

3Q24 Financial Update – Manufactured Housing Loan Portfolio Sale

September 3, 2024



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Disclosures

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Manufactured Housing Loan Portfolio Sale Impact

Transaction Description

- ✓ On August 30, 2024, closed on the divestiture of approximately \$318 million of manufactured housing loans, a business acquired in the acquisition of Reliant Bancorp, Inc.
- ✓ Buyer is 21st Mortgage Corporation, the leading manufactured housing lender in the country backed by Berkshire Hathaway and a trusted platform with the ability to maintain continuity of service to the former United Community customers

Transaction Rationale

- ✓ Exiting the business enables management to focus on core operations and to allocate capital to other growth opportunities
- ✓ Conclusion of 3Q 2023 strategic decision made to cease originations
- ✓ Reduces UCB's risk profile as these loans represent less than 2% of UCB total loans outstanding but account for 11% of UCB's YTD net charge-offs and 17.4% of nonaccrual loans
- ✓ Eliminates the need for dedicated manufactured housing overhead, including a specialized servicing function
- ✓ Creates additional liquidity and balance sheet flexibility

Estimated Portfolio Sale Impact

\$ in millions, except per share

	Pre-Tax	After Tax	After Tax Per Share
Total Loss on Sale	\$ (37.3)	\$ (29.1)	\$ (0.24)
Reserve Release ⁽¹⁾	11.5	9.0	0.08
Other Transaction Adjustments, Net ⁽²⁾	(1.9)	(1.5)	(0.01)
Estimated Total Impact	\$ (27.7)	\$ (21.6)	\$ (0.18)

Financial Impact

- ✓ Estimated net after-tax loss of \$21.6 million, or \$0.18 per share, to be recognized in 3Q 2024
- ✓ Slightly accretive to risk-based capital ratios (CET1 increases by approximately 6 basis points)
- ✓ Approximately neutral to projected earnings per share after reinvestment of proceeds
- ✓ Estimated 8 basis point reduction in TCE ratios; however, the previously announced FinTrust sale will increase TCE ratios by 7 basis points, with 2 basis points received in Q2 2024 and the remaining 5 basis points received upon close, anticipated in Q4 2024

(1) Manufactured housing reserve as of June 30, 2024

(2) Includes net impact of reversals and write-offs of accrued interest, deferred fees, and certain receivables as well as transaction related expenses

