United Bancorporation of Alabama, Inc.

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For Immediate Release

United Bancorporation of Alabama, Inc. Announces Second 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 second quarter ended June 30, 2026.

United Bancorporation of Alabama, Inc. ("United") reported net income of $11.3 million for the six months ended June 30, 2026, compared to net income of $9.3 million for the same period last year, representing an approximate 21.5% increase. Earnings per share for the six-month period were $3.71 compared to $2.78 for the same period in 2025, an improvement of approximately 33.1%. Net income for the three months ended June 30, 2026, was $5.8 million as compared to $4.6 million for the second quarter of 2025, an increase of 26.1%. Earnings per share for the three-month period were $1.91 versus $1.36 for the same period in 2025, a 40.4% increase.

A semiannual dividend of $0.71 per share was declared for stockholders of record as of June 30, 2026.

Michael R. Vincent, President and Chief Executive Officer of United, made the following statement:

> "The meaningful net income and earnings per share growth we delivered in the second quarter and the first half of the year reflects our continued execution towards achieving top tier profitability.
>
> United is well positioned to generate long-term stockholder value, given our stable core deposit base, more than three years of loan growth, six consecutive quarters of deposit growth, and strong community development platforms.
>
> We have also maintained a robust and stable net interest margin – a hallmark of our performance for 13 consecutive quarters. Further, our participation in the U.S. Department of the Treasury's Emergency Capital Investment Program (ECIP) provides a unique capital foundation to accelerate lending in underserved and low-income communities. United's efficiency ratio ranks us in the 75th percentile relative to ECIP peers and the 92nd percentile relative to our Alabama and Mississippi peers, as of Q1 2026.
>
> Our Board of Directors (the "Board") takes a highly disciplined view of capital allocation that balances returning funds to stockholders, reinvesting in our operations, and being able to act nimbly if and when opportunities arise for inorganic growth. The Board takes very seriously its responsibility to be a good steward of capital and carefully evaluates any potential acquisition to ensure it is truly value-additive and in the best interests of stockholders. Additionally, we have returned more than $41.6 million to stockholders over the past two years through share repurchases and dividends, demonstrating our confidence in United's long-term value, and we continue to make smart investments in the business.
>
> United will remain transparent about the steps we are taking to drive loan and deposit growth and enhance profitability. We look forward to continued constructive engagement with our stockholders and appreciate their investment in the Company."

Balance Sheet

United's total assets of $1.5 billion as of June 30, 2026, increased by $62.7 million or 4.4% from the prior year.

Cash and short-term investments totaled $166.0 million, which was $13.3 million or 7.4% less than the prior quarter and $2.8 million or 1.7% less than the same period last year. Cash and cash equivalents to total assets ratio was 11.7%, a decline of 0.6% from the previous quarter. Securities totaled $305.2 million, an increase of $16.2 million or 5.6% since June 2025.

Total loans held for investment as of June 30, 2026, were $940.3 million compared to $890.8 million as of June 30, 2025, representing an increase of $49.4 million or 5.6%. Growth was led by multifamily construction, but commercial real estate and consumer lending also picked up during the quarter.

The year-to-date provision was $734,605 and includes the second quarter provision of $110,024. As a result, the allowance for credit losses (ACL) was $12.4 million, unchanged from the prior period and $297,164 more than the same period last year. The allowance to loans coverage ratio was 1.32%.

As of June 30, 2026, deposits totaled $1.2 billion, a $60.1 million or 5.4% increase over the same period last year. The growth occurred primarily in interest bearing accounts. Although during the second quarter, noninterest bearing deposits grew by $21.7 million or 1.9% mostly due to a New Markets Tax Credit (NMTC) related relationship.

Other borrowings, which include FHLB advances and USDA Community Facility Relending funds, decreased $2.8 million to $30.5 million due to loan pay offs under the USDA program.

In May 2026, United purchased an additional $2.75 million in Bank Owned Life Insurance (BOLI), bringing the total BOLI investment to $28.9 million. Deferred tax assets contributed to the $1.6 million decline in other assets.

Capital

Year over year, total stockholders' equity increased by $4.6 million or 1.7% to $276.9 million. Equity increased $3.1 million or 1.1% from the prior quarter. Total equity includes $123.75 million of preferred stock issued under the ECIP, which carries a 2.0% dividend.

As of June 30, 2026, United's unrealized loss position in available-for-sale securities (AFS), which is included in other comprehensive loss and impacts equity, totaled $19.4 million, a decrease of $2.2 million or 10.4% from June 30, 2025.

Unrealized gains and losses are not included in regulatory capital calculations. As of June 30, 2026, United's tier one leverage ratio, common equity tier one capital ratio and equity to total assets were approximately 19.5%, 14.6% and 18.6%, respectively. United believes that its current capital position provides flexibility to support organic growth initiatives, prudent share repurchases and strategic opportunities as they arise. United's capital deployment strategy of repurchasing shares generated a modest decline in all three ratios when compared to June 30, 2025, consistent with United's approach of optimizing and leveraging resources to return capital to stockholders, while maintaining appropriate capital levels.

United repurchased 8,500 shares of stock during the quarter at a weighted average price of $54.80. Since initiating a repurchase program in 2020, United has repurchased a total of 731,382 shares with 47.0% being purchased in the last 18 months.

Operating Results

Year-to-date interest and fees on loans totaled $29.6 million, including $668,235 in recovered interest during the second quarter, which was $533,249 or 1.8% more than the first six months of 2025. Interest and fee income excluding the recovery was $28.9 million as compared to $29.1 million for the first six months of 2025, a decrease of $134,986 or 0.46%. For the same period, investment income increased by $247,819 or 4.6% to $5.7 million. Lower federal funds rates reduced other interest income by $616,340 or 19.7% to $2.5 million in the first six months of 2026 as compared to the same period in 2025. Year-to-date interest income, as reported, was $37.8 million, an increase of $164,728 or 0.4% from the same period last year.

The three months ended June 30, 2026, interest and fees on loans totaled $15.4 million, including recovered interest, which was $531,452 or 3.6% more than the same quarter last year. Interest and fee income excluding the recovery totaled $14.8 million as compared to $14.9 million for the same period last year, a decrease of $136,783 or 1.0%. Total investment income for the quarter increased $175,803 or 6.5% from the same period last year to $2.9 million. Second quarter other interest income was $1.2 million, $441,862 or 26.3% less than the second quarter of 2025. Total reported interest income for the three months ended June 30, 2026, was $19.6 million as compared to $19.3 million for the same period last year, an increase of $265,393 or 1.4%.

Interest expense for the six months ended June 30, 2026 was $8.1 million compared to $7.7 million for the six months ended June 30, 2025, an increase of $472,214 or 6.2%. For the three months ended June 30, 2026 interest expense was $4.1 million, an increase of $170,901 or 4.3% from the same period last year.

Year to date earning asset yield was 5.6% as compared to 5.7% for the same period last year. The lower asset yields are the direct impact of lower federal funds rate. While the yield on interest bearing liabilities remained the same at 2.3% for the two periods. As a result, the cost of funds increased 0.03% to 1.39% to produce a net interest margin of 4.42%, 0.14% less than the same period last year. Excluding the recovered interest, the yield on earning assets was 5.47% and the net interest margin was 4.28%.

For both quarters ended June 30, 2026 and 2025 earning asset and interest-bearing liability yields and the net interest margin were mostly unchanged at 5.8%, 2.3% and 4.6%, respectively. Excluding the recovered interest, the yield on earning assets was 5.6% and the net interest margin was 4.4%, a slight improvement over the prior quarter.

Noninterest income for the first six months of 2026 totaled $9.5 million as compared to $7.5 million for the same period in 2025. Second quarter 2026 noninterest income was $4.4 million, $1.0 million more that in the same period in 2025. The increase in noninterest income stems from $1.5 million NMTC unwind fee recorded in the first quarter of 2026 and $888,000 in consulting fees earned by UBCD in the second quarter. NMTC fees were $340,000 more in the second quarter of 2026 than in the second quarter of 2025.

Year-to-date non-interest expense for 2026 totaled $23.1 million as compared to $21.3 million for the same period last year, an increase of $1.8 million or 8.5%. 2026 other noninterest expense included a $500,000 one-time donation that received a one-for-one state tax credit benefit. Excluding the donation, 2026 noninterest expense was $22.6 million, an increase of $1.3 million or 6.1%. Similarly, without the one-time expense other noninterest expense decreased by $76,147 from the same period last year.

Noninterest expense for the second quarter of 2026 was $11.6 million, an increase of $274,741 or 2.4% over the second quarter of 2025. Salary and benefit expense increased by $679,983 or 11.9% but was partially offset by decreases in occupancy and other noninterest expense. Second quarter of 2026 other noninterest expense was $533,083 or 11.3% less than the second quarter of 2025, due to the ramp up in conversion related expenses. Maintenance and repairs to United's older branch network increased occupancy expense by a modest $127,841 or 13.1% from second quarter of 2025. Compared to the first quarter of 2026, noninterest expense excluding one-time expenses decreased by $317,965 or 2.9%.

Credit Quality

As of June 30, 2026, nonaccrual loans and nonperformance assets were $12.2 million and $14.6 million, respectively. Compared to June 30, 2025, nonaccrual loans increased $3.5 million or 26.6% and nonperforming assets increased by $2.3 million or 14.8%. As mentioned earlier, a nonaccrual loan was successfully resolved during the quarter; nonaccrual loans and nonperforming assets improved by $3.6 million or 23.2% and $3.5 million or 19.7%, respectively from the prior quarter.

United will host a conference call on August 6, 2026, at 10:00 am (CST) to discuss the second quarter 2026 performance. To register for the conference call:

https://unitedbank.zoom.us/webinar/register/WN_v_i2FbmzR_eA9lYJPH518A

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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)

	June 30 2026	June 30 2025
Assets		
Cash and due from banks	$ 48,131,109	$ 36,295,123
Interest-bearing deposits in banks	58,800,472	110,877,897
Federal funds sold	8,275,000	21,675,000
Securities purchased under agreements to resell	50,829,843	-
Cash and short-term investments	166,036,424	168,848,020
Investment in subsidiaries	1,770,900	1,979,655
Securities available for sale, at fair value (amortized cost of $328,591,980 and $314,491,715 at June 30, 2026 and 2025, respectively)	302,768,263	285,674,149
Securities held to maturity, at amortized cost (fair value of $2,433,592 and $3,340,620 at June 30, 2026 and 2025, respectively)	2,455,000	3,380,881
	305,223,263	289,055,030
Restricted equity securities, at cost	2,216,129	2,176,353
Loans held for investment	940,314,737	890,847,298
Less: Allowance for credit losses	12,376,863	12,079,699
Loans, net	927,937,874	878,767,599
NMTC Sub-CDE QLICI Loans	3,465,000	3,465,000
Premises and equipment, net	15,988,213	16,777,707
Interest receivable	9,615,718	9,533,159
Bank owned life insurance	28,893,287	25,352,766
Other real estate owned, net	1,261,060	2,013,553
Core deposit intangible	341,072	408,176
Goodwill	6,516,169	6,516,169
Other assets	17,110,675	18,766,463
Total assets	$ 1,486,375,784	$ 1,423,659,650
Liabilities and Stockholders' Equity		
Deposits		
Noninterest-bearing	$ 473,928,520	$ 457,368,727
Interest-bearing	694,144,497	650,609,511
Total deposits	1,168,073,017	1,107,978,238
Interest payable	1,412,494	1,241,617
Other borrowings	30,528,520	33,339,676
Allowance for credit losses on off-balance sheet credit exposures	683,307	683,307
Accrued expenses and other liabilities	8,730,106	8,098,868
Total liabilities	1,209,427,444	1,151,341,706
Stockholders' equity		
Preferred stock, par value of $1,000. Authorized 250,000 shares; 123,750 shares issued and outstanding in 2026 and 2025	123,750,000	123,750,000
Class A common stock, par value $0.01. Authorized 5,000,000 shares; 3,055,357 and 3,288,213 issued; 3,055,357 and 3,288,213 shares outstanding in 2026 and 2025, respectively	30,554	32,867
Class B common stock, par value $0.01. Authorized 250,000 shares; no shares issued	-	-
Additional paid-in capital	17,296,505	20,246,077
Retained earnings	155,715,902	150,347,142
Accumulated other comprehensive loss, net of tax	(19,367,783)	(21,613,168)
	277,425,178	272,762,918
Less unvested restricted stock	476,838	444,974
Total stockholders' equity	276,948,340	272,317,944
Total liabilities and stockholders' equity	$ 1,486,375,784	$ 1,423,659,650

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

	Three Months Ended June 30		Six Months Ended June 30	
	2026	2025	2026	2025
Interest income				
Interest and fees on loans	$ 15,427,280	$ 14,895,828	$ 29,632,367	$ 29,099,118
Interest on investment securities:				
Taxable securities	2,709,093	2,566,061	5,329,438	5,140,849
Nontaxable securities	180,971	148,200	353,378	294,148
Total investment income	2,890,064	2,714,261	5,682,816	5,434,997
Other interest income	1,235,881	1,677,743	2,506,032	3,122,372
Total interest income	19,553,225	19,287,832	37,821,215	37,656,487
Interest expense				
Interest on deposits	3,954,426	3,766,743	7,796,796	7,286,271
Interest on other borrowed funds	186,984	203,766	337,002	375,313
Total interest expense	4,141,410	3,970,509	8,133,798	7,661,584
Net interest income	15,411,815	15,317,323	29,687,417	29,994,903
Provision for credit losses	110,024	954,250	734,605	2,958,500
Net interest income after provision for credit losses	15,301,791	14,363,073	28,952,812	27,036,403
Noninterest income				
Service charges and fees	1,881,538	2,039,618	3,755,281	4,014,696
CDFI award income	-	-	-	-
New market tax credit sub-allocation and placement fees	760,000	420,000	1,560,000	1,420,000
Consulting and asset management fees	888,000	-	1,315,015	121,876
Investment securities gains (losses), net	-	-	56,277	-
Mortgage loan and related fees	16,679	-	22,598	3,977
Other	861,158	902,844	2,788,378	1,938,619
Total noninterest income	4,407,375	3,362,462	9,497,549	7,499,168
Noninterest expense				
Salaries and benefits	6,354,691	5,674,708	12,246,011	10,831,895
Net occupancy expense	1,101,843	974,002	1,981,135	2,009,710
Other	4,187,483	4,720,566	8,876,167	8,452,315
Total noninterest expense	11,644,017	11,369,276	23,103,313	21,293,920
Income before income tax expense	8,065,149	6,356,258	15,347,048	13,241,651
Income tax expense	1,603,360	1,182,694	2,774,942	2,672,332
Net income	6,461,789	5,173,564	12,572,106	10,569,319
Preferred stock dividends	(618,750)	(618,750)	(1,237,500)	(1,237,500)
Net income available to common shareholders	$ 5,843,039	$ 4,554,814	$ 11,334,606	$ 9,331,819
Basic earnings per common share	$ 1.91	$ 1.36	$ 3.71	$ 2.78
Basic weighted-average shares outstanding	3,059,667	3,350,311	3,058,561	3,361,988
Diluted earnings per common share	$ 1.91	$ 1.36	$ 3.71	$ 2.78
Diluted weighted-average shares outstanding	3,059,667	3,350,311	3,058,561	3,361,988
Cash dividend declared per share	$ 0.71	$ 0.70	$ 0.71	$ 0.70

United Bancorporation of Alabama, Inc.

Quarterly Comparison

	6/30/2026	3/31/2026	12/31/2025	9/30/2025	6/30/2025
Capital					
Tier One Leverage	19.52%	19.38%	19.22%	19.90%	19.83%
Tier One Capital	25.58%	26.06%	25.69%	26.55%	27.30%
Equity to Total Assets	18.63%	18.78%	18.58%	19.38%	19.13%
Balance Sheet					
Loans, held for investment	940,314,737	902,042,501	892,398,714	903,145,209	890,847,298
Total Deposits	1,168,073,017	1,146,331,978	1,136,926,108	1,109,643,106	1,107,978,238
Total Assets	1,486,375,784	1,457,874,184	1,451,788,698	1,426,536,343	1,423,659,650
Earnings					
Net Interest Income	15,411,815	14,275,601	14,804,069	15,267,022	15,317,323
Provision for Credit Losses	110,024	624,581	308,500	775,000	954,250
Noninterest Income	4,407,375	5,097,207	2,764,114	3,458,249	3,359,774
Noninterest Expense	11,644,017	11,464,669	11,906,174	11,832,487	11,366,589
Net Income	5,843,039	5,493,227	3,656,112	4,210,167	4,554,814
Net Interest Margin	4.59%	4.33%	4.40%	4.58%	4.64%
Per Share Data					
Return on Average Tangible Common Equity	16.14%	15.57%	10.27%	11.72%	12.77%
Return on Average Assets	1.77%	1.70%	1.18%	1.45%	1.46%
Earnings per Share	1.91	1.80	1.15	1.29	1.36
Weighted Avg Shares Outstanding	3,059,667	3,057,443	3,184,640	3,256,670	3,350,311