some cyclicity, the Corporation continues to successfully grow core deposits.

**15.8%**  
INCREASE IN CARD PROGRAM  
RELATED REVENUE

**11%**  
INCREASE IN  
TOTAL LOANS

## OUR STOCK: THE MOVE TO QX & WHAT'S AHEAD



In late 2019, we transitioned our stock from OTCPNK to OTCQX and ended the year at \$28.25, which was a great way to close the year .



**I have every confidence  
the move to QX was a  
good one for our company,**

as we continue to see more interest in the stock, validating the transition gives us greater opportunity to tell our story.

However, since the appearance of the Coronavirus on the world stage, all stocks have taken a hit. Of course, we anticipate — as do most companies of all sizes — stocks will rebound as the situation

improves. We do want our stockholders — current and potential — as well as our employees and other stakeholders to know we are responding internally. Our new tech — our online and mobile banking as well as our network of Smart ATMs — puts us in a position to serve our customers. We can continue to operate if there is a disruption. And of course, we are currently reviewing our internal checklist and plans.

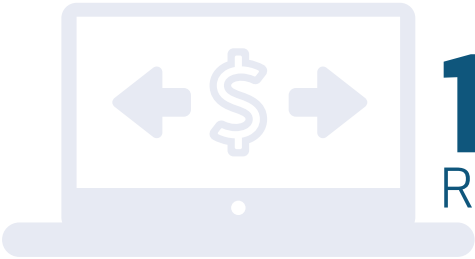


# FINANCIAL OVERVIEW

**\$2.86** EARNINGS  
PER SHARE

**\$9.7 MILLION**  
Annual Net Income

**1.42%**  
RETURN ON ASSETS



**13.9%**  
RETURN ON EQUITY

**4.09%**  
ANNUAL NET INTEREST MARGIN

**.92%**  
DIVIDEND YIELD  
ON DECEMBER 31, 2019  
yield is based on an annualized \$0.13 per share

**\$.13**  
DECEMBER  
SEMI-ANNUAL  
DIVIDEND  
PER SHARE

**62.5%**  
INCREASE FROM  
PRIOR DIVIDEND

**14.1%**  
TOTAL ASSET GROWTH

**\$3.5 MILLION**  
NPAS

**\$45.3 MILLION**  
LOAN GROWTH

**11.34%**  
EQUITY TO ASSET RATIO

**\$45.9 MILLION**  
DEPOSIT GROWTH

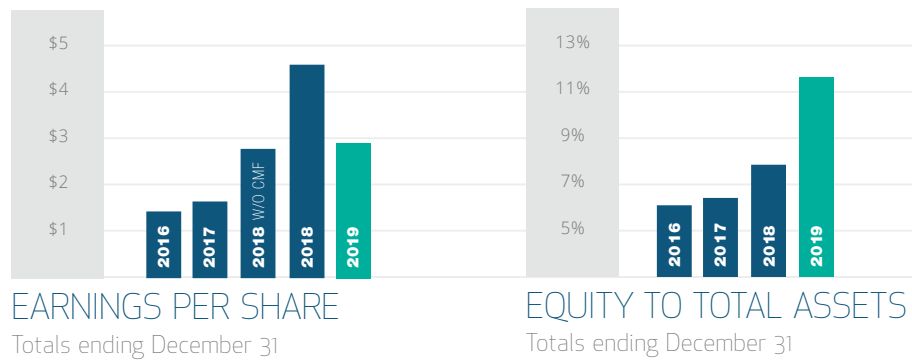
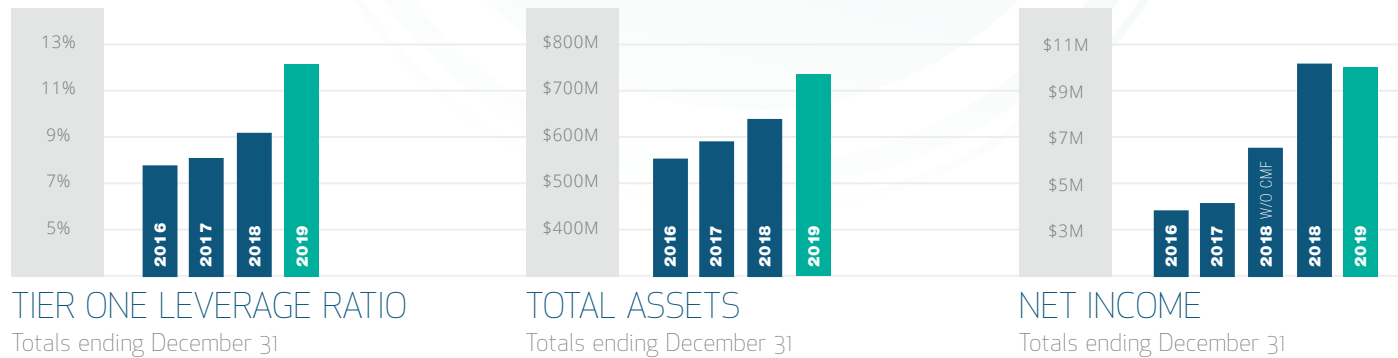
**60.25%**  
EFFICIENCY RATIO

**0.53%**  
Cost of Funds

**\$26.25 MILLION**  
Capital Raise in April

**\$479,803**  
BEA Awards

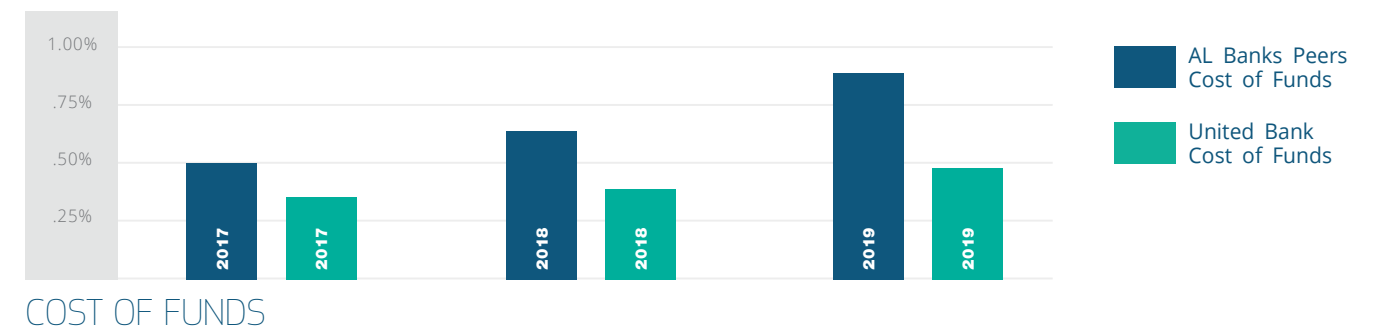
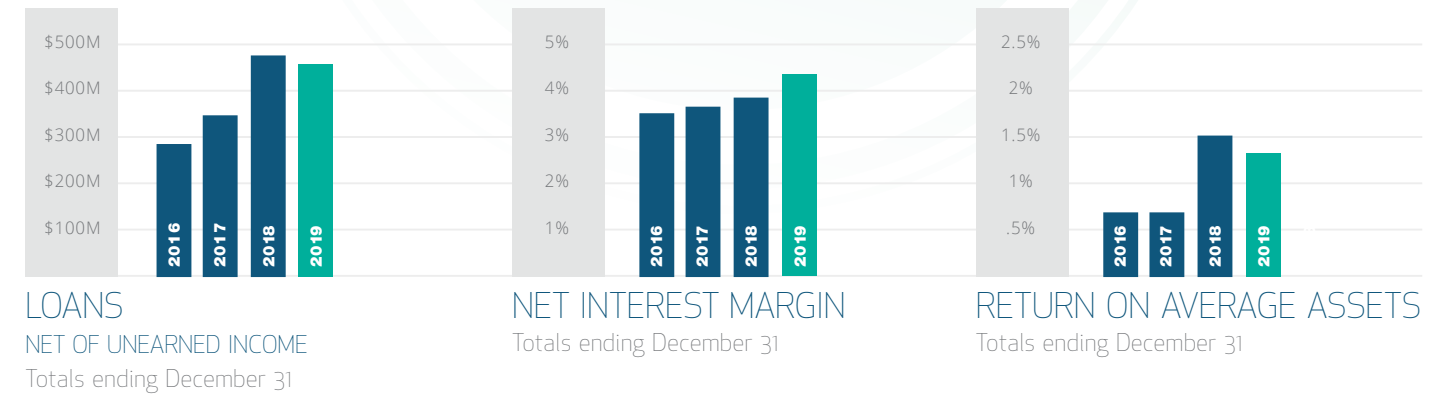
# United Bancorporation of Alabama, Inc.



Equity	12/31/19	12/31/18	12/31/18 without CMF	12/31/17	12/31/16
Tier One Leverage Ratio	12.70%	9.15%		8.18%	7.83%
Equity to Total Assets	11.34%	7.31%		6.38%	6.08%
Total Assets	\$727,497,858	\$637,584,383		\$597,748,252	\$558,565,899

Earnings & Performance Ratios					
Net Income	\$9,779,691	\$9,988,224	\$6,879,379	\$3,495,312	\$3,329,416
Return on Average Equity	13.90%	24.38%	16.62%	9.46%	8.10%
Earnings per Share	\$2.86	\$4.09	\$2.82	\$1.44	\$1.38
Weighted Avg Shares Outstanding	\$3,419,566	\$2,440,195	\$2,440,195	\$2,421,994	\$2,410,307

# United Bank



Equity	12/31/19	12/31/18	12/31/17	12/31/16
Tier One Leverage Ratio	9.60%	9.45%	8.72%	8.51%
Equity to Total Assets	9.58%	9.08%		
At Month End				
Total Assets	\$711,975,207	\$637,173,379	\$595,245,867	\$558,357,134
Loans, net of unearned income	\$455,124,946	\$479,277,464	\$346,771,978	\$298,988,599
Total Deposits	\$627,898,251	\$591,811,692	\$540,202,958	\$506,967,956
Earnings & Performance Ratios				
Net Interest Margin	4.21%	3.94%	3.72%	3.51%
Return on Average Assets	1.37%	1.51%	0.68%	0.69%

Cost of Funds	Q4 2019	Q4 2018	Q4 2017
United Bank Cost of Funds	0.46%	0.33%	0.28%
AL Bank Peers Cost of Funds	0.85%	0.64%	0.50%



# CONSOLIDATED STATEMENTS OF EARNINGS

INTEREST INCOME	Years ended December 31, 2019 & 2018	
	2019	2018
Interest and fees on loans	\$23,973,321	\$20,152,906
<b>Interest on investment securities</b>		
Taxable	\$2,443,034	\$2,293,915
Nontaxable	\$831,346	\$879,121
<b>Total investment income</b>	<b>\$3,274,380</b>	\$3,173,036
Other interest income	\$1,059,241	\$631,328
<b>Total interest income</b>	<b>\$28,306,941</b>	\$23,957,270

## INTEREST EXPENSES

Interest on deposits	\$2,695,378	\$1,902,612
Interest on other borrowed funds	\$538,322	\$644,464
<b>Total interest expense</b>	<b>\$3,233,700</b>	\$2,547,076
<b>Net interest income</b>	<b>\$25,073,241</b>	\$21,410,194
<b>Provision for loan losses</b>	<b>\$1,687,364</b>	\$1,128,431
<b>Net interest income after provision for loan losses</b>	<b>\$23,385,877</b>	\$20,281,763

NON-INTEREST INCOME	Years ended December 31, 2019 & 2018	
	2019	2018
Service charge on deposits	\$4,887,250	\$4,359,282
CDFI award income	\$479,803	\$4,234,061
New Markets Tax Credit sub-allocation and placement fees	\$1,880,000	\$2,001,191
Investment securities gains (losses), net	\$117,512	\$(81,719)
Mortgage loan and related fees	\$985,962	\$833,318
Other	\$2,625,322	\$1,440,039
<b>Total non-interest income</b>	<b>\$10,975,849</b>	\$12,786,172
<b>Non-interest expense</b>		
Salaries and benefits	\$12,608,987	\$11,687,096
Net occupancy expense	\$2,124,438	\$1,802,795
Other	\$7,168,167	\$6,672,689
<b>Total non-interest expense</b>	<b>\$21,901,592</b>	\$20,162,580
<b>Net earnings before income tax expense</b>	<b>\$12,460,134</b>	\$12,905,355
<b>Income tax expense</b>	<b>\$2,680,443</b>	\$2,917,131
<b>Net earnings</b>	<b>\$9,779,691</b>	\$9,988,224
<b>Net earnings available to common shareholders</b>	<b>\$9,779,691</b>	\$9,988,224
<b>Basic earnings per common share</b>	<b>2.86</b>	4.09
<b>Basic weighted-average shares outstanding</b>	<b>\$3,419,566</b>	\$2,440,195
<b>Diluted earnings per common share</b>	<b>2.86</b>	4.09
<b>Diluted weighted-average shares outstanding</b>	<b>\$3,419,566</b>	\$2,440,592

# CONSOLIDATED BALANCE SHEETS

## ASSETS

Years ended December 31, 2019 & 2018

	2019	2018
Cash and due from banks	\$40,901,279	\$25,499,631
Interest-bearing deposits in banks	\$55,534,092	\$15,880,420
Federal funds sold	\$2,000,000	\$4,000,000
<b>Cash and short-term investments</b>	<b>\$98,435,371</b>	<b>\$45,380,051</b>
Securities available for sale, at fair value (amortized cost of \$120,643,349 and \$134,269,600 at December 31, 2019 and 2018, respectively)	\$121,372,532	\$130,573,099
Securities held to maturity, at amortized cost (fair value of \$17,658,034 and \$17,668,231 at December 31, 2019 and 2018, respectively)	\$17,345,341	\$17,790,388
<b>Loans held for sale</b>	<b>-</b>	<b>\$110,000</b>
Loans held for investment	\$455,124,946	\$409,843,750
Less allowance for loan losses	\$5,286,160	\$4,390,618
<b>Loans, net</b>	<b>\$449,838,786</b>	<b>\$405,453,132</b>
Premises and equipment, net	\$15,627,115	\$13,948,726
Interest receivable	\$4,099,373	\$3,669,215
Bank owned life insurance	\$11,709,616	\$11,381,988
Other real estate owned	\$1,083,359	\$1,257,359
Right-of-use asset	\$89,074	-
Other assets	\$7,897,291	\$8,020,425
<b>Total assets</b>	<b>\$727,497,858</b>	<b>\$637,584,383</b>

## LIABILITIES AND STOCKHOLDERS' EQUITY

Years ended December 31, 2019 & 2018

Deposits	2019	2018
Non-interest-bearing	\$271,688,965	\$258,556,850
Interest-bearing	\$347,377,918	\$314,598,078
<b>Total deposits</b>	<b>\$619,066,883</b>	<b>\$573,154,928</b>
Other borrowings	\$8,058,708	\$4,661,212
Interest payable	\$239,854	\$205,896
Accrued expenses and other liabilities	\$6,872,819	\$2,627,714
Lease Liability	\$89,074	-
Note payable to Trust	\$10,310,000	\$10,310,000
<b>Total Liabilities</b>	<b>\$644,637,338</b>	<b>\$590,959,750</b>
Preferred stock of \$.01 par value. Preferred stock, par value \$.01. Authorized 250,000 shares; no shares issued in 2019 and 2018, respectively	-	-
Class A common stock, \$0.01 par value. Authorized 5,000,000 shares; 3,702,715 and 2,445,702 shares issued in 2019 and 2018, respectively	\$37,744	\$24,457
Class B common stock, \$0.01 par value. Authorized 250,000 shares; no shares issued or outstanding	-	-
Additional paid-in capital	\$33,204,200	\$7,817,131
Retained earnings	\$50,655,518	\$41,647,425
Accumulated other comprehensive income (loss), net of tax	\$546,888	(\$2,772,374)
	<b>\$84,444,350</b>	<b>\$46,716,639</b>
Less 239 treasury shares, at cost, respectively	\$1,951	\$1,951
Less unvested restricted stock and unallocated ESOP shares	\$1,581,879	\$90,055
<b>Total stockholders' equity</b>	<b>\$82,860,520</b>	<b>\$46,624,633</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$727,497,858</b>	<b>\$637,584,383</b>





# TURNING BANKING UPSIDE DOWN

Through the United Bank and UB Community Development partnership, we've demonstrated our commitment to help our region through economic and community development projects that really make a difference. These efforts have made a difference to the Bank as well, and 2019 was the first year a United Bank and UB Community Development consolidated financial statement was issued, highlighting the impact this work has on our Company.

We were recently awarded an additional \$6 million in Capital Magnet Funds. We were one of only 38 institutions in the country to receive an award. Our Company has a long-standing legacy of receiving US Department of Treasury funded CDFI awards and leveraging the funds to create new economic opportunities in the communities we serve.

# UB EVENTS

Two Thousand Nineteen was an extremely eventful year for United Bancorporation of Alabama. From deploying new banking technology to launching an exciting array of UB Community Development projects, our people have been busy building our Company, expanding our reach, positioning us for a bright future and making a difference in the communities we serve. We are proud of what we've accomplished in 2019 and are confident the future will be equally eventful and impactful.





# BUILDING COMMUNITIES.

2019 IMPACT REPORT

United Bancorporation  
*of Alabama, Inc.*



CLICK TO SEE ANNUAL REPORT



# DOING WELL BY DOING GOOD.

It’s a phrase you’ll hear our CEO say often. Because it really does capture the mission and spirit of our Company.

We realize it’s essential we do well as a business, because we have many employees, customers and shareholders who depend on us to be a well-managed, strategic growing company. And when we are successful, all our stakeholders reap the rewards.

We have a strong commitment to economic development, and the results of our efforts in this area have had a tremendous impact on our communities and have been rewarding for our Company as well.

Doing good is extremely important to us. By doing good we mean supporting, caring for and giving back to our employees, neighbors and communities. We do this with boundless generosity and enthusiasm, and again, we reap the rewards of this work, too.

This all adds up to another phrase you’ll hear our CEO mention on a regular basis: “multi-bottom line.” It’s how our efforts in one area support our efforts in another. How everything we do is interdependent, connected and has transformed us into a successful, impactful multi-bottom line Company.



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UnitedBankAnnualReport.com

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# We're here for our **COMMUNITY**

UB Community Development is what really sets us apart. It's what makes our story, our mission and our Company different from other banks and financial institutions.

United Bank received its Community Development Financial Institution certification in 2010 after an exhaustive application process. One of the criteria for certification is that the applicant institution has "a primary mission of promoting community development." And that is absolutely true for both United Bank and UB Community Development.

Promoting community development isn't a secondary mission to us, or one aspect of what we do. It is at the heart — it is the foundation — of what we do and who we are. Yes, we open accounts, cash checks and loan money. But ultimately, everything we do — day in and day out — is to further our mission of making our communities stronger.





## EVENTS AND PARTNERS

# AWARDS

## FINANCIAL ASSISTANCE AWARD

CDFIs can receive awards of up to \$2 million dollars to be used to finance capital, loan loss reserves, capital reserves or operations for small businesses and startups in their communities. These awards are to be matched dollar-for-dollar with non-government money, which encourages CDFIs to seek private capital investments to help meet the need for affordable financial services in economically challenged areas. United Bank has received one Financial Assistance Award since becoming a CDFI.

## BANK ENTERPRISE AWARD

These are monetary awards made to FDIC-insured banks that actively pursue opportunities to provide lending, investing and other financial services to economically distressed communities. Awards are based on the level of activity the financial institution engages in and provides additional capital to be used to bolster distressed communities. Since 2011, United Bank has been awarded more than \$2.5 million in BEA funds.

## NATIONAL COMMUNITY BANK SERVICE AWARD

United Bank received an honorable mention in the Independent Community Bankers of America's® 2019 National Community Bank Service Awards, which celebrates the outstanding and innovative volunteer efforts of the nation's community banks. United Bank was recognized for its Volunteer Income Tax Assistance (VITA) program, which provides tax preparation and financial management education for local citizens.

## BALDWIN'S BEST AWARD

United Bank was ranked second best bank in Gulf Coast Media's Big Beautiful Baldwin's Best of 2020 Online Poll.



## DONATION HIGHLIGHT

In August 2019, United Bank and Randy Wise Homes donated \$50,534 to both the Taylor Haugen Foundation and the Special Forces Association, Chapter VII. The funds were from the sale of a Mill Creek Farms Home, which was nicknamed the "Community Spirit House." United Bank donated the home-site while Randy Wise and other local vendors and contractors donated their time and materials for the home's construction.

The Taylor Haugen Foundation was created to honor the memory of the 15-year-old Niceville High School student who passed away after an injury sustained during a football game in 2008. The Special Forces Association, Chapter VII exists to support the soldiers and families of the 7th Special Forces Group (Airborne) "Green Berets."







# NORTH BALDWIN UTILITIES

## COMMUNITY FACILITIES LENDING

The funds will be used for the purchase of an estimated 9,400 automatic radio read water meters, two blowers at one of NBU's wastewater treatment plants and the installation of an additional well.

This new equipment will improve overall efficiency and allow NBU to continue to expand and serve more residents of Bay Minette, Stockton and Stapleton, Alabama.

Established by the City of Bay Minette in 1945, NBU is a public utility providing water, wastewater and natural gas to the residents of North Baldwin County. NBU provides water to over 40,000 residents, natural gas service to 1,800 residential customers and nearly 400 industrial and commercial customers, and sanitary sewer service to most of the residents and businesses in Bay Minette.

**\$3.1 Million**  
Community Facilities  
Loan Package



# HUEYTOWN FIRE DEPARTMENT

## COMMUNITY FACILITIES LENDING

The funds were used to purchase a new engine for the City's fire department.

Prior to the purchase of the new engine, the City's existing fleet was a decade old, which is considered aging. This would impact the City's response time, ability to extinguish fires and also the City's insurance costs. The new engine provided a much-needed upgrade and had a widespread positive impact on public safety.

The structure of the loan package allowed for the purchase of a new vehicle for the Battalion Chief as well. Because the new loan payments remained within budget, the City was able to purchase upgraded safety equipment for the department's 33 firefighters.

**\$1 Million**  
Community Facilities  
Loan Package

# COMMUNITY FOUNDATION OF SOUTH ALABAMA

NEW MARKETS TAX CREDIT



**\$3.5  
MILLION**  
NEW MARKETS  
TAX CREDIT ALLOCATION

The funds will be used to construct a 6,900-square-foot office facility that will replace the current office in downtown Mobile, Alabama. The project is expected to create 26 temporary construction jobs and 6 permanent positions after completed. The new facility will be constructed on the same site as the CFSA's existing building and allow the nonprofit to expand its operations and provide additional services, support and opportunity to residents and organizations in the eight counties it serves.

# ABBEVILLE FIBER SAWMILL

PARTNER FUNDED



The Abbeville Fiber Sawmill represents a \$40 million investment, the largest in the county's history. The project received an \$850,000 Community Development Block Grant awarded by the Henry County Commission to provide transportation construction assistance. The Henry County Commission and the City of Abbeville contributed \$160,000 to the project as well.

PARTNER FUNDED  
**\$40  
MILLION PROJECT**

# MONROE COUNTY HOSPITAL EMERGENCY ROOM EXPANSION

NEW MARKETS TAX CREDIT

Monroe County Hospital provides medical services to 28,000 patients in a rural community designated as severely depressed. It is also the only provider of outpatient medical chemotherapy treatment within an 85-mile radius. Working together, the National Community Investment Fund and United Bank were able to provide a \$5.9 million New Markets Tax Credit allocation and \$1.025 million to finance the construction, improvements, and purchase of equipment to expand the capacity of the Monroe County Hospital's Emergency and Oncology Departments. The project will also create 17 much-needed, permanent jobs in the community.

**\$5.9  
MILLION**  
NEW MARKETS  
TAX CREDIT ALLOCATION

# CARILLON OAKS ASSISTED LIVING AND MEMORY CARE

NEW MARKETS TAX CREDIT



**\$7  
MILLION**  
NEW MARKETS  
TAX CREDIT ALLOCATION

The funds will be used to renovate the beloved Cleburn County High School, which is listed on the National Register of Historic Places, to create Carillon Oaks Assisted Living and Memory Care. Total project cost is \$13 million and is the first project in Alabama to combine Opportunity Zone, New Markets Tax Credits and Alabama's Historic Rehabilitation Tax Credit programs for funding. When complete in 2020, the facility will have 39 assisted-living beds and 16 memory care beds.

# YMCA OF SOUTH ALABAMA

NEW MARKETS TAX CREDIT

With five locations serving Baldwin & Mobile Counties, the non-profit YMCA of South Alabama currently has 20 full-time and 400 part-time employees. The mission-driven YMCA has three main areas of focus including youth development, healthy living and social responsibility. With more than 22,652 members and a childcare program serving more than 600, this organization is critical to many members of the communities it serves.

The \$2 million in funding for the YMCA of South Alabama came from a \$6.5 million New Markets Tax Credit-funded loan and investment pool. The fund and its management are part of a collaboration of resources from UBCD and National Community Investment Fund (NCIF) to support local nonprofits and small businesses. This partnership marks the third project between UBCD and NCIF.

**\$2  
MILLION**  
NEW MARKETS  
TAX CREDIT ALLOCATION



# SULLIVAN'S GROCERY STORES

## NEW MARKETS TAX CREDIT

**\$7.5 MILLION**  
NEW MARKETS  
TAX CREDIT LOAN POOL  
ALLOCATION

The funds will be used for the renovation and expansion of six Sullivan's grocery stores. The six stores are located in four communities which are considered food deserts, or areas with limited access to affordable, nutritious food. Giving local residents much-needed access to affordable, nutritious food will have a positive impact on the overall health and welfare of the community, as studies have shown living in a food desert can lead to obesity and poor health, particularly in preschool-age children. Sullivan's Grocery stores are known for full-service meat departments and selling local produce.

The predevelopment and construction associated with the 6 individual projects are expected to create approximately 57 direct, full-time jobs. Once completed, the 6 stores will create an estimated 57 full-time permanent jobs and 97 part-time jobs in the next seven years.

The largest chunk of the funding will go to develop the two new stores in Brookhaven. The total cost of building, equipping, and stocking the new stores will be approximately \$3.2 million. It's estimated that the two stores will create 40 part-time and 70 full-time jobs over the next seven years.

# ESTATES AT KENDAL APARTMENTS

## CAPITAL MAGNET FUNDS

**56 UNIT**  
AFFORDABLE  
MULTI-FAMILY HOUSING

The Estates at Kendal Apartments is a 56-unit, affordable multi-family project in Clanton, Alabama. UB Community Development and United Bank provided Capital Magnet Funds to National Affordable Housing Preservation Associates and Vantage Development to be used as supplemental funds for construction. United Bank also provided additional construction funding to the project.

**"We are elated to join with NAHPA and Vantage Development to provide capital from our 2018 Capital Magnet Fund award to Estates at Kendal Apartments."**

Joe Raines  
UB Community Development

# AUBURN RESEARCH PARK

## NEW MARKETS TAX CREDIT

Funds will be used by the Auburn Research and Technology Foundation to build and develop the Research and Innovation Center. The focus of the Auburn Research Park and Innovation Center will be to connect the community with research-based capabilities and assets to help support entrepreneurial efforts as well as the growth of businesses of all sizes.

restaurant, and numerous commercial clients. Auburn University's Vice President of Research and Economic Development will also be located in the new center.

Tenants in the Research and Innovation Center will expand professional economic development support services to the city, state and region.

The more than 10,000-square-foot center will house the Harbert College of Business Tiger Cage Accelerator, the Auburn Business Incubator, a café/

**\$6.8 MILLION**  
NEW MARKETS  
TAX CREDIT ALLOCATION



# HAMILTON HOME BUILDERS

## NEW MARKETS TAX CREDIT

The funds will be used to renovate, update and reopen Hamilton Homebuilder's manufacturing facilities in Hamilton and Double Springs. The project is expected to generate more than 275 jobs.

Traditional financing to update and reopen the two facilities was not an option due to the rural location and nature of the equipment. Without the NMTC funds, Hamilton Homebuilders would not have been able to make the necessary updates required to resume production at either location.

The two manufacturing locations were built in the 1970s and have been closed for five years as the owner determined whether the facilities would be updated.

Updating and refurbishing the Hamilton facility, which is 211,000 square feet, will be \$3.7 million. The Double Springs facility, which is 158,300 square feet will cost \$4.1 million to bring up to modern production standards. At both facilities, investments will be made in technology and infrastructure, which includes sprinklers, plumbing, sewage and ventilation.

**\$8 MILLION**  
NEW MARKETS  
TAX CREDIT ALLOCATION



# VILLAGE AT ROCK SPRINGS APARTMENTS

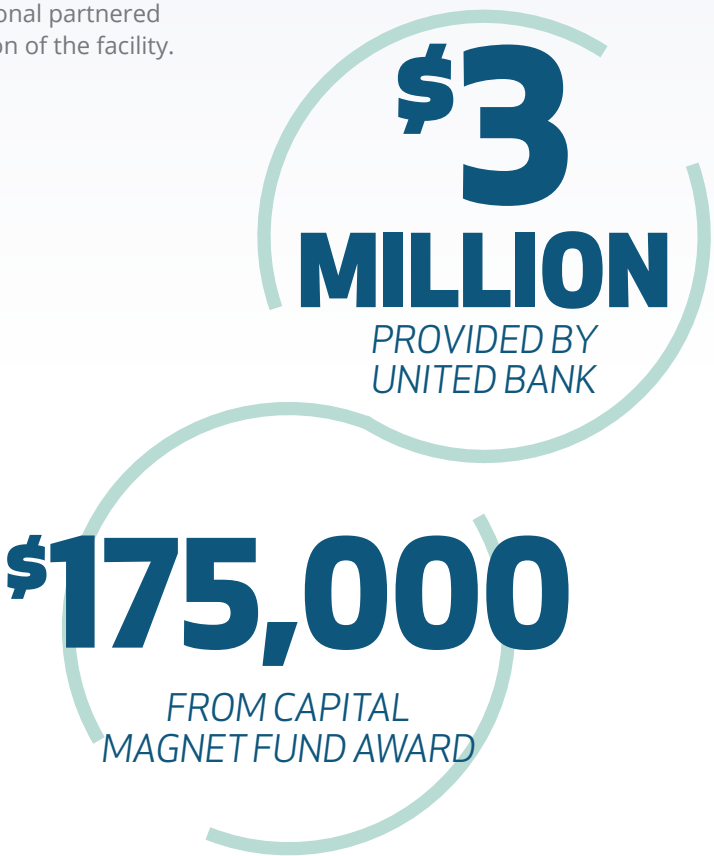
## CAPITAL MAGNET FUNDS

The Village at Rock Springs Apartments is a 56-unit, affordable multi-family project in Moody, Alabama.

United Bank provided Capital Magnet Funds to the Community Action Partnership of North Alabama and The Bennett Group to be used as supplemental funds for the project. United Bank also provided additional partnered funding as a participant in the construction of the facility.

“Due to UBCD and United Bank providing the Capital Magnet Funds for our project, we were able to close our gap in financing and continue with our plan to provide 56 units of **safe, beautiful, and affordable housing for seniors in Moody.**”

Dave Truitt, Director of Real Estate Development at CAPNA



# TRINITY LAKES

## CAPITAL MAGNET FUNDS

United Bank used Capital Magnet Funds to invest in affordable housing at Trinity Lakes.

United Bank provided \$150,000 in Capital Magnet Funds to The Bennett Group to be used as supplemental funds for the construction of Trinity Lake Apartments, a 56-unit, affordable multi-family project in Smiths Station, Alabama. United Bank also provided \$2 million in additional funding as a partner in the construction of the facility.

“The United team worked through the unique facets of this transaction and **helped us ensure its success.** We look forward to celebrating the finished product with UBCD and United next year.”

Fred Bennett, Managing Partner of The Bennett Group



**\$3  
MILLION**  
PROVIDED BY  
UNITED BANK

## VILLAGE AT BRIDGE CREEK

### CAPITAL MAGNET FUNDS

Funds are for the construction of Village at Bridge Creek Apartments, a 56-unit affordable seniors multi-family project to be built in Cullman, Alabama. Funding for this loan was made possible due to the Bank's 2018 Capital Magnet Fund award. United Bank also provided \$3 million in additional funding as a participant in the construction of the facility.

**\$175,000**  
FROM CAPITAL  
MAGNET FUND AWARD



**\$3.3  
MILLION**  
PROVIDED BY  
UNITED BANK

**\$550,000**  
FROM CAPITAL  
MAGNET FUND AWARD

## NATHAN RIDGE APARTMENTS

### CAPITAL MAGNET FUNDS

Financing is for the construction of Nathan Ridge Apartments, a 56-unit affordable seniors multi-family project to be built in Wetumpka, Alabama. United Bank is also providing \$3.6 million in additional funding as a participant in the construction of the facility.

**\$3.6  
MILLION**  
PROVIDED BY  
UNITED BANK

**\$275,000**  
FROM CAPITAL  
MAGNET FUND AWARD

## GRACEWAY APARTMENTS

### CAPITAL MAGNET FUNDS

United Bank used Capital Magnet Funds to invest in Graceway Apartments.

United Bank provided \$550,000 in secondary financing to The Morrow Companies for the construction of Graceway Apartments, a 48-unit affordable, multi-family project for seniors to be built in Fairhope, Alabama. A substantial portion of the funding is from United Bank's 2018 Capital Magnet Fund Award managed by UB Community Development. United Bank is also providing \$3.3 million in additional funding as a participant in the construction of the facility.

**“The expertise of the United team was invaluable in helping us craft a creative structure that recognized the unique aspects of the transaction, and will ensure the project's success.”**

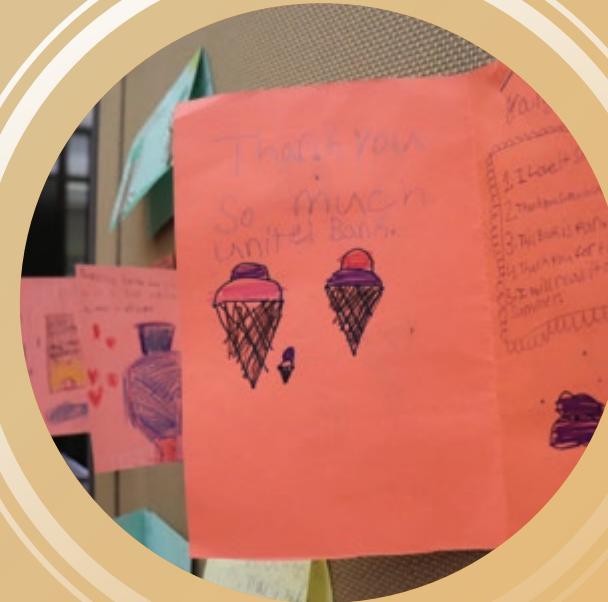
*David Morrow,  
President of The Morrow Companies*



# We're here for **OUR NEIGHBORS**

There are so many needs in our communities. We believe it is our responsibility to do what we can to address them.

We do that through financial services, economic development efforts and also with our own personal time and efforts. Our employees volunteer countless hours to a wide variety of worthy organizations and efforts, and they love every minute of it. Truth is, if you ask our employees what they like most about working at United Bank, many of them say they enjoy the opportunity to give back, to support our communities and to help our neighbors. And we're extremely proud of that.





# FEEDING<sup>®</sup> THE GULF COAST

Through United Bank's partnership with Feeding the Gulf Coast, more struggling families in our communities were able to receive healthy meals.

**3**  
**DINNERS**

*in Baldwin, Escambia and Monroe County Alabama.*

**111**

*HOURS VOLUNTEERED*

**163**

*PEOPLE INTRODUCED TO FARM-TO-TABLE INITIATIVES*



**119,290**

*POUNDS OF PRODUCE AND MEAT DONATED*

**160,000**

*POUNDS DONATED TO FEEDING AMERICA FOOD BANKS*

## FARM-TO-TABLE DINNERS

## MOBILE FOOD PANTRY

**25,000**  
**MEALS**

**15,000**

*POUNDS DISTRIBUTED BETWEEN TWO LOCATIONS*



**45**

*VOLUNTEER HOURS BY OUR EMPLOYEES*

**\$2,000**

*DONATED BY BANK EMPLOYEES*



## DELIVERED TO

**161**  
*FAMILIES*

**456**  
*INDIVIDUALS*

**87**  
*OVER 60*

**201**  
*UNDER 18*





## MAKING A DIFFERENCE IN OUR SCHOOLS

United Bank is committed to working with young people to create smart, financially savvy individuals who will lead our community into the future.

### Teach Children to Save

Through our Teach Children to Save program, United Bank volunteers worked with over 600 students in our area schools. These included Silverhill Elementary, J.U. Blacksher Elementary, Excel Elementary, Rachel Patterson Elementary, and Bay Minette Elementary. We also visited the Atmore Public Library during Wee Ones Story Time to talk about saving money and did the same with youngsters during our Poarch Creek Financial Literacy visit.

### First Books

During the same time period, 19 United Bank volunteers gave away 2,374 books to elementary students at the following elementary schools: Daphne, Elberta, Elsanor, Loxley, Magnolia Springs, Perdido, Pine Grove, Swift, Rachel Patterson, Huxford, J.U. Blacksher, Excel, Bratt, and Berryhill. Books were also given to Escambia County Middle School. Volunteers spent nearly 30 hours delivering the books and some of the book presentations included reading time with the children.

**2,374**  
BOOKS GIVEN AWAY

**30**  
HOURS

## FINANCIAL FOCUS

Supporting Financial Literacy with Financial Focus Online Platform

Financial literacy is essential for individuals and families to make smart choices and ensure they become and remain financially stable. However, money management isn't taught in schools or on the job. Which is why United Bank is supporting and encouraging financial literacy with our Financial Focus online platform.

This simple, easy-to-navigate online portal gives unlimited access to valuable financial tutorials such as Money Basics, Loans and Payments, Paying for College, Retirement Planning, and more. There are also financial calculators, goal setting tools, and information for small businesses.

**\$134,245**  
ECONOMIC VALUE ADDED  
OF COUNSELING HOURS

**600**  
STUDENTS  
TAUGHT

**9,413**  
CONSUMERS  
COUNSELED



# We're here for **OUR EMPLOYEES**

At United Bank, we believe it is our responsibility to be more than just a business. Because success isn't just about dollars and cents, bottom lines or stock prices. It's about people.

Which is why we're deeply committed to giving our employees a supportive, challenging and rewarding place to work. We're also committed to reaching outside of our organization and strengthening the communities around us. It's who we are and at the heart of everything we do.

So how do we put this into action? By committing to our multi-bottom line mission, we facilitate economic development, community improvement and affordable housing through UB Community Development. By encouraging our employees to volunteer their time and resources to a wide range of organizations. By helping feed needy families, by supporting financial literacy, by donating books and time to area schools — and we could go on.

But the truth is, while we're certainly in business to serve our customers and build shareholder value, we're also in the business of strengthening communities. And just as the future looks bright for our banking business, we're going to do our part to make sure it's equally bright for our neighbors and the communities we call home.





# SPIRIT AWARDS ★★☆☆

Spirit Awards are given to employees who exemplify the spirit of the Company. The 2019 recipients are three individuals who have shown a deep commitment not only to our Company, but our Country.

## Wes Young

Commander, Navy Reserve JAG Corps

Wes is currently a member of the Navy Reserve as JAG (Judge Advocate General Corps) Navy Reserve Legal Services Office, NAS Jacksonville, FL. Rank of Commander. Wes served five years of active duty as a Service Warfare Officer with three overseas deployments, two as fleet deployments and one shore duty as Force Protection Officer for Military Sealift Command in Kuwait and Bahrain prior to becoming a Jag officer. Wes has 18 years total time in service.



## Cody Hitchcock

Lieutenant Commander, Navy Reserve

At Rank of Lt. Commander in the Navy Reserve, Cody is assigned to the Navy Reserve Hurbert Field Maritime Command at NAS Pensacola, a Naval Amphibious Unit where his team oversees and supports the air component of fleet service in Norfolk, Va. Prior Naval service includes 12 years active duty flying F-18s as a Weapons Systems Officer (WSO). Cody's naval service has included sea deployment aboard the USS Truman aircraft carrier and a 12-month shore duty deployment to Afghanistan. While assigned to the USS Truman, he flew 28 combat missions over Iraq. In June 2020, Cody will deploy to Bahrain for another isolated tour.



## Alex Jones

Commander, Navy Reserve

Naval Reservist Commander Alex Jones is currently assigned to Unit CTF (Combined Task Force) 69 Orlando, FL. The Unit supports activities of the 6th fleet in Naples, Italy. Alex recently returned from a 1-year deployment to the East African country of Djibouti where he was assigned to the Military Sealift Command. Alex served 4.5 years of active duty prior to his reserve service. He served aboard the USS Yorktown and on a mine sweeper.



# Service Members On Our Team

Al Fonto Holley Jr  
Hospital Corpsman Chief  
Petty Officer, Navy

Bob Jones  
Lieutenant, Navy

Alex Jones  
Commander, Navy Reserve

Wes Young  
Commander, Navy

Cody Hitchcock  
Lieutenant Commander, Navy

Frank Anzalone  
Airman 1st Class, Air Force

Jerry Burden  
Air Ops Specialist, Air Force

Bruce Trammell  
Private First Class, National Guard

Chris Walker  
E-5, Navy

Ed Brown  
E-3, Air Force

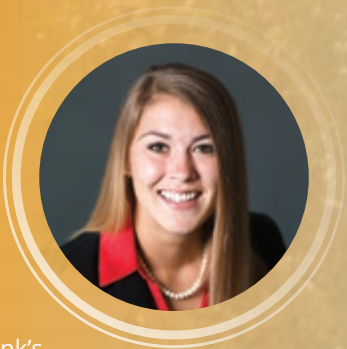
Scott Hehman  
Specialist in Communications,  
Army Reserves

Russell Barnes  
AO3, Navy

# EMPLOYEE AWARDS

## Volunteer of the Year

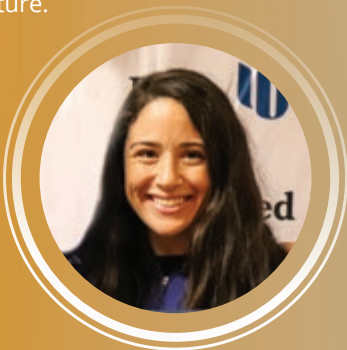
Dawn Hollingsworth



When it was getting started, the Bank's Farm-to-Table initiative events attracted seven or eight people. Today, that number has ballooned to more than 150 regularly attending events. In March, we debuted in North Mobile County with a Farm-to-Table event held at our new Semmes branch. This event was an opportunity to elevate our brand and the Bank. Since we started our Farm-to-Table initiative, Dawn has been passionate and enthusiastic, and has led the project with heart, soul and vision. She has meticulously organized each dinner, coordinated satsuma and blueberry gleanings, managed food distributions throughout our footprint and coordinated the other volunteers for all events. Dawn has embraced this project, made it a success and promises to do even greater things with Farm-to-Table in the future.

## Employee of the Year

Meghan Moya Ramer



Meghan was nominated by her co-worker, Emilee Waters, and was recognized for her contributions to the Bank's 2018 technology conversion, her keen understanding of bank operations and products, her can-do attitude, her boundless energy, her skills with customers and her support of new employees. She is respected and appreciated by her teammates and United Bank is fortunate to have such a talented and dedicated employee.



# TURNING BANKING UPSIDE DOWN

Our people are truly committed to the well-being of our communities and the people who live there. Without exception, the desire to serve is strong throughout the United Bank family. And literally every week, our employees and their families are actively engaged in supporting philanthropic efforts in our region. It's just who we are and who we will always be.

Year after year, the hours we spend, the dollars we donate, and the people we reach increase significantly. Just as we've demonstrated through the Company's community and economic development activity, our people prove every day that our primary mission is to promote community development in any way we can.



# UBCD PROJECTS

UBCD managed funding resources for a wide array of truly important projects in 2019, and we couldn't be more excited to see these projects come to fruition. As mindful stewards of valuable community development awards such as New Markets Tax Credits, Community Facilities Lending and Capital Magnet Funds, we carefully select the projects we participate in based on the impact they will have on the communities they are in. We look forward to seeing these projects realize their potential and also supporting essential, community-changing efforts going forward.



Village at Rock Springs

Estates at Kendal

Trinity Lakes



ALDI Job Expansion Project

Bay Minette Municipal Airport Expansion

Meter Replacement for North Baldwin

Skegee Travel Center Project



Nathan's Ridge

Abbeville Fiber

Carillon Oaks Facility



Sullivan's Grocery Store

Downtown Monroeville

Auburn Research Park

Graceway Apartments



Village at Bridge Creek

Hamilton Homebuilders

YMCA of South Alabama

Community Foundation South AL



JANUARY

FEBRUARY

MARCH

APRIL

MAY

JUNE

JULY

AUGUST

SEPTEMBER

OCTOBER

NOVEMBER

DECEMBER