

United Bancorporation of Alabama, Inc.

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For Immediate Release

United Bancorporation of Alabama, Inc. Announces Fourth 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 fourth quarter ended December 31, 2025.

United Bancorporation of Alabama, Inc. ("United") reported net income of \$17.2 million for the twelve months ended December 31, 2025, compared to net income of \$26.9 million for the same period last year. Earnings per share for the twelve-month period were \$5.23 compared to \$7.65 for the same period in 2024. Net income for the three months ended December 31, 2025, was \$3.7 million as compared to \$6.9 million for the fourth quarter of 2024. Earnings per share for the three-month period were \$1.15 versus \$2.00 for the same period in 2024.

Balance Sheet

United's total assets of \$1.45 billion as of December 31, 2025, increased by \$51.1 million or 3.7% from the prior year.

Cash and short-term investments totaled \$187.9 million, which was \$4.9 million or 2.7% more than in the same period last year. Cash and cash equivalents to total assets ratio was 12.9%. Securities totaled \$298.4 million at the end of December.

Total loans held for investment as of December 31, 2025, were \$892.4 million compared to \$871.4 million as of December 31, 2024, representing an increase of \$20.9 million or 2.4%. Growth was led by multifamily construction and commercial real estate.

The allowance for credit losses (ACL) of \$11.7 million as compared to \$12.4 million at the end of 2024. Net charge offs during the quarter totaled \$430,215. The current allowance to loans coverage ratio was 1.32%.

During the year several properties were sold, reducing the other real estate balance to \$1.3 million, which was \$1.6 million or 55.3% less than the same period last year.

Other assets of \$17.6 million were \$5.0 million less than the prior year due to accounts receivable and deferred taxes.

As of December 31, 2025, deposits totaled \$1.1 billion, which is \$46.8 million or 4.3% more than December 31, 2024. Growth occurred primarily in time deposits.

Other borrowings, which include FHLB advances and USDA Community Facility Relending funds, decreased \$3.7 million to \$30.3 million from the same period last year.

Capital

Year over year, total stockholders' equity increased \$4.0 million or 1.5% to \$269.7 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 December 31, 2025, the accumulated other comprehensive loss was \$17.7 million, a decrease of \$7.9 million or 30.8% from December 31, 2024.

During the quarter, United purchased 176,266 shares of stock under the repurchase program.

Unrealized gains and losses are not included in regulatory capital calculations. As of December 31, 2025, United's tier one leverage ratio, common equity tier one capital ratio and equity to total assets were approximately 19.2%, 14.4% and 18.6%.

Operating Results

Year-to-date interest and fees on loans increased \$3.9 million or 7.1% to \$59.2 million over the same period last year. Similarly, investment income increased by \$1.2 million or 12.6% to \$11.0 million. Lower federal funds rates reduced other interest income by \$2.8 million or 32.1% to \$5.9 million for 2025. Total interest income for the year was \$76.2 million, \$2.4 million or 3.2% more than in the same period last year. This was partially offset by higher interest expense of \$16.1 million. As a result, 2025 year to date, net interest income of \$60.0 million was \$597,175 or 1.0% more than last year.

Year to date earning asset yields were 5.75% as compared to 5.66% for the same period last year. Yields were bolstered by investment securities. In the same comparison, yields on interest bearing liabilities were 2.38% as compared to 2.42% for the same period the previous year. Year-over-year cost of funds increased 14 bps to 1.41% to produce a net interest margin of 4.55%. This was a slight decrease from 4.58% margin for 2024.

For the twelve months ended December 31, 2025, noninterest income totaled \$13.7 million, which was \$10.3 million or 42.9% less than same period in 2024. In 2024 United received \$10.3 million in CDFI award income.

Net interest income in the fourth quarter of 2025 and 2024 was relatively flat. Fourth quarter of 2024 included \$1.9 million provision along with \$10.3 million in CDFI award income and \$480,000 in NMTC fees. For the same period in 2025, the provision was \$308,500 and no CDFI award or NMTC income was recorded.

For the quarter ended December 31, 2025, earning asset yield was 5.66%, 9 bps less than in the fourth quarter of 2024. Yields on interest bearing liabilities were 2.42%, which was 8 bps less than the same quarter last year. Time deposit yields continue to trend lower. As a result, the cost of funds for the fourth quarter of 2025 was 1.44% and the net interest margin was 4.44% compared to the cost of funds of 1.36% and net interest margin of 4.60% in the same quarter last year.

Year-to-date non-interest expense was \$44.9 million as compared to \$42.9 million for the same period last year, an increase of \$2.0 million or 4.7%. The annual increase can be attributed primarily to the core conversion and IT infrastructure upgrades in support of the conversion. For the three months ended December 31, 2025, non-interest expense was \$11.9 million as compared to \$13.8 million for the same period last year, a decrease of \$1.9 million or 14.15%. Expenses associated with the 401(k) KSOP unwind caused the difference between the quarters.

Credit Quality

As of December 31, 2025, nonaccrual loans and nonperforming assets were \$15.5 million and \$17.8 million, respectively. Nonperforming assets as a percentage of total assets was 1.23%. Nonaccrual loans increased by \$7.9 million or 105.1% from the previous quarter and \$3.0 million or 24.4% from the prior year. Likewise, nonperforming assets increased by \$7.8 million or 79.4% from the previous quarter and \$619,258 or 3.6% from the prior year.

United will host a conference call on February 11, 2026, at 10:00 am (CST) to discuss the fourth quarter 2025's performance. To register for the conference call:

https://unitedbank.zoom.us/webinar/register/WN_VQRMPCYkTXKo63gipGvuuaA

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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)**

	December 31 2025	December 31 2024
	Unaudited	Audited
<u>Assets</u>		
Cash and due from banks	\$ 62,242,155	\$ 30,386,789
Interest-bearing deposits in banks	92,284,207	126,007,446
Federal funds sold	8,275,000	26,575,000
Securities purchased under agreements to resell	25,087,951	-
Cash and short-term investments	187,889,313	182,969,235
Investment in subsidiaries	1,721,203	1,247,403
Securities available for sale, at fair value (amortized cost of \$319,582,617 and \$298,725,865 at December 31, 2025 and 2024, respectively)	295,926,563	264,551,872
Securities held to maturity, at amortized cost (fair value of \$2,431,567 and \$4,144,827 at December 31, 2025 and 2024, respectively)	2,455,000	4,183,929
	298,381,563	268,735,801
Restricted equity securities, at cost	2,179,629	2,115,953
Loans held for investment	892,398,714	871,416,223
Less: Allowance for credit losses	11,765,980	12,382,575
Loans, net	880,632,734	859,033,648
NMTC Sub-CDE QLICI Loans	3,465,000	3,465,000
Premises and equipment, net	16,353,542	16,585,353
Interest receivable	9,720,164	9,144,905
Bank owned life insurance	25,740,402	24,967,214
Other real estate owned, net	1,271,486	2,841,465
Core deposit intangible	374,624	441,728
Goodwill	6,516,169	6,516,169
Other assets	17,564,527	22,613,837
Total assets	\$ 1,451,810,356	\$ 1,400,677,711
<u>Liabilities and Stockholders' Equity</u>		
Deposits		
Noninterest-bearing	\$ 467,527,460	\$ 473,847,530
Interest-bearing	669,398,648	616,267,643
Total deposits	1,136,926,108	1,090,115,173
Interest payable	1,485,539	1,117,151
Other borrowings	30,279,014	33,967,719
Allowance for credit losses on off-balance sheet credit exposures	683,307	909,341
Accrued expenses and other liabilities	12,703,987	8,862,316
Total liabilities	1,182,077,955	1,134,971,700
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; 3,058,358 and 3,370,693 issued; 3,058,358 and 3,370,693 shares outstanding in 2025 and 2024, respectively	30,584	33,707
Class B common stock, par value \$0.01. Authorized 250,000 shares; no shares issued	-	-
Additional paid-in capital	16,875,974	22,545,038
Retained earnings	147,109,177	145,295,055
Accumulated other comprehensive loss, net of tax	(17,742,036)	(25,630,488)
	270,023,699	265,993,312
Less unvested restricted stock	291,298	287,301
Total stockholders' equity	269,732,401	265,706,011
Total liabilities and stockholders' equity	\$ 1,451,810,356	\$ 1,400,677,711

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

	Three Months Ended December 31		Twelve Months Ended December 31	
	2025	2024	2025	2024
	Unaudited	Unaudited	Unaudited	Audited
Interest income:				
Interest and fees on loans	\$ 14,855,718	\$ 14,460,780	\$ 59,245,711	\$ 55,311,562
Interest on investment securities:				
Taxable securities	2,572,032	2,289,651	10,398,981	8,973,374
Nontaxable securities	174,684	195,065	631,736	825,180
Total investment income	2,746,716	2,484,716	11,030,717	9,798,554
Other interest income	1,400,429	1,756,859	5,886,426	8,665,402
Total interest income	19,002,863	18,702,355	76,162,854	73,775,518
Interest expense:				
Interest on deposits	4,027,589	3,638,554	15,372,951	13,485,362
Interest on other borrowed funds	171,205	181,759	729,210	826,638
Total interest expense	4,198,794	3,820,313	16,102,161	14,312,000
Net interest income	14,804,069	14,882,042	60,060,693	59,463,518
Provision for credit losses	308,500	1,945,000	4,042,000	4,360,000
Net interest income after provision for credit losses	14,495,569	12,937,042	56,018,693	55,103,518
Noninterest income:				
Service charges and fees	1,899,805	2,118,989	7,831,892	7,745,837
CDFI award income	-	#####	-	10,349,017.00
New market tax credit sub-allocation and placement fees	-	480,000	1,980,000	1,620,000
Consulting and asset management fees	-	-	121,876	2,612,600
Investment securities gains (losses), net	-	(3,005,987)	-	(3,043,818)
Mortgage loan and related fees	19,008	14,395	49,634	56,666
Other	845,301	633,986	3,683,488	4,601,201
Total noninterest income	2,764,114	10,590,400	13,666,890	23,941,503
Noninterest expense:				
Salaries and benefits	5,610,107	7,565,457	22,102,777	22,651,218
Net occupancy expense	906,378	1,000,150	3,884,553	4,213,958
Other	5,389,689	5,302,879	18,985,458	16,085,994
Total noninterest expense	11,906,174	13,868,486	44,972,788	42,951,170
Income before income tax expense	5,353,510	9,658,956	24,712,795	36,093,851
Income tax expense	1,078,648	2,129,699	5,039,847	8,090,591
Net income	4,274,862	7,529,257	19,672,948	28,003,260
Preferred Stock Dividends	(618,750)	(618,750)	(2,475,000)	(1,051,875)
Net income available to common shareholders	\$ 3,656,112	\$ 6,910,507	\$ 17,197,948	\$ 26,951,385
Basic earnings per common share	\$ 1.15	\$ 2.00	\$ 5.23	\$ 7.65
Basic weighted-average shares outstanding	3,184,640	3,461,210	3,290,028	3,523,312
Diluted earnings per common share	\$ 1.15	\$ 2.00	\$ 5.23	\$ 7.65
Diluted weighted-average shares outstanding	3,184,640	3,461,210	3,290,028	3,523,312
Cash dividend declared per share	\$ 0.70	\$ 0.60	\$ 1.40	\$ 1.10

Quarterly Comparison

	12/31/2025	9/30/2025	6/30/2025	3/31/2025	12/31/2024
Equity					
Tier One Leverage	19.22%	19.90%	19.83%	20.20%	19.95%
Tier One Capital	25.69%	26.55%	27.30%	27.94%	28.02%
Equity to Total Assets	18.58%	19.38%	19.13%	19.57%	18.97%
At Month End					
Loans, held for investment	892,398,714	903,145,209	890,847,298	882,374,744	871,416,223
Total Deposits	1,136,926,108	1,109,643,106	1,107,978,238	1,086,453,827	1,090,177,557
Total Assets	1,451,810,356	1,426,536,343	1,423,659,650	1,401,037,001	1,400,740,095
Earnings & Performance Ratios					
Net Income	3,656,112	4,210,167	4,554,814	4,777,005	6,910,507
Net Interest Margin	4.40%	4.58%	4.64%	4.56%	4.60%
Return on Average Tangible Common Equity	10.51%	12.11%	13.10%	13.74%	19.88%
Return on Average Assets	1.18%	1.45%	1.46%	1.55%	2.14%
Earnings per Share	1.15	1.29	1.36	1.42	2.00
Weighted Avg Shares Outstanding	3,184,640	3,256,670	3,350,311	3,373,796	3,461,210