



United Bancorporation of Alabama, Inc. Annual Report for January 1 - December 31, 2015

Dear Fellow Shareholder,

I never hesitate to promote the benefits of community banking when given an opportunity. A recent study by Auburn University's Government & Economic Development Institute on the State of the State's Banking Industry reinforces the fact that community banks in Alabama play an important role in promoting a county's economic growth and development by improving employment opportunities, raising weekly wage averages, and raising median income. In addition, community banks provided \$169 billion in loans to consumers and industries through Q3 2015 including 26 percent of loans made to small business. These figures reinforce for us our role at United Bank in strengthening the economic fabric of our communities and raising the standard of living for our markets.

As we look back at 2015, there is clear evidence of United Bank doing just that. Our \$12 million loan pool launched in June brought the advantage of New Market Tax Credits to smaller businesses and organizations that would not typically have access. The fund has helped multiple businesses in local markets grow or maintain a workforce of more than 450 employees while providing long term stability for local economies.

Across the board, United Bank experienced growth in every lending category in 2015 -- commercial loans, consumer loans, agribusiness and residential lending. As small businesses and families become more confident in the economy, we're responding with unique products that make borrowing more attractive. From veterans and first time homebuyers to agribusiness financing options, we're improving the financial outlook of our clients while driving revenue growth for the bank. This portfolio mix is also strengthening our balance sheet against challenges when they arise in certain lending sectors.

In addition, our efforts as a Community Development Financial Institution are improving the economic viability of our markets by strengthening credit and improving financial literacy, factors that lead to clients being more employable where they live. Recognizing our work, the U.S. Treasury Department honored United Bank with its 2015 Bank Enterprise Award in September.

In an effort to provide our customers and communities the most relevant and most secure financial tools available, we undertook a significant redesign of the United Bank website in early 2015, complete with a comprehensive Fraud and Security Center. We also rolled out our new online banking platform in August complemented by UB Mobile. For 2016, plans include online loan and account opening with a goal of 15 minutes to close and fund consumer loans.

When we strengthen technology, we're also adding value for those consumers who conduct their daily banking with us. The Val U Checking family, launched in January 2015, provides an incredible range of benefits to customers and is making a significant impact to non-interest income.

As we experience the results of momentum created from prior decisions, we also understand enhancing shareholder value is critical.

The combined \$.13 dividend paid in 2015 represents our commitment to our shareholders and is evidence of our improvement.

The company's 2015 financial performance, while much improved is not where we want nor expect to be. Directionally, the earnings improvement along with asset growth and quality are very positive. The accompanying financial report provides more details on these results. While national economic trends give rise to some concern, our local markets are supportive of continued loan growth across all segments. This loan growth has contributed to stabilized and improved margins. We expect this trend to continue into 2016. The continued headwinds of regulatory expense, cyber fraud and non-regulated fintech are challenges, not just to United Bank but to the entire community banking industry. We are addressing these challenges and are optimistic about our ability to adapt and respond.

A community bank franchise is built upon strong customer relationships. The value of these relationships does not appear on a balance sheet nor can they be measured in dollars. Our customer surveys and research affirm a very positive customer experience. Every day in every United Bank office we work to build upon that experience and show our appreciation for our customers. That level of satisfaction, along with a commitment to our communities, built this bank and will serve us well into the future.

Sincerely,

Robert R. Jones, III
President and CEO



United Bancorporation  of Alabama, Inc.

PO Box 8, Atmore, AL 36504 / www.unitedbank.com / 251-446-6001

See More @ Our Online
Investor Relations Page

Stock Symbol: UBAB 