

United Bancorporation of Alabama, Inc.

200 E. Nashville Avenue
Post Office Box 8
Atmore, Alabama 36504

Tel 251-446-6000
Fax 251-446-6152

www.unitedbank.com
Member FDIC

March 20, 2015

Dear Valued Shareholder:

January 4 marked our 111th anniversary. As I look back on our 110th year in 2014, I am encouraged by the progress we are making. We are steadily moving in a positive direction with more momentum daily and we are encouraged by the trends for 2015. The risks to the Bank's assets are substantially better and earning assets are expected to improve, thus helping us to achieve increased profits and enhanced shareholder value. Local economic activity is improving which further supports our positive outlook.

The Bank has adopted an aggressive commitment to the customer experience. In 2014, we began a significant investment in new and enhanced technology including mobile check deposit, instant debit card printers and a dedicated smartphone app for iPhone and Android. In response to customer feedback, we also launched peer-to-peer and bank-to-bank transfers as well as expedited bill pay. Furthermore, we continue to add multifunction ATMs with deposit gathering capability to enhance our customers' interaction with the Bank and improve our efficiency.

Nine months ago we began a redesign of our web presence. The new site has a fresh look with improved navigation and a host of new features. We wanted to be sure the website was easy to use and that customers would be able to quickly find common convenience services such as check ordering and branch locations. In addition, the site includes enhanced security features.

In 2014, we began a commitment to become a valued resource for our customers for information on fraud and security. Our efforts included hosting several cyber security forums with the FBI along with the launch of a dedicated fraud and security center on our new website. We are committed to providing resources and information to customers helping to ensure that as our world becomes more complex and digital, we help our clients become more prepared as well as more vigilant.

Furthermore, during 2014 we redesigned our business checking products and feedback from customers about the new account structure has been positive. Early in 2015, we also introduced an entirely redesigned lineup of personal checking products. Our Val U Checking family and associated accounts feature a suite of services and benefits unlike anything offered by others in our markets. With local online and mobile shopping discounts, cellphone protection, identity theft restoration and health and vision discounts, these accounts are game changers for our customers. This mix of valuable and useful benefits for our customers combined with new marketing opportunities for hometown businesses is a winning combination.

With the continued improvement in residential sales we expect mortgage lending to lead our loan growth. Additional staff along with a set of unique in-house products complements our traditional mortgage offerings.

Already in 2015 our mortgage officers have recorded the strongest production they have seen in a year with revenue up 56 percent over the same time in 2014. These efforts are being complemented by an aggressive marketing campaign across our footprint, and we are seeing results. Our Baldwin and Santa Rosa markets have seen tremendous growth in housing starts and we are poised to take advantage of the increase.

The Financial Services division combines excellent investment solutions with a level of personal service our Bank customers have come to expect. It was the division's enhanced work with its clients -- from basic IRAs to complex trust and estate planning -- that resulted in Financial Services being named our Division of the Year for 2014.

While we address asset quality, growing loans has been and will continue to be our priority. Our partnerships with the State of Alabama, SBA and USDA provide opportunities to expand our efforts to serve small business and stimulate community development even further in 2015. Through our efforts as a Community Development Financial Institution (CDFI) and our work with the Federal Home Loan Bank, we are seeing new opportunities to assist homeowners and consumers. United Bank's designation as a CDFI is an important driver in our focus on creating economic opportunities for small business and consumers. A stronger local economy and better informed customers strengthen our Bank as well as create new opportunities.

Across our markets, our clients and advisory board members are reporting revenues and sales activity that rival pre-recession figures. Loan growth within the bank, including home purchases and construction, would indicate similar recovery. While we keep a watchful eye on the potential changes ahead for the economy, I am confident our asset mix and liquidity has us well positioned when rates begin to rise. We are committed to our communities, and I continue to believe there isn't another bank or lender in our footprint that offers neither the range of products and services nor the depth of knowledge for its clients.

I want to thank you for your continued support of your hometown bank and I look forward to sharing more at our Annual Meeting on May 6 at 3 p.m.

Sincerely,

A handwritten signature in black ink that reads "Robert R. Jones III". The signature is written in a cursive, flowing style.

Robert R. Jones III
President & CEO