United Bancorporation of Alabama, Inc.

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For Immediate Release

United Bancorporation of Alabama, Inc. Announces Third 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 third quarter ended September 30, 2026.

United Bancorporation of Alabama, Inc. ("United") reported net income of $16.0 million for the nine months ended September 30, 2026, compared to net income of $13.5 million for the same period last year, representing an approximate 18.2% increase. Earnings per share for the nine-month period were $5.23 compared to $4.07 for the same period in 2025, an improvement of approximately 28.6%. Net income for the three months ended September 30, 2026, was $4.7 million as compared to $4.2 million for the third quarter of 2025, an increase of 10.9%. Earnings per share for the three-month period were $1.53 versus $1.29 for the same period in 2025, an 18.0% increase.

Michael R. Vincent, President and Chief Executive Officer of United, said: "We continued to build positive momentum in the third quarter, with year-over-year growth in net income and earnings per share. Our core deposit base remained stable, while loan growth accelerated in the third quarter. Notably, we marked our 14th consecutive quarter of consistent net interest margin performance. We will continue to focus on increasing profitability and taking steps to create value for all of our stockholders."

Balance Sheet

United's total assets of $1.5 billion as of September 30, 2026, increased by $58.8 million or 4.1% from the prior year.

Cash and short-term investments totaled $108.1 million, which was $51.1 million or 32.1% less than the same period last year. Cash and cash equivalents to total assets ratio was 7.3%, a decline of 3.9% from the same period last year. During the third quarter, cash was converted to loans, funding $77.2 million in growth.

Total loans held for investment as of September 30, 2026, were $1.0 billion compared to $903.1 million as of September 30, 2025, representing an increase of $114.3 million or 12.7%. 2026 year to date loan growth was $123.7 million or 14.0%. All loan categories grew during the period, but multifamily construction experienced the largest increase.

The year-to-date provision was $1.6 million, including the third quarter provision of $907,522. As a result, the allowance for credit losses (ACL) was $13.2 million, which was $1.3 million more than the same period last year. The allowance to loans coverage ratio was 1.3%.

Securities totaled $283.8 million, a decrease of $7.7 million or 2.6% since September 30, 2025.

As the sole investor in a New Market Tax Credit (NMTC) transaction, the $3.5 million Sub CDE QLICI loan was consolidated into United's financial statements. The seven-year compliance period ended, and the transaction unwound in September 2026.

During the quarter, United foreclosed on a property, which increased other real estate by $1.2 million or 88.0% to $2.5 million.

In May 2026, United purchased an additional $2.75 million in Bank Owned Life Insurance (BOLI), bringing the total BOLI investment to $29.1 million. Deferred tax assets on available-for-sale securities contributed to the $2.7 million increase in other assets.

As of September 30, 2026, deposits totaled $1.2 billion, a $66.5 million or 6.0% increase over the same period last year. The growth occurred in both non-interest and interest-bearing accounts.

Other borrowings, which include FHLB advances and USDA Community Facility Relending funds, decreased $2.9 million to $27.7 million due to loan pay offs under the USDA program.

Capital

Total equity includes $123.75 million of preferred stock issued under the ECIP, which carries a 2.0% dividend. Year over year, total stockholders' equity decreased by $4.3 million or 1.5% to $272.6 million. It also decreased $4.4 million or 1.6% from the prior quarter. Unrealized losses in available-for-sale securities (AFS) increased the accumulated other comprehensive loss by $10.2 million or 53.6% and reduced equity as well.

Unrealized gains and losses are not included in regulatory capital calculations. As of September 30, 2026, United's tier one leverage ratio, common equity tier one capital ratio and equity to total assets were approximately 19.4%, 14.1% and 18.3%, respectively. United believes that its current capital position provides flexibility to support organic growth initiatives, prudent share repurchases and strategic opportunities as they arise.

Operating Results

Year-to-date interest and fees on loans totaled $45.9 million, which was $1.5 million or 3.4% more than the first nine months of 2025. For the same period, investment income increased by $215,757 or 2.6% to $8.5 million. Other interest income of $3.6 million was $924,803 or 20.6% less than the same period in 2025. The difference was driven by lower cash balances and federal funds rate. Total interest income for the nine months ended September 30, 2026, was $57.9 million as compared to $57.1 million for the same period last year, an increase of $793,853 or 1.4%.

2026 year to date earning asset yield was 5.6% as compared to 5.7% for the first nine months of 2025. Similarly, the yield on interest bearing liabilities decreased 0.10% in the same nine-month comparison. The cost of funds was 1.4% for both periods and the 2026 net interest margin of 4.4% was 0.11% less than the same period last year.

The three months ended September 30, 2026, interest and fees on loans totaled $16.3 million, which was $964,860 or 6.3% more than the same quarter last year and $833,045 or 5.4% more than the prior quarter. Total investment income for the quarter slightly decreased by $32,062 or 1.1%. Third quarter other interest income was $1.1 million, $308,971 or 22.7% less than the third quarter of 2025. Total interest income for the three months ended September 30, 2026, was $20.1 million as compared to $19.5 million for the same period last year, an increase of $623,827 or 3.2%.

The earning asset yield for the quarter ended September 30, 2026, was 5.7%, 0.10% less than the same quarter last year. For the same periods, interest-bearing liability yields also decreased by approximately 0.10%, resulting in a third quarter 2026 yield of 2.4%. The cost of funds for the third quarter of 2026 was 1.4% as compared to 1.5% for the same period in 2025. For the quarter ended September 30, 2026 the net interest margin was 4.5%, a decrease of 0.04% from the quarter ended September 30, 2025.

Noninterest income for the first nine months of 2026 totaled $13.1 million as compared to $10.9 million for the same period in 2025. The $2.2 million 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. Third quarter 2026 noninterest income totaled $3.6 million, an increase of $134,904 or 3.9% from the same period in 2025. NMTC fees were $160,000 more in the third quarter of 2026 than in the third quarter of 2025.

Year-to-date non-interest expense for 2026 totaled $34.9 million as compared to $33.1 million for the same period last year, an increase of $1.8 million or 5.6%. 2026 other noninterest expense of $13.3 million included a $500,000 one-time donation that received a one-for-one state tax credit benefit. Excluding the donation, 2026 noninterest expense was $34.4 million, an increase of $1.3 million or 4.1%; and other noninterest expense was $12.8 million, a decrease of $793,705 or 5.8% from the same period last year.

Third quarter noninterest expense for 2025 and 2026 were both $11.8 million. Salary and benefit expense increased by $761,122 or 13.5%. The salary increase was offset by $777,420 decrease in other noninterest expense. The

higher third quarter 2025 other noninterest expense included conversion related expenses. Maintenance and repair expense totaled $977,667 for third quarter 2026, an increase of less than 1.0% from the same quarter last year.

Credit Quality

As of September 30, 2026, nonaccrual loans and nonperforming assets were $11.5 million and $15.2 million, respectively. Compared to September 30, 2025, nonaccrual loans increased $3.9 million or 30.1% and nonperforming assets increased by $5.3 million or 34.8%. Despite nonaccrual loans increasing year over year, they did decrease by $698,000 from the prior quarter. Since September 30, 2025, modifications to borrowers experiencing financial difficulty increased $583,629 and other real estate increased $1.2 million. As a result, nonperforming assets represent 1.0% of total assets.

United will host a conference call on November 4, 2026, at 10:00 am (CST) to discuss the third quarter 2026 performance. To register for the conference call:

https://unitedbank.zoom.us/webinar/register/WN_cziWDuVLRcq7pB8k2ejT2Q

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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)

	September 30 2026	September 30 2025
Assets		
Cash and due from banks	$ 30,733,921	$ 39,228,296
Interest-bearing deposits in banks	15,697,175	111,606,967
Federal funds sold	10,275,000	8,275,000
Securities purchased under agreements to resell	51,348,386	-
Cash and short-term investments	108,054,482	159,110,263
Investment in subsidiaries	2,599,222	1,845,297
Securities available for sale, at fair value (amortized cost of $321,123,618 and $313,911,471 at September 30, 2026 and 2025, respectively)	282,263,545	288,606,174
Securities held to maturity, at amortized cost (fair value of $1,480,075 and $2,882,685 at September 30, 2026 and 2025, respectively)	1,550,000	2,905,000
	283,813,545	291,511,174
Restricted equity securities, at cost	2,115,829	2,176,353
Loans held for investment	1,017,470,977	903,145,209
Less: Allowance for credit losses	13,200,343	11,887,696
Loans, net	1,004,270,634	891,257,513
NMTC Sub-CDE QLICI Loans	-	3,465,000
Premises and equipment, net	15,851,359	16,503,885
Interest receivable	10,475,619	9,870,621
Bank owned life insurance	29,123,764	25,549,089
Other real estate owned, net	2,466,608	1,312,812
Core deposit intangible	324,296	391,400
Goodwill	6,516,169	6,516,169
Other assets	19,707,893	17,026,767
Total assets	$ 1,485,319,420	$ 1,426,536,343
Liabilities and Stockholders' Equity		
Deposits		
Noninterest-bearing	$ 482,463,713	$ 453,087,988
Interest-bearing	693,715,039	656,555,118
Total deposits	1,176,178,752	1,109,643,106
Interest payable	1,426,410	1,451,961
Other borrowings	27,694,752	30,576,393
Allowance for credit losses on off-balance sheet credit exposures	683,307	683,307
Accrued expenses and other liabilities	7,187,103	7,750,778
Total liabilities	1,213,170,324	1,150,105,545
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; 3,059,461 and 3,235,021 issued; 3,059,461 and 3,235,021 shares outstanding in 2026 and 2025, respectively	30,595	32,355
Class B common stock, par value $0.01. Authorized 250,000 shares; no shares issued	-	-
Additional paid-in capital	17,542,294	20,438,057
Retained earnings	160,381,323	151,576,756
Accumulated other comprehensive loss, net of tax	(29,145,053)	(18,978,967)
	272,559,159	276,818,201
Less unvested restricted stock	410,063	387,403
Total stockholders' equity	272,149,096	276,430,798
Total liabilities and stockholders' equity	$ 1,485,319,420	$ 1,426,536,343

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

	Three Months Ended September 30		Nine Months Ended September 30	
	2026	**2025**	**2026**	**2025**
Interest income				
Interest and fees on loans	$ 16,260,525	$ 15,295,665	$ 45,892,892	$ 44,389,993
Interest on investment securities:				
Taxable securities	2,636,669	2,686,100	7,966,107	7,826,949
Nontaxable securities	180,273	162,904	533,651	457,052
Total investment income	2,816,942	2,849,004	8,499,758	8,284,001
Other interest income	1,055,161	1,364,132	3,561,193	4,485,996
Total interest income	20,132,628	19,508,801	57,953,843	57,159,990
Interest expense				
Interest on deposits	4,112,872	4,059,091	11,909,669	11,345,361
Interest on other borrowed funds	171,073	182,688	508,075	558,002
Total interest expense	4,283,945	4,241,779	12,417,744	11,903,363
Net interest income	15,848,683	15,267,022	45,536,099	45,256,627
Provision for credit losses	907,522	775,000	1,642,127	3,733,500
Net interest income after provision for credit losses	14,941,161	14,492,022	43,893,972	41,523,127
Noninterest income				
Service charges and fees	1,920,674	1,870,426	5,675,955	5,889,508
CDFI award income	-	-	-	-
New market tax credit sub-allocation and placement fees	720,000	560,000	2,280,000	1,980,000
Consulting and asset management fees	-	-	2,355,635	121,876
Investment securities gains (losses), net	(13,904)	-	42,373	-
Mortgage loan and related fees	-	-	22,598	3,977
Other	966,383	1,027,823	2,714,143	2,907,416
Total noninterest income	3,593,153	3,458,249	13,090,704	10,902,777
Noninterest expense				
Salaries and benefits	6,421,821	5,660,699	18,667,832	16,492,670
Net occupancy expense	977,667	968,464	2,958,802	2,978,175
Other	4,425,904	5,203,324	13,302,070	13,595,774
Total noninterest expense	11,825,392	11,832,487	34,928,704	33,066,619
Income before income tax expense	6,708,923	6,117,784	22,055,972	19,359,285
Income tax expense	1,421,219	1,288,867	4,196,161	3,961,199
Net income	5,287,704	4,828,917	17,859,811	15,398,086
Preferred stock dividends	(618,750)	(618,750)	(1,856,250)	(1,856,250)
Net income available to common shareholders	$ 4,668,954	$ 4,210,167	$ 16,003,561	$ 13,541,836
Basic earnings per common share	$ 1.53	$ 1.29	$ 5.23	$ 4.07
Basic weighted-average shares outstanding	3,058,792	3,256,670	3,058,639	3,327,021
Diluted earnings per common share	$ 1.53	$ 1.29	$ 5.23	$ 4.07
Diluted weighted-average shares outstanding	3,058,792	3,256,670	3,058,639	3,327,021
Cash dividend declared per share	$ -	$ -	$ 0.71	$ 0.70

United Bancorporation of Alabama, Inc.

Quarterly Comparison

	9/30/2026	6/30/2026	3/31/2026	12/31/2025	9/30/2025
Capital					
Tier One Leverage	19.37%	19.52%	19.38%	19.22%	19.90%
Tier One Capital	24.33%	25.58%	26.06%	25.69%	26.55%
Equity to Total Assets	18.32%	18.63%	18.78%	18.58%	19.38%
Balance Sheet					
Loans, held for investment	1,017,470,977	940,314,737	902,042,501	892,398,714	903,145,209
Total Deposits	1,176,178,752	1,168,073,017	1,146,331,978	1,136,926,108	1,109,643,106
Total Assets	1,485,319,420	1,486,375,784	1,457,874,184	1,451,788,698	1,426,536,343
Earnings					
Net Interest Income	15,848,683	15,411,815	14,275,601	14,804,069	15,267,022
Provision for Credit Losses	907,522	110,024	624,581	308,500	775,000
Noninterest Income	3,593,153	4,407,375	5,097,207	2,764,114	3,458,249
Noninterest Expense	11,825,392	11,644,017	11,464,669	11,906,174	11,832,487
Net Income	4,668,954	5,843,039	5,493,227	3,656,112	4,210,167
Net Interest Margin	4.45%	4.59%	4.33%	4.40%	4.58%
Per Share Data					
Return on Average Tangible Common Equity	12.97%	16.14%	15.57%	10.27%	11.72%
Return on Average Assets	1.40%	1.77%	1.70%	1.18%	1.45%
Earnings per Share	1.53	1.91	1.80	1.15	1.29
Weighted Avg Shares Outstanding	3,058,792	3,059,667	3,057,443	3,184,640	3,256,670