

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

| | <u>June 30, 2018</u> | <u>June 30, 2017</u> |
|--|------------------------------|------------------------------|
| Assets | | |
| Cash and due from banks | \$ 26,447,648 | \$ 26,188,010 |
| Interest bearing deposits in banks | 44,660,946 | 28,143,854 |
| Federal funds sold | 4,000,000 | 0 |
| Cash and cash equivalents | <u>75,108,594</u> | <u>54,331,864</u> |
| Securities available for sale (amortized cost of \$135,157,998 and \$141,976,467 respectively) | 130,343,490 | 140,045,975 |
| Securities held to maturity (fair values of \$18,675,228 and \$20,484,888 respectively) | 18,914,131 | 20,305,069 |
| Loans held for sale | 380,000 | 399,120 |
| Loans held for investment | 391,015,341 | 349,303,242 |
| Less: Allowance for loan losses | <u>4,093,018</u> | <u>4,273,906</u> |
| Net loans | 386,922,323 | 345,029,336 |
| Premises and equipment, net | 13,435,760 | 13,223,577 |
| Interest receivable | 3,030,407 | 2,617,316 |
| Bank owned life insurance | 11,215,399 | 9,243,771 |
| Other real estate owned | 1,671,842 | 3,648,499 |
| Other assets | <u>10,094,410</u> | <u>7,444,793</u> |
| Total assets | <u><u>651,116,356</u></u> | <u><u>596,289,320</u></u> |
| Liabilities and Stockholders' Equity | | |
| Deposits: | | |
| Non-interest bearing | 270,170,458 | 234,529,044 |
| Interest bearing | <u>318,596,695</u> | <u>304,612,994</u> |
| Total deposits | 588,767,153 | 539,142,038 |
| Other borrowings | 4,930,353 | 6,145,878 |
| Interest payable | 164,056 | 140,181 |
| Accrued expenses and other liabilities | 4,024,366 | 3,543,123 |
| Note payable to Trust | <u>10,310,000</u> | <u>10,310,000</u> |
| Total liabilities | <u>608,195,928</u> | <u>559,281,220</u> |
| Stockholders' equity | | |
| Preferred stock of \$.01 par value. Authorized 250,000 shares; 10,300 shares, net of discount | - | - |
| Class A common stock, \$.01 par value. Authorized 5,000,000 shares; issued 2,433,427 and, 2,420,298 shares in 2018 and 2017, respectively | 24,334 | 24,203 |
| Class B common stock, \$.01 par value. Authorized 250,000 shares; no shares issued or outstanding | - | - |
| Additional paid in capital | 7,630,798 | 7,440,372 |
| Retained earnings | 38,878,130 | 30,703,780 |
| Accumulated other comprehensive loss net of tax | <u>(3,610,882)</u> | <u>(1,158,304)</u> |
| | 42,922,380 | 37,010,051 |
| Less: 239 and 239 treasury shares, at cost, respectively | <u>1,951</u> | <u>1,951</u> |
| Total stockholders' equity | <u>42,920,429</u> | <u>37,008,100</u> |
| Total liabilities and stockholders' equity | <u><u>\$ 651,116,356</u></u> | <u><u>\$ 596,289,320</u></u> |

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

| | Six Months Ended June 30 | |
|---|-----------------------------|---------------------|
| | 2018 | 2017 |
| Interest income: | | |
| Interest and fees on loans | \$ 11,373,556 | \$ 8,468,407 |
| Interest on investment securities: | | |
| Taxable | 1,133,866 | 1,216,039 |
| Nontaxable | 441,081 | 443,412 |
| Total investment income | 1,574,947 | 1,659,451 |
| Other interest income | 294,445 | 113,598 |
| Total interest income | <u>13,242,948</u> | <u>10,241,456</u> |
| Interest expense: | | |
| Interest on deposits | 838,790 | 719,266 |
| Interest on other borrowed funds | 319,815 | 248,350 |
| Total interest expense | <u>1,158,605</u> | <u>967,616</u> |
| Net interest income | 12,084,343 | 9,273,840 |
| Provision for loan losses | 588,431 | 342,725 |
| Net interest income after provision for loan losses | <u>11,495,912</u> | <u>8,931,115</u> |
| Noninterest income: | | |
| Service charge on deposits | 2,108,362 | 1,980,581 |
| Investment securities gains, net | 24 | 61,982 |
| Mortgage loan and related fees | 388,045 | 476,772 |
| Other | 568,586 | 656,551 |
| Capital Magnet Fund Award | 4,000,000 | - |
| Total noninterest income | <u>7,065,017</u> | <u>3,175,886</u> |
| Noninterest expense: | | |
| Salaries and benefits | 5,499,307 | 4,921,526 |
| Net occupancy expense | 875,421 | 915,281 |
| Other | 3,283,678 | 2,981,493 |
| Total noninterest expense | <u>9,658,406</u> | <u>8,818,300</u> |
| Earnings before income tax expense | 8,902,524 | 3,288,701 |
| Income tax expense | 2,061,122 | 974,136 |
| Net earnings | 6,841,402 | 2,314,565 |
| Preferred stock dividends | - | - |
| Net earnings available to common shareholders | <u>\$ 6,841,402</u> | <u>\$ 2,314,565</u> |
| Basic earnings per share available to common shareholders | \$2.81 | \$0.96 |
| Diluted earnings per share available to common shareholders | \$2.81 | \$0.96 |
| Basic weighted average shares outstanding | 2,433,034 | 2,415,069 |
| Diluted weighted average shares outstanding | <u>2,433,034</u> | <u>2,415,069</u> |
| Cash dividend declared per share | <u>\$ 0.075</u> | <u>\$ 0.065</u> |