

United Bancorporation
of Alabama, Inc.



Committed
to Excellence

2024
ANNUAL REPORT

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At United Bank, excellence isn't just a goal—it's the foundation of everything we do. And at the core of that excellence is our team.

Our people are the driving force behind every success, bringing passion, expertise, and an unwavering commitment to serving our customers and communities.

We foster a culture where collaboration thrives, innovation is encouraged, and every team member is empowered to make a difference. By investing in our employees—through professional growth opportunities, technology, and a supportive workplace—we ensure that excellence is not just a standard, but a shared mindset.

That same dedication extends to the people we serve. We continuously invest in technology to provide seamless, secure, and innovative banking solutions that meet the evolving needs of our customers. But excellence isn't just about banking—it's about strengthening the places we call home. Through community partnerships, financial education, and support for local businesses, we strive to make a lasting impact. Because at United Bank, commitment to excellence means showing up, stepping up, and always moving forward together.

A MESSAGE FROM OUR PRESIDENT, MIKE VINCENT



Mike Vincent
President and CEO

Welcome to United Bancorporation's 2024 Annual Report.

Our story started in 1904 with just \$45,000 in assets and a mission to serve rural farm families. Now, 121 years later, we've grown into a \$1.4 billion community bank, proudly serving individuals, small businesses, commercial clients, farmers and non-profits across our Alabama and Florida markets. While our size and capabilities have evolved, our commitment to people and community remains the core of our mission.

Striving for excellence drives everything we do – from the decisions we make to the actions we take.

By maintaining a disciplined approach, embracing innovation, and staying responsive to the evolving needs of our customers, we continue to drive sustainable growth and financial stability.

Excellence, performance, and strategic investment continue to lead to our success. From providing affordable home and business loans to enhancing digital banking conveniences, we are dedicated to offering comprehensive financial solutions that empower local growth and financial well-being. As a Community Development Financial Institution (CDFI) and through affiliates like UB Community Development (UBCD), we are furthering our mission to expand economic opportunities and strengthen the communities we serve.

This Annual Report outlines our financial performance, the strategic investments fueling our growth, and the steps we are taking to position United Bancorporation for the future.

By building on our solid foundation and embracing innovation, we are not just preparing our next chapter – but shaping it.

Thank you for your trust and partnership as we continue moving forward together.

A handwritten signature in black ink, appearing to read "Mike Vincent", with a stylized flourish at the end.

Mike Vincent, President and CEO

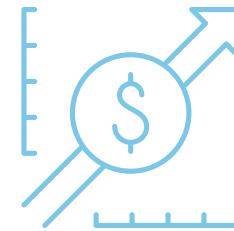
DELIVERING EXCEPTIONAL PERFORMANCE

Committed to Our Shareholders

In 2024, United Bank solidified its position as a top-performing community bank, delivering exceptional financial results and strategic growth that exceeded industry benchmarks.

Financially, we reported a net income of \$26.9 million, with earnings per share of \$7.65. This translates to a return on average assets of 2.02%. This ROA outpaced the community bank average of 1.14% and the industry average of 1.12%, as reported in the FDIC's Fourth Quarter 2024 profile. These results underscore our disciplined management and ability to perform in a challenging economic environment.

Annual stock price appreciation to 37.3%



**\$26.9
MILLION**
NET INCOME



**\$1.4
BILLION**
TOTAL ASSETS

A key milestone was the merger with Town-Country United Bank, completed on September 30, 2024. This expanded our network to 19 full-service branches across Alabama and Florida's panhandle. We also strengthened our capital structure by dissolving our Employee Stock Ownership Plan and repurchasing 197,718 shares for \$10.7 million, reinforcing our commitment to financial discipline and shareholder value.

As a CDFI, we deepened our impact on underserved communities, securing \$10.3 million in program awards and a prestigious \$65 million New Markets Tax Credit allocation through UB Community Development. These resources fund affordable housing, community facilities, and economic development, aligning with our mission to deliver vital financial services where needed the most.

Looking ahead to 2025, we are poised for continued growth and success. Our expanded branch network, combined with our financial strength and strategic initiatives, will allow us to deliver value to shareholders, customers, and the communities we serve, maintaining our leadership among community banks.



**\$10.3
MILLION**
CDFI PROGRAM
AWARDS



**\$65
MILLION**
NEW MARKETS
TAX CREDITS

INVESTMENT IN *Our Team*

PRIORITIZING LEADERSHIP AND CULTURE

Our team is the foundation of our success. In 2024, we strengthened leadership and fostered a culture of continuous learning and professional growth. By investing in experienced leaders and providing development opportunities, we ensure our team is equipped to meet future challenges confidently.

Empowering our team is key to enhancing customer service, driving innovation, and supporting the bank's growth. A collaborative and supportive workplace remains central to our success. We're proud to have earned recognition as a "Best Place to Work," reflecting our commitment to creating a workplace where our team feels valued and inspired to contribute.

Moving forward, our focus remains on attracting and retaining top talent while reinforcing a culture of accountability. This investment in our team will drive long-term success, enabling us to serve our customers better and strengthen the communities we support.



Finalist
Small/Medium Category
(15–249 U.S. Employees)

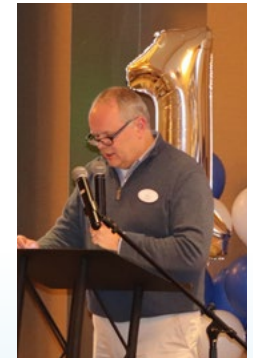


#61 American Banker Magazine
Best Banks to Work For



#48 American Banker Magazine
Top-Performing Banks

Investment in Our Team



INVESTMENT IN *Technology*

ENHANCING CUSTOMER EXPERIENCE

Investing in technology ensures that our digital capabilities complement the personal connections our customers value. This balanced approach empowers us to serve our customers effectively – delivering a seamless, modern banking experience without sacrificing the trust and personalized service that have always set United Bank apart.

In 2024, we conducted extensive research to identify the best ways to enhance our technology infrastructure. This research guided our investment in upgrading our core banking system, a transition that will be completed in Q3 2025. This upgrade will improve efficiency, security, and innovation, positioning us to introduce new products and services that enhance customer experience. Concurrently, we're upgrading our digital banking platform, allowing customers to engage with us in the way that suits them best – whether in-branch, online, or through digital banking.

At the same time, we recognize that technology should enhance, not replace, our real connections with our customers. Our commitment to personal banking remains at the heart of our business.



INVESTMENT IN *Community*

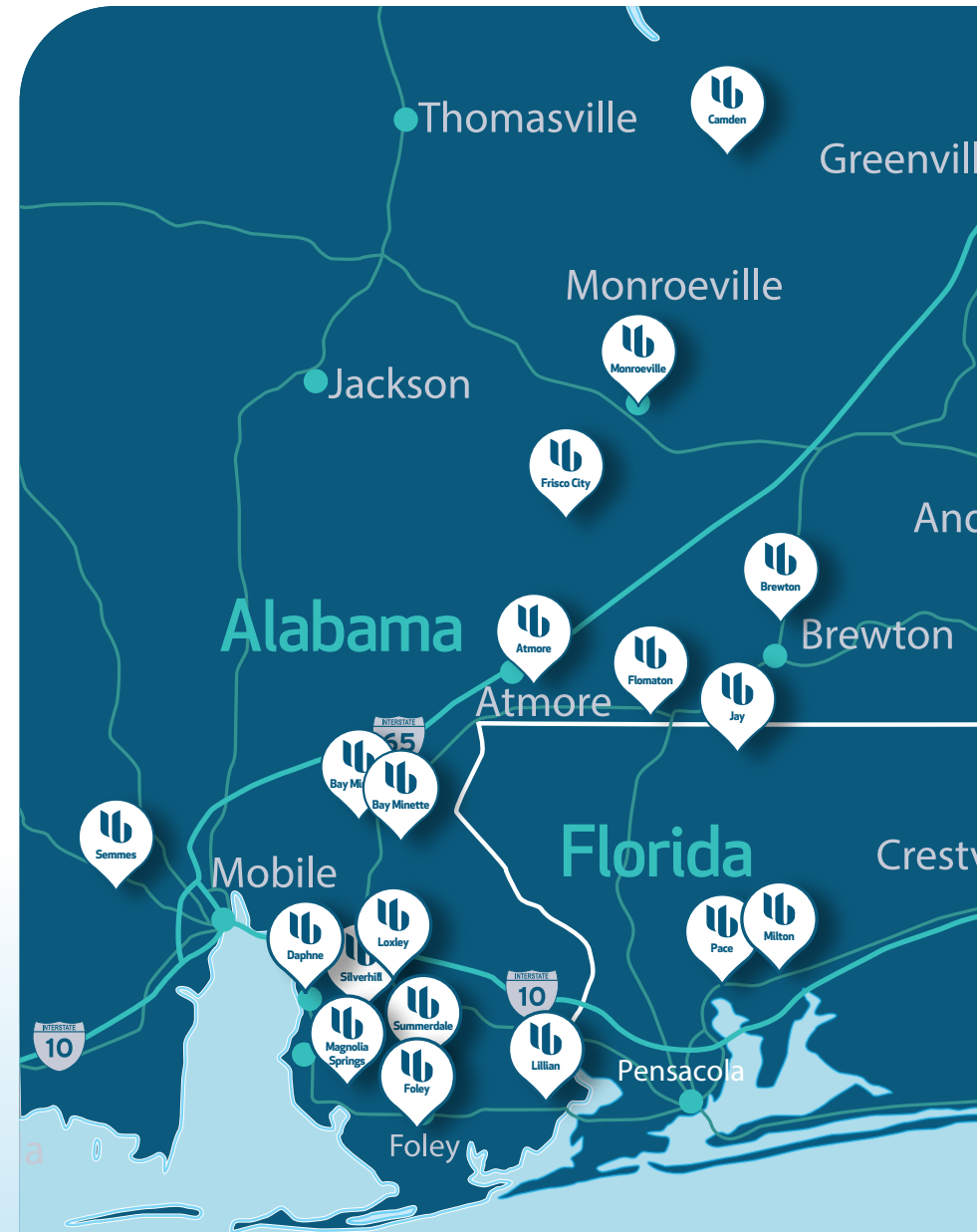
STRENGTHENING LOCAL SERVICE AND IMPACT

United Bank's commitment to our communities is central to our mission, built on over 100 years of supporting local growth and stability. In 2024, we expanded our retail branch network by opening two new branches and integrating the former TCUB branch. These steps improve customer access and convenience, allowing people to bank with us on their terms. More than just infrastructure, these investments strengthen the trust and loyalty we've earned, solidifying our role as a reliable banking partner in Southwest Alabama and Northwest Florida.

As detailed in this report, our impact reaches even further through our CDFI designation and UBCD programs, which boost economic vitality and aid underserved areas. These efforts focus on practical support – funding small businesses, housing, and education – to drive real progress in our regions.

We are also strategic in our approach. As part of our current five-year strategic plan, we targeted investments in two of the fastest-growing counties in the United States – Baldwin County, Alabama, and Santa Rosa County, Florida. By opening new branches and enhancing services in these high-growth areas, we're poised to meet rising demand, support expanding local economies, and position United Bank as the go-to financial partner for residents and businesses.

Our people power these efforts. Over the years, our team, directors, and advisory boards have logged thousands of volunteer hours on projects such as partnering with food insecurity programs, advancing financial literacy, and supporting strategic planning. Together, our branches, programs, and team dedication keep United Bank focused on building strong, thriving communities across our footprint.



BRANCH HIGHLIGHTS



TCUB Full Transition to United Bank Branding

Growth brings opportunity, and as we welcome TCUB fully into the United Bank family, we're excited to bring a new era of banking to its customers. TCUB has been part of UB for a few years, and now, with the transition to the UB brand, customers will gain access to expanded resources, enhanced digital banking, and the same trusted team they've always known—just with a fresh new look.



New Branch in Brewton

In January 2025, we proudly opened our new branch in Brewton, Alabama, expanding our presence and enhancing services for the local community. We're excited to offer personalized banking in a modern, welcoming space for our Brewton customers.



Branch Remodel in Pace

In September 2024, we unveiled the fully remodeled Pace, Florida, branch, enhancing both the space and services we offer to the community. With a modern design and upgraded features, we're excited to continue serving our Pace customers in a refreshed, welcoming environment.



Community Development Financial Institution

MAKING A LASTING IMPACT ACROSS OUR FOOTPRINT

United Bancorporation's CDFI initiatives play a crucial role in promoting economic stability and growth in underserved communities. We believe by investing in local businesses and affordable housing projects, we can provide needed economic development and job creation, which can revitalize the neighborhoods and local economies we serve.

In 2024, United Bancorporation received over \$10.3 million in CDFI awards. These funds play a pivotal role in supporting rural and low-income communities throughout Alabama and the panhandle of Florida. The funds enable us to offer affordable loans and financial education to families and small businesses, allowing them to grow and prosper.

BEA and FA Awards

\$1.349 million

United Bank received \$1.349 million in 2024 for the Bank Enterprise Award (BEA) and for the Financial Assistance (FA) Award.

CMF Awards

\$9 million

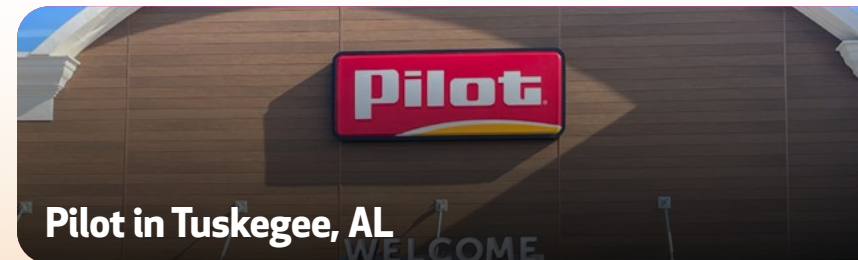
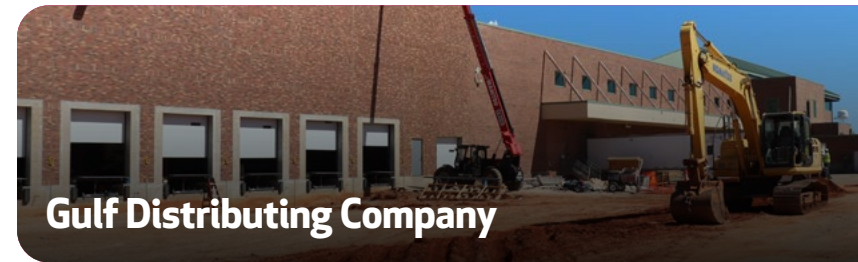
This Capital Magnet Fund (CMF) award increased affordable housing rental options to economically challenged families and senior adults.

UB Community Development

BRINGING MUCH NEEDED FINANCIAL RESOURCES TO COMMUNITIES IN THE SOUTHEAST.

UB Community Development (UBCD) continued our mission to stimulate commercial investment and job creation in targeted communities throughout 2024. We utilized New Markets Tax Credits, Community Facilities Lending, and Community Housing Capital funds to finance projects related to education, healthcare, manufacturing, hospitality, non-profits, community centers, affordable housing, and more.

UBCD's 2024 initiatives aimed to improve social and economic conditions in our communities, with projects having a significant economic impact throughout the Southeast. We funded multi-family community housing, municipal facilities, healthcare facilities, and community facilities during the year.



FEATURED PROJECTS



NMTC

Gulf Distributing Company

Mobile, Alabama

UB Community Development provided \$7 million in NMTC funding to Gulf Distributing Company of Mobile for the acquisition and renovation of the former Mobile Press Register building. The facility will house Gulf Distributing's 257 current employees and create 65 new jobs. Additionally, 75,000 of the 243,000 square feet will be leased to other tenants, bringing more jobs to Downtown Mobile.



\$7,000,000
INVESTED



65
NEW JOBS



CMF

Maryvale Place

Mobile, Alabama

Maryvale Place is a multifamily affordable housing development that was built on the site of the former Mae Eanes Middle School. This modern apartment complex for families has 96 units with one to three bedrooms. The property includes a clubhouse, laundry room, picnic pavilion with grills, and a playground. Maryvale Place brought together numerous community partners who expect the development to serve as a catalyst for revitalization in the surrounding neighborhood.



\$2,750,000
LOANED



96
NEW HOMES



NMTC

Pilot Travel Center

Tuskegee, Alabama

UB Community Development provided \$7 million of New Markets Tax Credits allocation and United Bank provided a loan to facilitate the acquisition and development of the site. The travel center is located at the primary Tuskegee exit on I-85 and includes a convenience store, truck fueling station and restaurant. This investment created 47 new jobs and is part of a larger \$15 million plan to revitalize Tuskegee's 100-acre commerce park.



\$7,000,000
INVESTED



47
NEW JOBS

POSITIVE IMPACT ACROSS OUR FOOTPRINT

COMMUNITY HOUSING CAPITAL



18 NEW PROJECTS
closed in 2024



\$9 MILLION
awarded in 2024



1,159
total apartment
homes

NEW MARKETS TAX CREDITS



\$65 MILLION
allocation award in 2024

COMMUNITY FACILITIES LENDING



\$33.7 MILLION
in loans closed through end of 2024



216 JOBS
created in 2024

2024 FINANCIAL REPORT

United Bancorporation of Alabama, Inc. (“United”) reported net income of \$26.9 million for the twelve months ended December 31, 2024, compared to net income of \$31.5 million for the same period last year. Earnings per share for the twelve-month period were \$7.65 compared to \$8.81 for the same period in 2023.

BALANCE SHEET

United’s total assets of \$1.4 billion as of December 31, 2024, were an increase of \$10.8 million or 0.8% from the prior year.

Cash and short-term investments totaled \$182.9 million, which is a decrease of \$53.4 million or 22.6% from the same period last year. Cash and cash equivalents to total assets ratio was 13.06%. Securities totaled \$270.8 million at the end of December, a decrease of \$2.1 million or 0.8% from December 2023. During the fourth quarter, United restructured the securities portfolio by selling \$52.0 million in bonds with a \$3.0 million loss and reinvesting in higher yielding securities.

Total loans held for investment as of December 31, 2024, were \$871.4 million compared to \$811.9 million as of December 31, 2023, representing an increase of \$59.5 million or 7.3%.



\$1.4
BILLION
TOTAL ASSETS

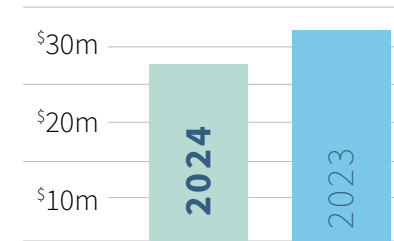
BALANCE SHEET (CONTINUED)

The allowance for credit losses (ACL) of \$12.4 million was \$754,219 more than the prior year. The current allowance to loans coverage ratio was 1.42%.

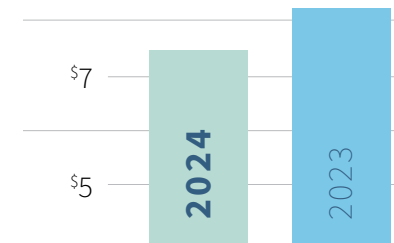
Other real estate of \$2.8 million increased by \$1.7 million over the previous year and includes three bank owned properties and three foreclosed loans. Bank owned life insurance increased by \$2.4 million or 10.8% from the previous year to \$24.9 million.

Deposit growth was flat between 2023 and 2024 with balances totaling \$1.09 billion. Other borrowings of \$33.9 million were \$6.8 million or 16.7% 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.

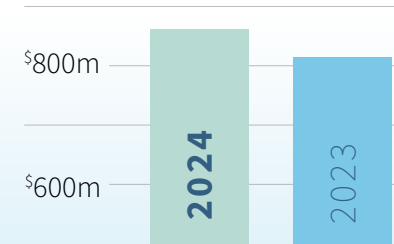
NET INCOME



EARNINGS PER SHARE



TOTAL LOANS



OPERATING RESULTS

Year-to-date through December 31, 2024, net interest income before the provision was \$59.4 million compared to \$58.8 million a year ago, an increase of \$704,193 or 1.2%. Year-to-date interest and fees on loans and income from interest-bearing deposits increased \$6.2 million and \$1.2 million, respectively, over the same period last year. Year-over-year interest expense grew by almost \$6.8 million or 92.7% to \$14.3 million.

Year to date earning asset yield was 5.69%, the yield on interest-bearing liabilities was 2.24%, and cost of funds was 1.28%. For the year ended December 31, 2023, earning asset yield was 5.22%, interest bearing liabilities yield was 1.25%, and the cost of funds was 0.67%. Despite the substantially higher cost of funds, the year-to-date net interest margin of 4.60% is 0.05% less than the same period last year.

Provision for credit losses totaling \$4.3 million is \$3.2 million more than in 2023. The larger provision was due to elevated charge offs in the year.

2024 non-interest income was \$23.9 million as compared to \$21.0 million in 2023. The \$2.9 million year-over-year increase contains \$2.4 million in revenue from the unwind of a NMTC transaction and \$1.4 million debit card conversion incentive bonus. Year-to-date service charges and fees were \$1.1 million or 17.3% more in 2024 than the previous year.

19.95%

TIER ONE
LEVERAGE RATIO

4.60%

NET INTEREST
MARGIN

21.32%

RETURN ON AVERAGE
COMMON EQUITY

OPERATING RESULTS (CONTINUED)

In the fourth quarter United recognized \$10.3 million in CDFI award income (\$9 million in Capital Magnet Fund and \$1.3 million in Financial Assistance). This is \$4.0 million less than the same quarter in 2023 due to the receipt of the one-time Equitable Recovery Program (ERP) award of \$4.9 million.

For the twelve months ended December 31, 2024, non-interest expense was \$42.9 million as compared to \$37.7 million for the same period last year, an increase of \$5.2 million or 13.9%. In the fourth quarter 2024, United recorded \$2.4 million in compensation expense because of the 401(k) ESOP unwind along with deconversion expense of \$295,112.

CAPITAL

Year-over-year, total stockholder's equity increased \$15.8 million to \$265.7 million. This includes \$123.75 million of preferred stock issued under the US Treasury Department's Emergency Capital Investment Program (ECIP).

On November 15, 2024, UBAB repurchased all the shares held by the United Bancorporation of Alabama, Inc. 401(k) Employee Stock Ownership Plan ("ESOP"). The purchase price was \$54.25 per share for a total transaction cost of \$10.7 million, which decreased stockholders' equity. The shares were recorded as authorized and unissued shares. Additionally, the existing 281,974 shares of treasury stock were also reclassified to authorized and unissued shares.

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, 2024, the accumulated other comprehensive loss was \$25.6 million, a decrease of \$203,768 or 0.8% from December 2023.

Unrealized gains and losses are not included in regulatory capital calculations. As of December 31, 2024, United's tier one leverage ratio, tier one capital ratio and equity to total assets were approximately 19.95%, 28.02% and 18.97%.



\$265.7
MILLION
STOCKHOLDER'S
EQUITY



Performance Metrics	12/31/24	12/31/23	12/31/22	12/31/21
Loans, held for investment	\$871,416,223	\$811,947,933	\$722,515,490	\$657,155,493
Total Deposits	\$ 1,090,115,173	\$1,089,852,744	\$1,169,037,804	\$982,730,709
Total Assets	\$1,400,677,711	\$1,389,987,020	\$1,407,236,616	\$1,120,942,816
Net Income	\$26,951,385	\$31,541,135	\$18,684,708	\$18,533,046
Earnings per Share	\$7.65	\$8.81	\$5.11	\$4.87
Net Interest Margin	4.60%	4.65%	3.71%	3.49%
Return on Average Common Equity	21.32%	31.60%	20.27%	16.89%
Tier One Leverage Ratio	19.95%	18.84%	18.00%	9.82%

ASSETS

	December 31, 2024	December 31, 2023
Cash and due from banks	\$30,386,789	\$45,450,436
Interest bearing deposits in banks	126,007,446	175,406,200
Federal funds sold	26,575,000	15,550,000
Cash and short term investments	182,969,235	236,406,636
Investment in subsidiaries	1,247,403	1,724,474
Securities available for sale, at fair value (amortized cost of \$298,725,865 and \$300,498,374 at December 31, 2024 and 2023, respectively)	264,551,872	266,052,697
Securities held to maturity, at amortized cost (fair value of \$4,144,827 and \$4,776,158 at December 31, 2024 and 2023, respectively)	4,183,929	4,796,239
Restricted equity securities, at cost	2,115,953	2,121,353
Loans held for investment	871,416,223	811,947,933
Less: Allowance for credit losses	12,382,575	11,628,356
Loans, net	859,033,648	800,319,577
NMTC Sub-CDE QLICI Loans	3,465,000	3,465,000
Premises and equipment, net	16,585,353	13,839,180
Interest receivable	9,144,905	8,267,365
Bank owned life insurance	24,967,214	22,528,245
Other real estate owned, net	2,841,465	1,100,000
Core deposit intangible	441,728	508,832
Goodwill	6,516,169	6,516,169
Other assets	22,613,837	22,341,253
Total assets	\$1,400,677,711	\$1,389,987,020

United Bancorporation 
of Alabama, Inc.

LIABILITIES

	December 31, 2024	December 31, 2023
Deposits		
Non-interest bearing	\$473,847,530	\$513,760,135
Interest bearing	616,267,643	576,092,609
Total deposits	1,090,115,173	1,089,852,744
Interest Payable	1,117,151	788,250
Other borrowings	33,967,719	40,792,438
Allowance for credit losses on off-balance sheet credit exposures	909,341	909,341
Accrued expenses and other liabilities	8,862,316	9,008,263
Total liabilities	1,134,971,700	\$1,141,351,036

United Bancorporation 
of Alabama, Inc.

STOCKHOLDERS' EQUITY

	December 31, 2024	December 31, 2023
Preferred stock of \$1,000 par value. Authorized 250,000 shares; 123,750 shares issued in 2024 and 2023, respectively	\$123,750,000	\$123,750,000
Class A common stock, \$0.01 par value. Authorized 5,000,000 shares; 3,370,693 and 3,552,740 issued; 3,370,693 and 3,536,055 shares outstanding in 2024 and 2023, respectively	33,707	35,528
Class B common stock, \$0.01 par value. Authorized 250,000 shares; no shares issued	-	-
Additional paid in capital	22,545,038	30,113,859
Retained earnings	145,295,055	122,158,741
Accumulated other comprehensive income (loss), net of tax	(25,630,488)	(25,834,256)
	265,993,312	250,223,872
Less unvested restricted stock and unallocated ESOP shares 66,257 in 2023	287,301	1,587,888
Total stockholders' equity	265,706,011	248,635,984
Total liabilities and stockholders' equity	\$1,400,677,711	\$1,389,987,020

United Bancorporation 
of Alabama, Inc.

CONSOLIDATED STATEMENTS OF INCOME

12 months ended, December 31

INTEREST INCOME

	2024	2023
Interest and fees on loans	\$55,311,562	\$49,137,083
Interest on investment securities		
Taxable	8,973,374	8,662,918
Nontaxable	825,180	918,620
Total investment income	9,798,554	9,581,538
Other interest income	8,665,402	7,468,104
Total interest income	\$73,775,518	\$66,186,725

INTEREST EXPENSE

Interest on deposits	13,485,362	\$6,863,008
Interest on other borrowings and note payable	826,638	564,392
Total interest expense	14,312,000	7,427,400
Net interest income	59,463,518	58,759,325
Provision for credit losses	4,360,000	1,115,294
Net interest income after provision for credit losses	\$55,103,518	\$57,644,031

CONSOLIDATED STATEMENTS OF INCOME (CONTINUED)

	12 months ended, December 31	
	2024	2023
NON-INTEREST INCOME		
Service charges and fees	\$7,745,837	\$6,601,942
CDFI Award Income	10,349,017	15,112,928
New Markets Tax Credit sub-allocation and placement fees	1,620,000	2,466,945
Consulting & Asset Management Fees	2,612,600	525,313
Investment securities gains (losses), net	(3,043,818)	(6,804,110)
Mortgage loan and related fees	56,666	107,765
Other	4,601,205	3,033,541
Total non-interest income	23,941,507	21,044,324
NON-INTEREST EXPENSE		
Salaries and benefits	\$22,651,218	\$19,236,281
Net occupancy expense	4,213,958	3,360,687
Other	16,085,998	15,124,336
Total non-interest expense	42,951,174	37,721,304
Income before income tax expense	36,093,851	40,967,051
Income tax expense	8,090,591	9,425,916
Net income	28,003,260	31,541,135
Preferred stock dividends	(1,051,875)	–
Net income available to common shareholders	\$26,951,385	\$31,541,135
Basic earnings per common share	\$7.65	\$8.81
Basic weighted-average shares outstanding	3,523,312	3,580,793
Diluted earnings per common share	\$7.65	\$8.81
Diluted weighted average shares outstanding	3,523,312	3,580,793

United Bancorporation 
of Alabama, Inc.

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251.446.6000

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UBCommunityDevelopment.com

 OTCQX: UBAB