

# United Bancorporation of Alabama, Inc.

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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, 2026.

United Bancorporation of Alabama, Inc. ("United") reported net income of \$5.4 million for the three months ended March 31, 2026, compared to net income of \$4.7 million for the same period last year. Earnings per share for the three-month period were \$1.80 compared to \$1.42 for the same period in 2025.

## Balance Sheet

United's total assets of \$1.5 billion as of March 31, 2026, increased by \$56.8 million or 4.1% from the prior year.

Cash and short-term investments totaled \$179.4 million, which was \$19.4 million or 12.2% more than in the same period last year. Cash and cash equivalents to total assets ratio was 12.3%. Securities totaled \$303.9 million at the end of March, an increase of \$15.8 million or 5.5%.

Total loans held for investment as of March 31, 2026, were \$902.0 million compared to \$882.4 million as of March 31, 2025, representing an increase of \$19.6 million or 2.2%. Growth was led by multifamily and commercial real estate lending.

The allowance for credit losses (ACL) increased this year by a \$624,581 provision to \$12.4 million as compared to the ACL of \$14.6 million on March 31, 2025. The current allowance to loans coverage ratio was 1.37%.

A decrease in deferred tax assets contributed to the \$1.7 million decline in other assets.

As of March 31, 2026, deposits totaled \$1.1 billion, a \$59.8 million or 5.5% increase over the prior year. Attractive yields and enhanced product offerings stimulated growth in money market and time deposits.

Other borrowings, which include FHLB advances and USDA Community Facility Relending funds, decreased \$3.7 million to \$29.9 million from the same period last year.

## Capital

Year over year, total stockholders' equity decreased by \$347,738 to \$273.8 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, 2026, the accumulated other comprehensive loss was \$19.0 million, a decrease of \$3.1 million or 14.3% from March 31, 2025.

United purchased 8,500 shares of stock under the repurchase program, successfully fulfilling the current authorization. Under the current program United has returned almost \$18.0 million to shareholders.

CEO Mike Vincent, "We have been pleased with how effective the recent program has been. It underscores the importance of maintaining a repurchase program. Furthermore, United's stock remains undervalued, and we believe a repurchase program is one of several effective uses of capital. We anticipate being back in the market very soon."

Unrealized gains and losses are not included in regulatory capital calculations. As of March 31, 2026, United's tier one leverage ratio, common equity tier one capital ratio and equity to total assets were approximately 19.4%, 14.8% and 18.8%.

### Operating Results

Interest and fees on loans of \$14.2 million were approximately the same for the first quarter of 2025 and 2026. In 2026, investment income increased a modest \$72,016 or 2.6% to \$2.8 million. Lower federal funds rates reduced other interest income by \$174,479 or 12.1% to \$1.3 million in the first three months of 2026. Year-to-date interest income was \$18.3 million, \$100,665 or 0.5% less than the same period last year.

Total interest expense for the first quarter of 2026 was \$4.0 million, which was \$301,313 more than the same quarter last year. Interest expense appears to have peaked in third quarter of 2025 at \$4.2 million and has moderated in the subsequent quarters.

Year to date earning asset yields were 5.52% as compared to 5.69% for the same period last year. The lower yields are the direct impact of lower federal funds rate. In the same comparison, the yield on interest bearing liabilities was 2.3% and unchanged between the quarters. Year-over-year cost of funds increased 5 bps to 1.38% to produce a net interest margin of 4.33%, a 23 bps decline from the first quarter of 2025.

For the three months ended March 31, 2026, noninterest income totaled \$5.1 million, which was \$955,125 or 23.1% more than same period in 2025. United received \$1.5 million New Markets Tax Credit (NMTC) unwind fee in the first quarter of 2026. Additionally, UBCD closed two NMTC transactions generating \$800,000 in fee income, which was \$200,000 less than the same period last year.

Year-to-date non-interest expense for 2026 totaled \$11.5 million as compared to \$9.9 million for the same period last year, an increase of \$1.5 million or 15.5%. 2026 expense included a \$500,000 donation that received a one-for-one state tax credit benefit. Excluding the donation, 2026 noninterest expense would have been \$10.9 million, an increase of \$1.1 million or 10.4%. Salaries and benefits represent approximately \$734,132. In anticipation of future growth, United has added staff in key areas such as IT, compliance and operations. Other noninterest expense was \$4.7 million for the quarter ended March 31, 2026, an increase of \$956,933 from the same period in 2025. This includes the donation mentioned above and increased IT expenses of \$250,000.

"We recognize that IT and people expenses are higher and do not expect this trend to continue. We need to grow into what we have. We also recognized that to grow our balance sheet we needed efficient and more robust technology. We invested heavily in a new partnership culminating in our core conversion in 2025," said CEO Mike Vincent.

### Credit Quality

As of March 31, 2026, nonaccrual loans and nonperforming assets were \$15.8 million and \$18.1 million, respectively. Nonaccrual loans increased by \$264,943 or 1.7% from the previous quarter and \$2.8 million or 21.2% from the prior year. Likewise, nonperforming assets increased by \$2.8 million or 18.5% from the previous quarter and \$361,717 or 2.0% from the prior year. Four relationships total approximately 72.0% of nonaccruals and they are all in various stages of resolution.

United will host a conference call on May 13, 2026, at 10:00 am (CST) to discuss the first quarter 2026 performance. To register for the conference call:

[https://unitedbank.zoom.us/webinar/register/WN\\_wmBP0vjdQwO2I3-8p8TkZQ](https://unitedbank.zoom.us/webinar/register/WN_wmBP0vjdQwO2I3-8p8TkZQ)

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About United Bancorporation of Alabama, Inc.

United Bancorporation of Alabama, Inc. (OTCQX: UBAB) is a \$1.5 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 19 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)**

	<u>March 31</u> <u>2026</u>	<u>March 31</u> <u>2025</u>
<b><u>Assets</u></b>		
Cash and due from banks	\$ 45,377,980	\$ 33,721,072
Interest-bearing deposits in banks	75,380,361	105,236,388
Federal funds sold	8,275,000	20,950,000
Securities purchased under agreements to resell	50,344,397	-
Cash and short-term investments	179,377,738	159,907,460
Investment in subsidiaries	1,666,675	1,495,604
Securities available for sale, at fair value (amortized cost of \$326,823,273 and \$314,118,747 at March 31, 2026 and 2025, respectively)	301,466,426	284,532,996
Securities held to maturity, at amortized cost (fair value of \$2,428,084 and \$3,596,055 at March 31, 2026 and 2025, respectively)	2,455,000	3,632,385
	303,921,426	288,165,381
Restricted equity securities, at cost	2,216,129	2,176,353
Loans held for investment	902,042,501	882,374,744
Less: Allowance for credit losses	12,367,806	14,655,427
Loans, net	889,674,695	867,719,317
NMTC Sub-CDE QLICI Loans	3,465,000	3,465,000
Premises and equipment, net	16,218,988	16,704,123
Interest receivable	9,473,680	8,948,625
Bank owned life insurance	25,932,873	25,170,823
Other real estate owned, net	1,261,060	789,304
Core deposit intangible	357,848	424,952
Goodwill	6,516,169	6,516,169
Other assets	17,791,903	19,557,760
	1,457,874,184	1,401,040,871
<b><u>Liabilities and Stockholders' Equity</u></b>		
Deposits		
Noninterest-bearing	\$ 457,112,350	\$ 456,946,353
Interest-bearing	689,219,628	629,507,474
Total deposits	1,146,331,978	1,086,453,827
Interest payable	1,395,753	1,091,928
Other borrowings	29,932,792	33,656,225
Allowance for credit losses on off-balance sheet credit exposures	683,307	683,307
Accrued expenses and other liabilities	5,687,571	4,965,063
<b>Total liabilities</b>	1,184,031,401	1,126,850,350
Stockholders' equity		
Preferred stock, par value of \$1,000. Authorized 250,000 shares; 123,750 shares issued, in 2026 and 2025	123,750,000	123,750,000
Class A common stock, par value \$0.01. Authorized 5,000,000 shares; 3,054,880 and 3,374,467 issued; 3,054,880 and 3,374,467 shares outstanding in 2026 and 2025, respectively	30,549	33,745
Class B common stock, par value \$0.01. Authorized 250,000 shares; no shares issued	-	-
Additional paid-in capital	16,967,254	22,762,005
Retained earnings	152,357,909	150,069,868
Accumulated other comprehensive loss, net of tax	(19,017,630)	(22,189,307)
	274,088,082	274,426,311
Less unvested restricted stock	245,299	235,790
<b>Total stockholders' equity</b>	273,842,783	274,190,521
<b>Total liabilities and stockholders' equity</b>	\$ 1,457,874,184	\$ 1,401,040,871

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

	<b>Three Months Ended</b>	
	<b>March 31</b>	
	<b>2026</b>	<b>2025</b>
<b>Interest income:</b>		
Interest and fees on loans	\$ 14,236,760	\$ 14,219,228
Interest on investment securities:		
Taxable securities	2,620,345	2,574,788
Nontaxable securities	172,407	145,948
Total investment income	<u>2,792,752</u>	<u>2,720,736</u>
Other interest income	<u>1,270,151</u>	<u>1,444,630</u>
<b>Total interest income</b>	<u>18,299,663</u>	<u>18,384,594</u>
<b>Interest expense:</b>		
Interest on deposits	3,842,372	3,519,528
Interest on other borrowed funds	181,690	187,487
<b>Total interest expense</b>	<u>4,024,062</u>	<u>3,707,015</u>
<b>Net interest income</b>	14,275,601	14,677,579
<b>Provision for credit losses</b>	<u>624,581</u>	<u>2,004,250</u>
<b>Net interest income after provision for credit losses</b>	<u>13,651,020</u>	<u>12,673,329</u>
<b>Noninterest income:</b>		
Service charges and fees	1,873,743	1,975,079
CDFI award income	-	-
New market tax credit sub-allocation and placement fees	800,000	1,000,000
Consulting and asset management fees	1,467,635	121,876
Investment securities gains (losses), net	56,277	-
Mortgage loan and related fees	5,919	6,221
Other	893,633	1,036,219
<b>Total noninterest income</b>	<u>5,097,207</u>	<u>4,139,395</u>
<b>Noninterest expense:</b>		
Salaries and benefits	5,891,320	5,157,188
Net occupancy expense	879,291	1,035,708
Other	4,694,058	3,734,438
<b>Total noninterest expense</b>	<u>11,464,669</u>	<u>9,927,334</u>
<b>Income before income tax expense</b>	7,283,558	6,885,390
<b>Income tax expense</b>	<u>1,171,581</u>	<u>1,489,635</u>
<b>Net income</b>	6,111,977	5,395,755
<b>Preferred Stock Dividends</b>	<u>(618,750)</u>	<u>(618,750)</u>
<b>Net income available to common shareholders</b>	<u>\$ 5,493,227</u>	<u>\$ 4,777,005</u>
Basic earnings per common share	\$ 1.80	\$ 1.42
Basic weighted-average shares outstanding	3,057,443	3,373,796
Diluted earnings per common share	\$ 1.80	\$ 1.42
Diluted weighted-average shares outstanding	3,057,443	3,373,796
Cash dividend declared per share	<u>\$ -</u>	<u>\$ -</u>

**Quarterly Comparison**

	<b>3/31/2026</b>	<b>12/31/2025</b>	<b>9/30/2025</b>	<b>6/30/2025</b>	<b>3/31/2025</b>
<b>Equity</b>					
Tier One Leverage	19.38%	19.22%	19.90%	19.83%	20.20%
Tier One Capital	26.06%	25.69%	26.55%	27.30%	27.94%
Equity to Total Assets	18.78%	18.58%	19.38%	19.13%	19.57%
<b>At Month End</b>					
Loans, held for investment	902,042,501	892,398,714	903,145,209	890,847,298	882,374,744
Total Deposits	1,146,331,978	1,136,926,108	1,109,643,106	1,107,978,238	1,086,453,827
Total Assets	1,457,874,184	1,451,810,356	1,426,536,343	1,423,659,650	1,401,037,001
<b>Earnings &amp; Performance Ratios</b>					
Net Income	5,493,227	3,656,112	4,210,167	4,554,814	4,777,005
Net Interest Margin	4.33%	4.40%	4.58%	4.64%	4.56%
Return on Average Tangible Common Equity	15.96%	11.06%	12.74%	13.79%	14.46%
Return on Average Assets	1.70%	1.18%	1.45%	1.46%	1.55%
Earnings per Share	1.80	1.15	1.29	1.36	1.42
Weighted Avg Shares Outstanding	3,057,443	3,184,640	3,256,670	3,350,311	3,373,796