



United Bancorporation of Alabama, Inc. Annual Report for January 1 - December 31, 2016

Dear Fellow Shareholders,

2016 was an energetic year for United Bank. As we shared in previous quarterly communications, significant milestones reached include the bank was rewarded for its community development work with an allocation of New Market Tax Credits, achieved record levels of profitability, repaid the U.S. Treasury CDCI funding, and expanded into Brewton, Alabama with a loan production office. In addition to these accomplishments, Assets grew by \$28 million and loan volume grew by \$11 million. This growth produced net earnings of \$3,535,988, an increase of 24.38%. Total return to shareholders, as measured by dividends and market price for the full year, was 71.58%.

It is important to provide information about the company and its performance. In support of this commitment, valuable information and performance data can be found on the Investor Relations page of our website www.unitedbank.com. This resource should be your first stop for up to date financial information, stock price and trades, as well as copies of shareholder communication. For example, the share price moved from an opening in January 2016 of \$8.50 to \$14.40 at close of 2016. Since that time, the price has traded at a high of \$16.00 per share. This historic data is available on the Investor Relations page under Stock Information>Historic Prices. If you would like to receive notifications of closing stock price and volume, a daily email can be sent automatically by enrolling in email notifications through a desktop computer. This function can be found within Other Information>Email Notification.

Your vote matters. It is extremely important that you take the time to respond through the various channels we offer to the proxy request. Included with this letter is information encouraging shareholders to take advantage of the convenience of online voting in addition to telephone voting and the more traditional option of marking your proxy and sending back by return mail. To utilize the convenience of online voting visit www.investorvote.com/UBAB. At this site you can view the proxy statement, annual

report and cast your vote. All of these options are available to you to make voting easier. We need your participation.

Companies are often quoted as saying their people are the most important asset. If this is true, then how does the company reward this statement and align the shareholder, customer, and employee interest?

I am pleased to report that in 2017 in fulfillment of this pledge, a KSOP has been introduced. This program combines the 401(K) plan with an Employee Stock Ownership Plan (KSOP). As a shareholder, it is important to have employees come to work thinking and behaving like an owner. Providing this benefit aligns everyone's focus to serving customers, efficiency and performance.

Community banking thrives in vibrant communities. United Bank understands this principle. Our history and performance provides evidence of that commitment. We welcome your feedback and encourage you to take a few minutes to cast your proxy vote or even better come to our Annual Meeting at 3:00PM on May 3, 2017 at 200 East Nashville Ave, Atmore, Alabama.

Sincerely,

Robert R. Jones, III
President & CEO



United Bancorporation  *of Alabama, Inc.*

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Investor Relations Page

Stock Symbol: UBAB

