United Bancorporation of Alabama, Inc.

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April 25, 2025

For Immediate Release

United Bancorporation of Alabama, Inc. Announces First Quarter Earnings

(OTCQX: UBAB)- United Bancorporation of Alabama, Inc., parent company of United Bank (UB) and UB Community Development (UBCD) announces its financial results for the first quarter ended March 31, 2025.

United Bancorporation of Alabama, Inc. ("United") reported net income of $4.8 million for the three months ended March 31, 2025, compared to net income of $6.3 million for the same period last year. Earnings per share for the three-month period were $1.42 compared to $1.75 for the same period in 2024.

Balance Sheet

United's total assets of $1.4 billion as of March 31, 2025, were an increase of $7.2 million or 0.5% from the prior year.

Cash and short-term investments totaled $159.9 million, which is a decrease of $61.3 million or 27.7% from the same period last year. Cash and cash equivalents to total assets ratio was 11.4%. Securities totaled $288.1 million at the end of March compared to $279.8 million on March 31, 2024, an increase of $8.3 million or 3.0%.

Total loans held for investment as of March 31, 2025, were $882.4 million compared to $825.3 million as of March 31, 2024, representing an increase of $57.0 million or 6.9%. Growth was led by multifamily construction.

The allowance for credit losses (ACL) of $14.6 million was $2.7 million more than the prior year. During the quarter, United made a $2.0 million provision based on loss expectations for a specific credit relationship. The current allowance to loans coverage ratio was 1.66%.

UB sold two properties during the quarter, reducing other real estate to $789,304, a decrease of $235,696 from the same period last year and $2.0 million from the previous quarter. Bank owned life insurance increased by $2.5 million or 11.0% from the previous year to $25.2 million.

As of March 31, 2025, deposits totaled $1.08 billion, which is $6.3 million or 0.6% less than March 31, 2024. Other borrowings of $33.7 million were $6.8 million or 16.8% less than the prior year. Prepayment of loans made under the USDA Community Facility program triggered the repayment of $5.5 million to the USDA.

Capital

Year-over-year, total stockholder's equity increased $20.9 million or 8.3% to $274.2 million. This includes $123.75 million of preferred stock issued under the US Treasury Department's Emergency Capital Investment Program (ECIP). It currently carries a 2.0% dividend with quarterly dividend payments of approximately $618,750.

Elevated interest rates have created an unrealized loss position in available-for-sale securities (AFS) that are recorded in accumulated other comprehensive income. On March 31, 2025, the accumulated other comprehensive loss was $22.2 million, a decrease of $5.5 million or 19.9% from March 31, 2024.

Unrealized gains and losses are not included in regulatory capital calculations. As of March 31, 2025, United's tier one leverage ratio, common equity tier one capital ratio and equity to total assets were approximately 20.2%, 15.9% and 19.57%.

Operating Results

Year-to-date through March 31, 2025, net interest income before the provision was $14.7 million compared to $15.1 million a year ago, a decrease of $452,388 or 3.0%. Year-to-date interest and fees on loans and investment security income increased $889,390 and $408,020, respectively, over the same period last year. Interest income from deposits decreased by $1.2 million or 44.7% to $1.4 million when comparing the first quarter of 2025 to the first quarter of 2024. The same quarterly comparison shows interest expense increased $582,801.

Year to date earning asset yield was 5.69%, the yield on interest-bearing liabilities was 2.30%, and cost of funds was 1.33%. For the quarter ended March 31, 2024, earning asset yield was 5.57%, interest bearing liabilities yield was 1.97%, and the cost of funds was 1.21%. The year-to-date net interest margin of 4.56% is slightly higher than the 4.54% for the same period last year.

First quarter 2025 noninterest income totaled $4.1 million compared to $2.5 million in noninterest income in the first quarter of 2024. UBCD earned $1.0 million in New Market Tax Credit (NMTC) fee income during the quarter. Service charges and fee income was $1.9 million, which was $292,816 or 17.4% more than the same quarter in 2024.

For the three months ended March 31, 2025, non-interest expense was $9.9 million as compared to $9.2 million for the same period last year, an increase of $700,310 or 7.6%.

Credit Quality

As of March 31, 2025, nonaccrual loans and nonperforming assets were $13.0 million, $15.3 million, respectively. Nonaccrual loans increased by $550,068 from the prior quarter, while nonperforming assets decreased by $1.9 million. Year-over-year nonaccrual loans increased by $9.9 million and non-performing assets by $8.5 million. Nonaccrual loans are concentrated among three relationships that account for over 70%.

United will host a conference call on May 14, 2025, at 10:00 am (CST) to discuss first quarter 2025 performance. To register for the conference call:

https://unitedbank.zoom.us/webinar/register/WN_B8tXNFIAQB-7zzw3KyqSfA

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About United Bancorporation of Alabama, Inc.

United Bancorporation of Alabama, Inc. (OTCQX: UBAB) is a $1.4 billion financial holding company that primarily serves Southwest Alabama as well as Northwest Florida. United is a Community Development Financial Institution (CDFI), which recognizes its commitment to stimulating economic development in underserved communities. United operates United Bank and UB Community Development. United Bank is also designated as a CDFI and operates 23 locations across six counties. UB Community Development focuses on economic and community development through its New Market Tax Credits, affordable housing and community facilities programs. United Bank has offices in Atmore, Brewton, Camden, Flomaton, Monroeville, Frisco City, Bay Minette, Daphne, Foley, Lillian, Loxley, Magnolia Springs, Semmes, Silverhill and Summerdale in Alabama. United Bank serves Santa Rosa County, Florida in Jay, Milton and Pace.

This press release 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 press release 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.; and (viii) the timing and amount of purchase activity under the Repurchase Program, if any. 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 press release.

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

		March 31 2025 Unaudited		March 31 2024 Unaudited
Assets				
Cash and due from banks	$	33,721,072	$	29,703,468
Interest-bearing deposits in banks		105,236,388		174,518,291
Federal funds sold		20,950,000		16,975,000
Cash and short-term investments		159,907,460		221,196,759
Investment in subsidiaries		1,495,604		1,625,130
Securities available for sale, at fair value (amortized cost of $314,118,747 and $311,941,923 at March 31, 2025 and 2024, respectively)		284,532,996		275,004,566
Securities held to maturity, at amortized cost (fair value of $3,596,055 and $4,740,518 at March 31, 2025 and 2024, respectively)		3,632,385		4,788,948
		288,165,381		279,793,514
Restricted equity securities, at cost		2,176,353		2,113,153
Loans held for investment		882,374,744		825,340,286
Less: Allowance for credit losses		14,655,427		11,927,032
Loans, net		867,719,317		813,413,254
NMTC Sub-CDE QLICI Loans		3,465,000		3,465,000
Premises and equipment, net		16,704,123		14,161,428
Interest receivable		8,944,755		7,852,322
Bank owned life insurance		25,170,823		22,673,335
Other real estate owned, net		789,304		1,025,000
Core deposit intangible		424,952		492,056
Goodwill		6,516,169		6,516,169
Other assets		19,557,760		19,489,931
Total assets		1,401,037,001		1,393,817,052
Liabilities and Stockholders' Equity				
Deposits				
Noninterest-bearing	$	456,946,353	$	490,585,562
Interest-bearing		629,507,474		602,209,221
Total deposits		1,086,453,827		1,092,794,783
Interest payable		1,088,058		956,652
Other borrowings		33,656,225		40,457,248
Allowance for credit losses on off-balance sheet credit exposures		683,307		909,341
Accrued expenses and other liabilities		4,965,063		5,484,609
Total liabilities		1,126,846,480		1,140,602,633
Stockholders' equity				
Preferred stock, par value of $1,000. Authorized 250,000 shares; 123,750 shares issued, in 2025 and 2024		123,750,000		123,750,000
Class A common stock, par value $0.01. Authorized 5,000,000 shares; 3,374,467 and 3,555,892 issued; 3,374,467 and 3,539,207 shares outstanding in 2025 and 2024, respectively		33,745		35,559
Class B common stock, par value $0.01. Authorized 250,000 shares; no shares issued		-		-
Additional paid-in capital		22,762,005		30,251,447
Retained earnings		150,069,868		128,423,386
Accumulated other comprehensive loss, net of tax		(22,189,307)		(27,703,014)
		274,426,311		254,757,378
Less unvested restricted stock and unallocated KSOP shares (0 and 66,257 respectively)		235,790		1,542,959
Total stockholders' equity		274,190,521		253,214,419
Total liabilities and stockholders' equity	$	1,401,037,001	$	1,393,817,052

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

	Three Months Ended March 31 2025	Three Months Ended March 31 2024
Interest income:		
Interest and fees on loans	$ 14,219,228	$ 13,329,838
Interest on investment securities:		
Taxable securities	2,574,788	2,102,105
Nontaxable securities	145,948	210,611
Total investment income	2,720,736	2,312,716
Other interest income	1,444,630	2,611,627
Total interest income	18,384,594	18,254,181
Interest expense:		
Interest on deposits	3,519,528	2,895,513
Interest on other borrowed funds	187,487	228,701
Total interest expense	3,707,015	3,124,214
Net interest income	14,677,579	15,129,967
Provision for credit losses	2,004,250	290,000
Net interest income after provision for credit losses	12,673,329	14,839,967
Noninterest income:		
Service charges and fees	1,975,079	1,682,263
CDFI award income	-	-
New market tax credit sub-allocation and placement fees	1,000,000	-
Consulting and asset management fees	121,876	-
Investment securities gains (losses), net	-	-
Mortgage loan and related fees	6,221	8,354
Other	1,036,219	787,169
Total noninterest income	4,139,395	2,477,786
Noninterest expense:		
Salaries and benefits	5,157,188	4,876,204
Net occupancy expense	1,035,708	800,104
Other	3,734,438	3,550,717
Total noninterest expense	9,927,334	9,227,025
Income before income tax expense	6,885,390	8,090,729
Income tax expense	1,489,635	1,813,608
Net income	5,395,755	6,277,121
Preferred Stock Dividends	(618,750)	-
Net income available to common shareholders	$ 4,777,005	$ 6,277,121
Basic earnings per common share	$ 1.42	$ 1.75
Basic weighted-average shares outstanding	3,373,796	3,577,753
Diluted earnings per common share	$ 1.42	$ 1.75
Diluted weighted-average shares outstanding	3,373,796	3,577,753
Cash dividend declared per share	$ -	$ -

United Bancorporation of Alabama, Inc.

Quarterly Comparison

	3/31/2025	12/31/2024	9/30/2024	6/30/2024	3/31/2024
Equity					
Tier One Leverage	20.20%	19.95%	20.26%	19.79%	19.16%
Tier One Capital	27.94%	28.02%	28.41%	26.03%	25.97%
Equity to Total Assets	19.57%	18.97%	19.69%	18.72%	18.17%
At Month End					
Loans, held for investment	882,374,744	871,416,223	856,649,274	843,607,462	825,340,286
Total Deposits	1,086,453,827	1,090,177,557	1,067,672,177	1,080,324,345	1,092,794,783
Total Assets	1,401,037,001	1,400,740,095	1,382,494,217	1,384,408,020	1,393,817,052
Earnings & Performance Ratios					
Net Income	4,777,005	6,910,507	5,567,035	8,011,100	6,277,121
Net Interest Margin	4.56%	4.60%	4.52%	4.47%	4.54%
Return on Average Equity	8.09%	10.99%	8.35%	12.63%	10.06%
Return on Average Assets	1.55%	2.14%	1.60%	2.37%	1.80%
Earnings per Share	1.42	2.00	1.57	2.26	1.75
Weighted Avg Shares Outstanding	3,373,796	3,461,210	3,551,089	3,543,730	3,577,753