



Shareholders:

The first quarter of 2023 was highlighted by the termination of the formal agreement between the bank and the Office of the Comptroller of the Currency (OCC), its chief regulator. This specific agreement had been in place since 2019, and the March 15, 2023, termination culminates a long period of curing the deficiencies in operations that had been noted since the original regulatory order from 2012. The termination of the agreement is the result of tremendous hard work by Management and the United Trust Bank team.

For the first quarter of 2023, we continued strong growth in our balance sheet as we ended the quarter with assets of \$142.9M (million), up from \$131.8M at December 31, 2022. Loan and deposit growth has continued to be robust for United Trust in early 2023, continuing the trend from 2022. We earned \$74k (thousand) for the first quarter of 2023, significantly less than the \$546k earned in the first quarter of 2022, as mortgage revenue has declined significantly and interest cost on funding has increased dramatically from a year ago. As we manage through the remainder of 2023, we hope to return to the profitability levels we saw in early 2022 as supported by our record earnings last year. Here are a few financial highlights from the first quarter of 2023:

- The end of quarter total assets of \$142.9M far exceeded total assets of \$84.7M one year ago on March 31, 2022. The significant asset growth in the past year has been primarily due to growth in our portfolio loans and deposits as noted below.
- Net income totaled \$74k for the first quarter, down from \$259k for the fourth quarter of 2022 because of the downturn in mortgage banking that began in mid-2022. However, United Trust Bank has now had 24 consecutive months of profitability, a significant contrast to the net losses recorded in years prior to 2021.
- Despite the turmoil in the mortgage industry, we still processed \$85M in mortgage loans during the first quarter of 2023, only slightly down from the \$92M for the fourth quarter of 2022. As reflective of the downturn in the industry, we had processed \$215M in mortgage loans during the first quarter of 2022.
- To offset the loan production decline experienced with our Mortgage Loans Held for Sale, we achieved growth of \$14.2M in portfolio loans during the first quarter of 2023 in our Community Bank. This followed growth of \$30.0M, \$13.6M and \$18.6M in the prior three quarters, respectively. This growth has been fueled by a new program generating specific 1-4 Family Residential Portfolio Loans in the purchase segment of the business.
- Deposits continued to grow as they climbed to \$96.1M at the end of the first quarter of 2023, up from \$93.8M at the end of 2022 and \$72.0M one year ago on March 31, 2022.

The deposit growth mentioned above is due in part to our very loyal customer base in our Palos Heights branch footprint. Our deposit growth this year has been highlighted by continued organic growth in both demand deposit accounts and time deposit accounts. Many existing and new customers have taken advantage of our very competitive deposit specials during this period of rising interest rates.

The new portfolio loan product line introduced in mid-2022 has produced significant benefits to the Community Bank as reflected in the growth mentioned above. These high margin loans are predominantly real estate backed and are deemed to be low risk loans for the bank. Concentration risk has been mitigated by participating out portions of many of these loans.



Our Mortgage team funded \$553M in loan originations in 2022, along with \$65M in brokered loans. As rates have increased dramatically since the second quarter of 2022, both United Trust Bank and the mortgage banking industry are seeing a deceleration in production and a dislocation of margins. However, our Mortgage Banking Team has responded to the challenge by taking bold actions to retain our market share and remain competitive in this tough market.

With all of the significant asset growth we have experienced, our Tier 1 Leverage Ratio as of March 31, 2023, of 9.23% declined from 10.59% at December 31, 2022 and 9.74% at the end of 2021. However, our growth was made possible by enhanced capital in 2022 through the \$2.02M in earnings and capital raise of \$2.40M. Our Total Risk Based Capital Ratio was 16.60% on March 31, 2023, also down from 18.07% at the end of 2022 and 20.06% at the end of 2021.

We adopted CECL, the new accounting standard for estimating loan losses, at the beginning of 2023 and provided \$57k provision to the Allowance for Credit Losses during the first quarter. Despite the strong portfolio loan growth previously mentioned, we were able to maintain an Allowance for Credit Losses as a percentage of loans of 0.66% on March 31, 2023. Our Allowance for Credit Losses as a percentage of Loans is 0.71% when you take into account the reserves required with our purchased loans in our portfolio. We have had no loan charge offs during 2022 or 2023, and we continue to maintain excellent credit quality. Our Texas Ratio has continually and significantly declined since 2020, and at March 31, 2023 stood at 1.13%, down from 4.58% one year ago.

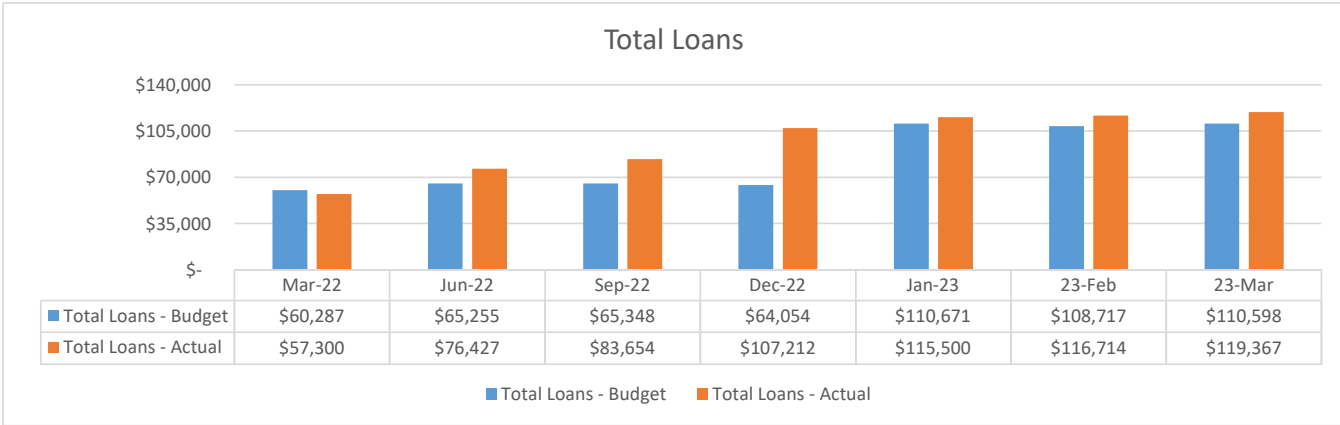
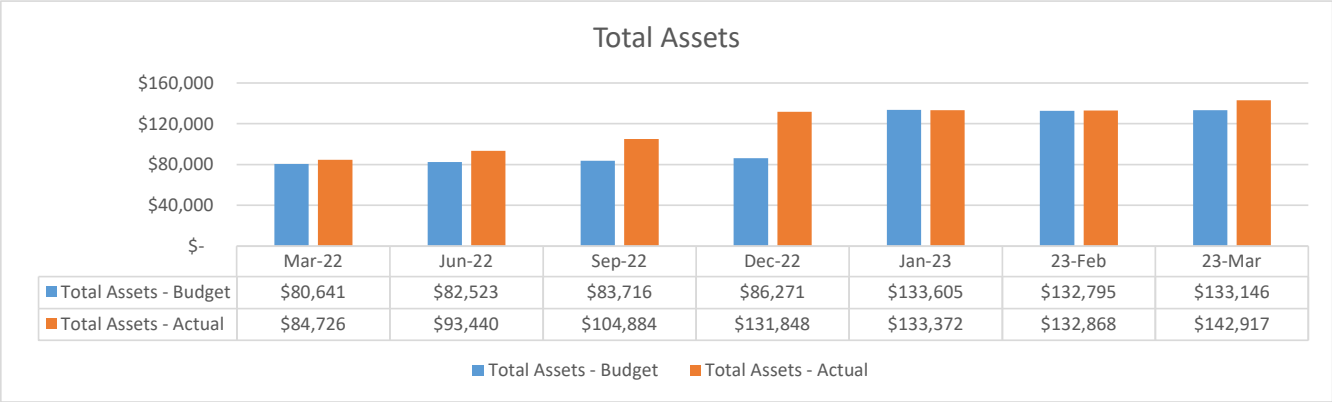
To summarize the performance at United Trust, here is a chart comparing our consolidated key operating ratios for the first quarter of 2023 to our annual performance in 2021 and 2022:

	<u>1st Qtr 2023</u>	<u>Year 2022</u>	<u>Year 2021</u>
Tier 1 Leverage (EOP)	9.23%	10.59%	9.74%
Total Risk Based Capital (EOP)	16.60%	18.07%	20.06%
Return on Assets (ROA)	0.22%	2.21%	2.40%
Return on Equity (ROE)	2.42%	20.29%	24.13%
ALLL (excluding LHFS)	0.66%	0.70%	1.04%
Texas Ratio	1.13%	1.15%	4.95%
Net Interest Margin	2.69%	3.36%	2.90%
Efficiency Ratio	96.40%	92.59%	94.80%
Liquidity Ratio (to Deposits)	18.85%	20.86%	28.96%

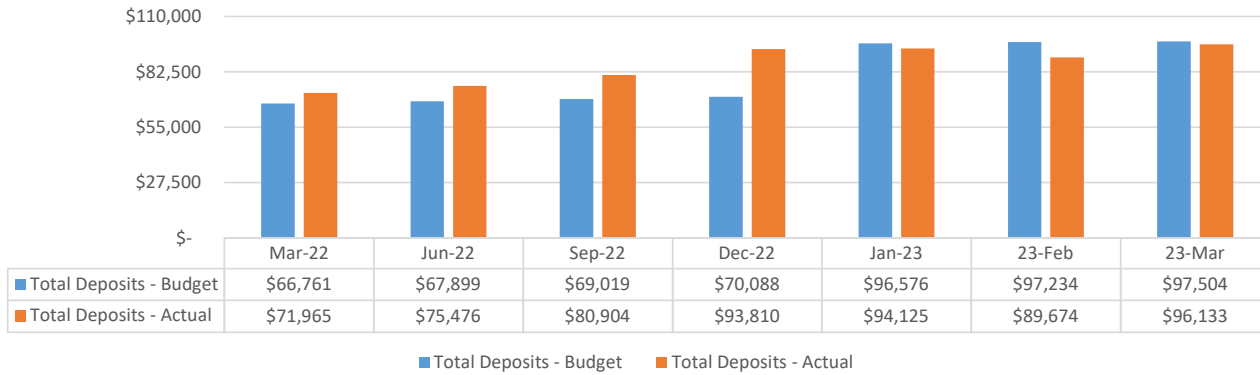
Additional support for our strong performance can also be found in the graphs and financial statements presented below. We believe that 2023 will bring even more success to United Trust and our customers. We appreciate you as a customer, and we will continue to strive to meet all your banking needs. We will also continue to increase the value to our shareholders, as our book value per share for United Bancorp, Inc. was \$1.03 per share at March 31, 2023 and December 31, 2022, up from \$0.81 per share at December 31, 2021.

Best Regards,

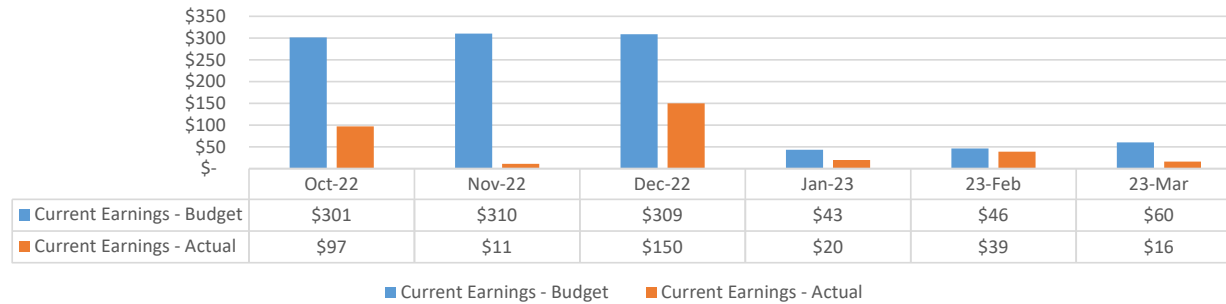
Charles K. Wagner,
President and CEO



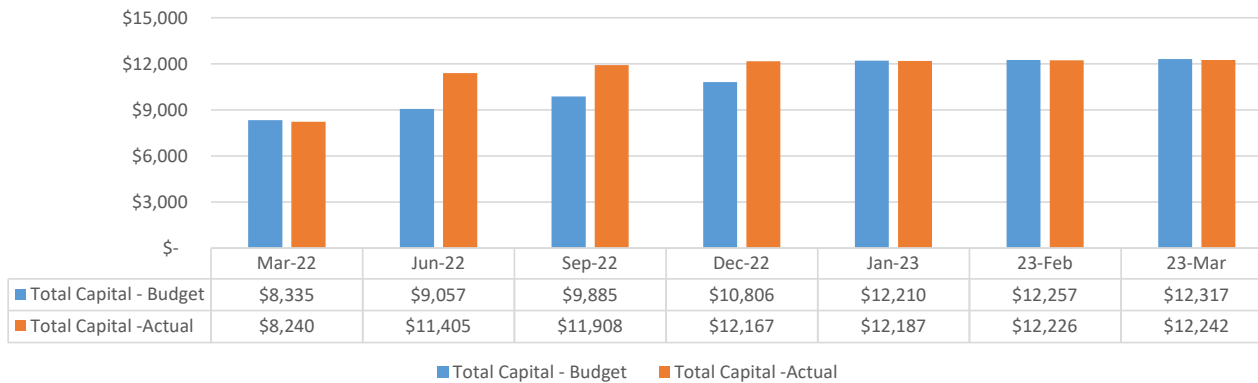
Total Deposits



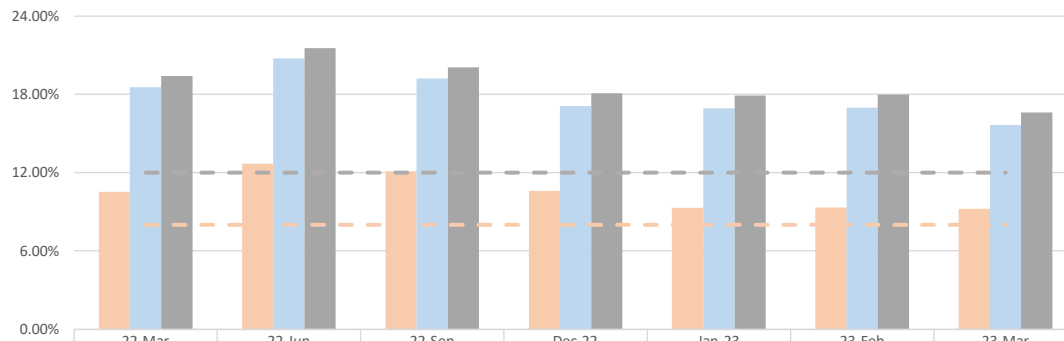
Total Earnings



Total Capital



Capital Ratios



	22-Mar	22-Jun	22-Sep	Dec-22	Jan-23	23-Feb	23-Mar
Actual Tier 1 Leverage Ratio	10.51%	12.67%	12.10%	10.59%	9.29%	9.33%	9.23%
Actual Tier 1 Capital Ratio	18.54%	20.74%	19.21%	17.10%	16.93%	16.98%	15.64%
Actual Total Risk Based	19.40%	21.53%	20.06%	18.07%	17.91%	17.98%	16.60%
OCC Leverage Ratio	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
OCC Total Risk Based	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%

■ Actual Tier 1 Leverage Ratio
 ■ Actual Tier 1 Capital Ratio
 ■ Actual Total Risk Based
 - - - OCC Leverage Ratio
 - - - OCC Total Risk Based

United Trust Bank
Balance Sheet

	March 31, 2023	March 31, 2022
<u>Assets</u>		
Cash & Due	\$ 18,207	\$ 23,753
Securities		
Mortgage-Backed Securities	37	45
Gross Unrealized AFS G/L	-	-
Total Securities	\$ 37	\$ 45
Loans		
Commercial	1,676	957
Real Estate		
Commercial	11,776	12,736
Residential	95,852	22,207
Mortgage Loans HFS	6,482	20,775
Total Real Estate	\$ 114,110	\$ 55,719
Consumer	2,703	452
Nonaccrual Loans	148	179
Other Loans	730	(7)
Total Loans	\$ 119,367	\$ 57,300
Loan Loss Reserve	(750)	(379)
Net Loans and Leases	\$ 118,617	\$ 56,921
Fixed Assets	2,711	2,780
OREO	-	206
Equity Securities	1,445	185
Other Assets	1,901	836
Total Assets	\$ 142,917	\$ 84,726
<u>Liabilities</u>		
Demand Deposits	22,361	17,018
Interest Bearing Deposits		
NOW Accounts	1,798	2,202
Money Market Accounts	8,229	12,243
Savings	984	1,277
Time Deposits		
CD's > 250K	16,771	1,225
CD's 100K-250K	35,571	29,996
CDs < 100K	10,418	8,004
Total Time Deposits	\$ 62,760	\$ 39,225
Total Interest Bearing Deposits	\$ 73,772	\$ 54,947
Total Deposits	\$ 96,133	\$ 71,965
Borrowed Funds	33,100	1,600
Other Liabilities	1,443	2,921
Total Liabilities	\$ 130,676	\$ 76,486
<u>Capital</u>		
Common Stock	23,167	23,167
Undivided Profit	(11,000)	(15,474)
Current Earnings	74	546
Net Unrealized AFS G/L	-	-
Total Capital	\$ 12,241	\$ 8,240
Total Liabilities & Capital	\$ 142,917	\$ 84,726

United Trust Bank
Income Statement

	<u>1st Quarter 2023</u>	<u>1st Quarter 2022</u>
Interest Income		
Cash & Due	\$ 168,833	\$ 8,596
Securities		
Mortgage-Backed Securities	451	102
Loans		
Commercial	34,671	22,469
Real Estate	1,480,111	523,902
Consumer	41,122	5,651
Other Loans	-	(3,728)
Total Loans	<u>\$ 1,555,904</u>	<u>\$ 548,294</u>
Equity Securities	11,408	1,595
Total Interest Income	<u>\$ 1,736,596</u>	<u>\$ 558,589</u>
Interest Expense		
NOW Accounts	470	812
Money Market Accounts	54,840	9,712
Savings	240	272
Time Deposits	465,423	56,210
Total Deposits	<u>\$ 520,973</u>	<u>\$ 67,006</u>
Borrowed Funds	377,925	6,924
Total Interest Expense	<u>\$ 898,900</u>	<u>\$ 73,931</u>
Net Interest Income	<u>\$ 837,696</u>	<u>\$ 484,658</u>
Loan Loss Provision	56,799	29,822
Net Interest Income after Provision	<u>\$ 780,898</u>	<u>\$ 454,836</u>
Non-Interest Income		
Service Charges	10,709	5,920
Fee Income		
Loan Fees (Not in NIM)	-29,914	14,657
Brokered Fee Income	60,406	516,747
Gain on Sale Mortgage Loans	3,558,534	9,342,660
Other Fee Income	51,396	18,532
Total Fee Income	<u>\$ 3,640,422</u>	<u>\$ 9,877,939</u>
Other Income	6,640	22,331
Total Non-Interest Income	<u>\$ 3,657,771</u>	<u>\$ 9,906,189</u>
Non-Interest Expense		
Employee	2,556,905	6,447,484
Occupancy	124,765	247,657
Equipment Expense	123,467	214,952
Data Processing	79,137	57,979
Gain/Loss on sale of assets	0	0
Professional Fees	61,193	66,704
Marketing	846,996	1,946,235
Other Employee Expense	22,746	26,815
Loan Expense	384,217	595,066
Other Expense	132,866	170,616
Total Non-Interest Expense	<u>\$ 4,332,292</u>	<u>\$ 9,773,507</u>
Operating Income	106,376	587,518
Federal Tax	22,339	0
State Tax	9,574	41,250
Net Income	<u><u>\$ 74,464</u></u>	<u><u>\$ 546,268</u></u>