



United Bancorp Inc. Shareholders/Customers:

For the fourth quarter of 2023, we ended with assets of \$159.1M (million), slightly down from the \$162.1M at the end of the third quarter of 2023 but have grown \$27.3M from 2022's \$131.8M total assets. Total loans have grown from \$107.2M to \$135.2M in the last twelve months and deposits have grown from \$93.8M to \$104.1M over that same period.

We earned \$895k (thousand) for the fourth quarter of 2023, rising from the \$272k earned in the third quarter, \$124k earned in the second quarter and the \$74k earned in the first quarter. Our fourth quarter earnings are up significantly from last year's \$259k due primarily to the recognition of \$652k Mortgage Servicing Asset income. Net of the Mortgage Servicing Asset income, the fourth quarter earnings were \$243k, just slightly below the fourth quarter of 2022. For the year ended, we have earned \$1.365M as compared to \$2.023M for 2022.

To support continued growth in our balance sheet and income statement, United Trust's Capital Raise initiative for \$3-5M of new capital will be a primary focus for 2024. The capital raise is to support planned asset growth to \$250M, implementation of a new Consumer Lending platform, new Mortgage Banking products and a potential new depository location.

Here are a few financial highlights for the **Fourth Quarter and Year 2023**:

- The total assets on December 31, 2023 of \$159.1M exceeded total assets of \$131.8M one year ago. The significant asset growth in the past year has been primarily due to growth in our portfolio loans.
- United Trust Bank has now had 33 consecutive months of profitability. Net interest income totaled \$918k for the fourth quarter of 2023, considerably up over the \$834k a year ago due to our portfolio loan growth. This increase was attained despite the increased cost of funding in this higher interest rate environment.
- Supporting the bank in the impressive profitability mentioned above, we processed \$84M in mortgage loans during the fourth quarter of 2023, compared to \$102M in the third quarter, \$79k for the second quarter and \$83M for the first quarter of 2023. Our Gain on Sale of Mortgage Loans for fourth quarter 2023 was \$3.46M versus \$4.19M in the third quarter. Year-to-Date 2023 Gain on Sale of Mortgage Loans was \$14.89M compared to 2022 of \$26.40M.
- We achieved growth of \$4.5M in portfolio loans during the fourth quarter of 2023 in our Community Bank. This followed similar growth of \$4.5M in the third quarter, growth of \$11.4M in the second quarter and \$14.2M in the first quarter this year. This growth has been fueled by 1-4 Family Residential Portfolio Loans.
- Deposits declined to \$104.1M at the end of the fourth quarter of 2023, down from \$110.0M at the end of the third quarter, but up from \$80.9M one year ago. The deposit decline has been in Non-Interest-Bearing Accounts, Money Markets and Time Deposits. The Time Deposit decline was primarily due to allowing higher interest QuickRate CDs to roll off.

Due to the significant growth in net income we experienced in the fourth quarter, our Tier 1 Leverage Ratio increased to 8.69% at December 31, 2023. That ratio was 8.17% on September 30, 2023 and



12330 South Harlem Avenue • Palos Heights, IL 60463 • (708) 728-9900 • (708) 728-9270



10.59% on December 31, 2022. During the fourth quarter, we sold \$3.6M of portfolio loans as we continue to actively manage and monitor our Tier 1 capital ratio. Our total capital base continues to grow due to our profitability and was \$13.5M on December 31, 2023, up from \$12.2M one year ago. Our Total Risk Based Capital Ratio was 16.01% on December 31, 2023, compared to 15.06% on September 30, 2023 and 18.07% at the end of 2022.

We maintain an Allowance for Credit Losses as a percentage of loans of 0.63% on December 31, 2023, slightly declining from .64% as of September 30, 2023. Our Allowance for Credit Losses is further enhanced when you consider the additional reserves required with our purchased Consumer Loans in our portfolio. We had one minor charge off during the third quarter of 2023 totaling \$16k, our first charge off since 2021. We continue to maintain excellent credit quality, despite our Texas Ratio on December 31, 2023 increasing to 3.91%, up from 2.44% last quarter.

To summarize the performance at United Trust, here is a chart comparing our consolidated key operating ratios for December Year-To-Date 2023 to our annual performance in 2022 and 2021:

	<u>Year 2023</u>	<u>Year 2022</u>	<u>Year 2021</u>
Tier 1 Leverage (EOP)	8.69%	10.59%	9.74%
Total Risk Based Capital (EOP)	16.01%	18.07%	20.06%
Return on Assets (ROA)	0.93%	2.21%	2.40%
Return on Equity (ROE)	11.06%	20.29%	24.13%
ALLL (excluding LHFS)	0.63%	0.70%	1.04%
Texas Ratio	3.91%	1.15%	4.95%
Net Interest Margin	2.43%	3.36%	2.90%
Efficiency Ratio	91.78%	92.59%	94.80%
Liquidity Ratio (to Deposits)	16.70%	20.86%	28.96%

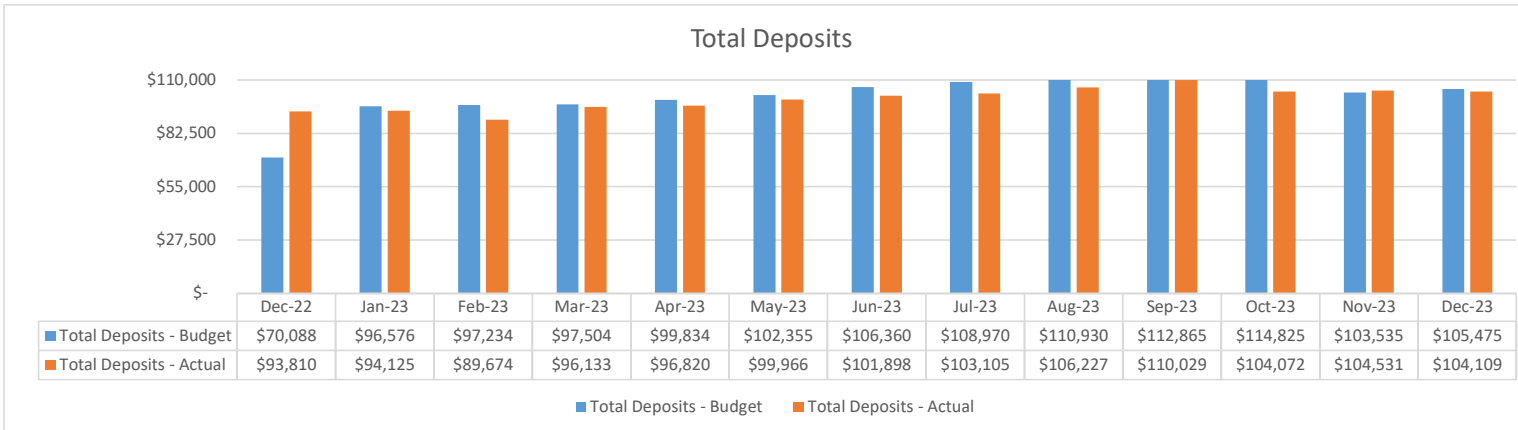
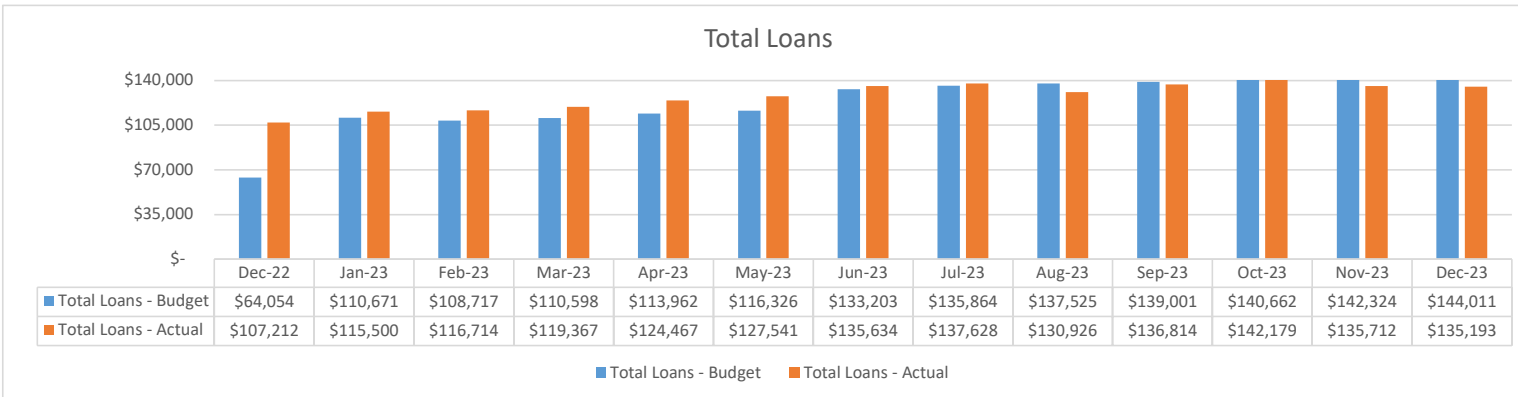
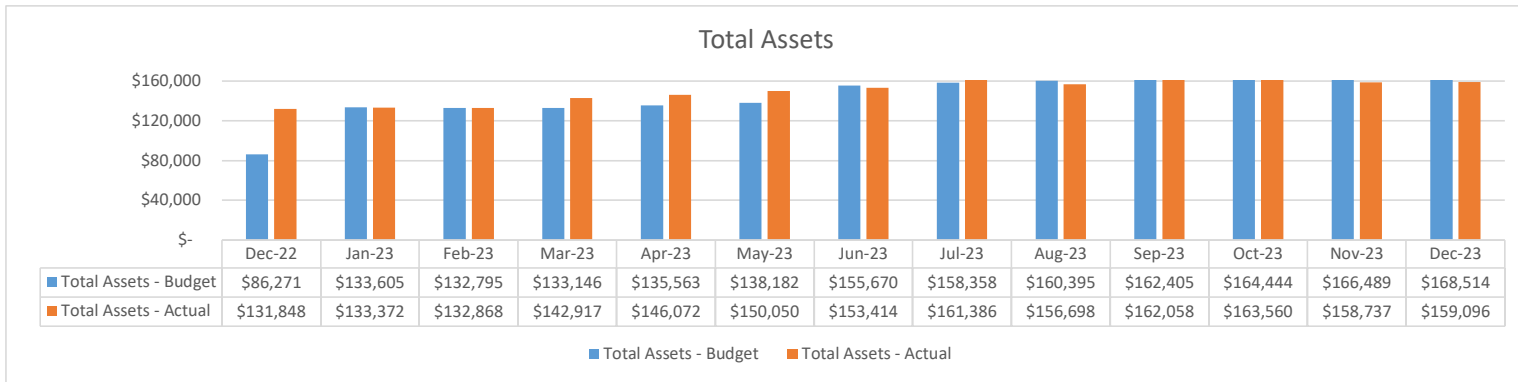
Additional support for our strong performance can also be found in the graphs and financial statements presented below. We believe that 2024 will continue to bring even more success to United Trust and our customers. We appreciate you as a customer, and we will continue to strive to meet all your banking needs. We also continue to increase the value to our shareholders, as our book value per share for United Bancorp, Inc. increased to \$1.17 per share on December 31, 2023, up from \$1.03 per share on December 31, 2022, and up from \$0.81 per share on December 31, 2021.

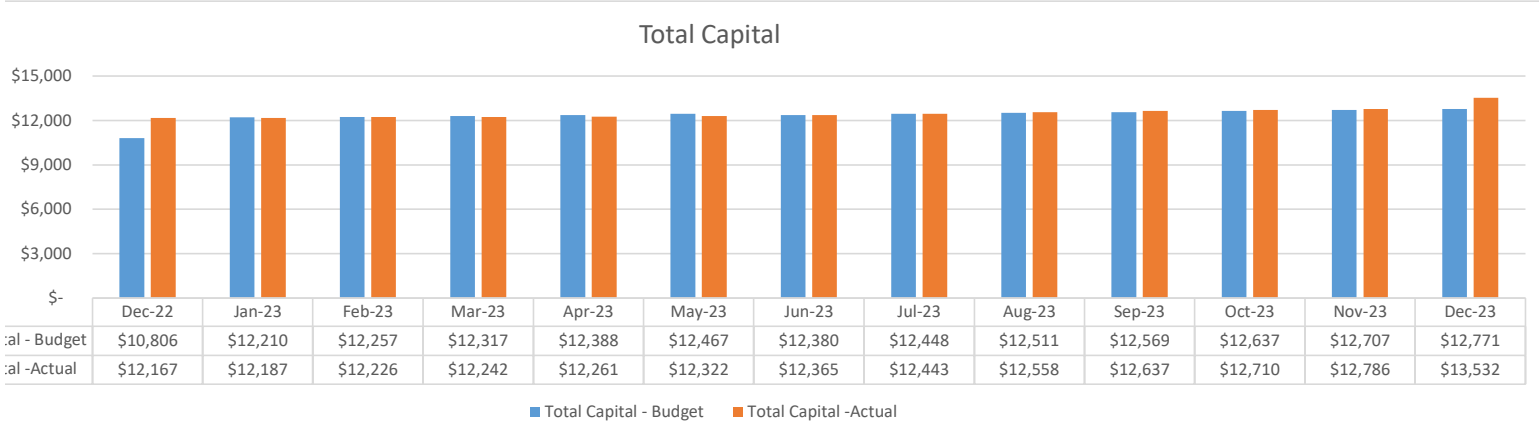
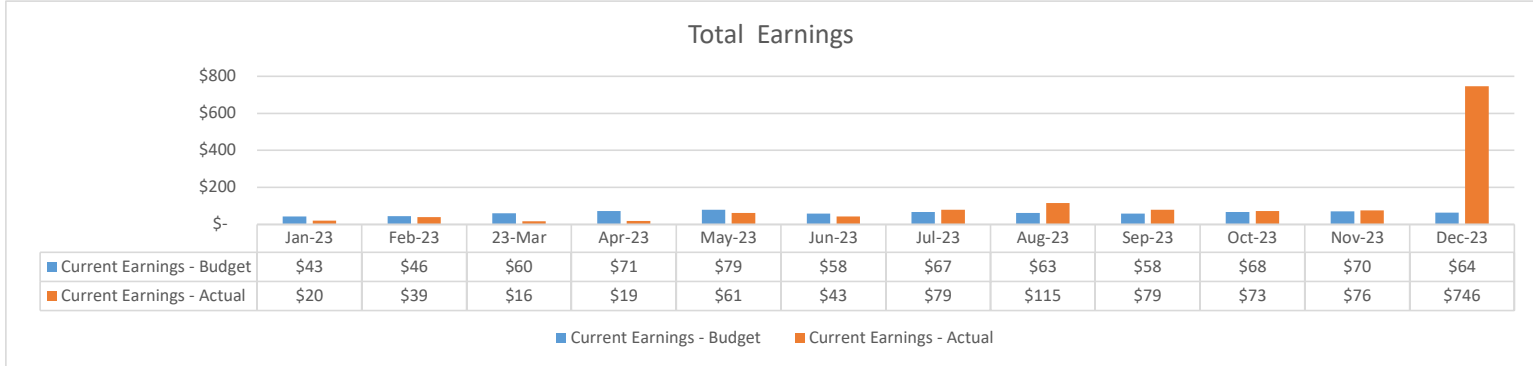
In closing, please consider an additional investment in United Trust as part of our capital raise. If interested, please contact me at 404-488-0178 or "cwagner@utbhome.com".



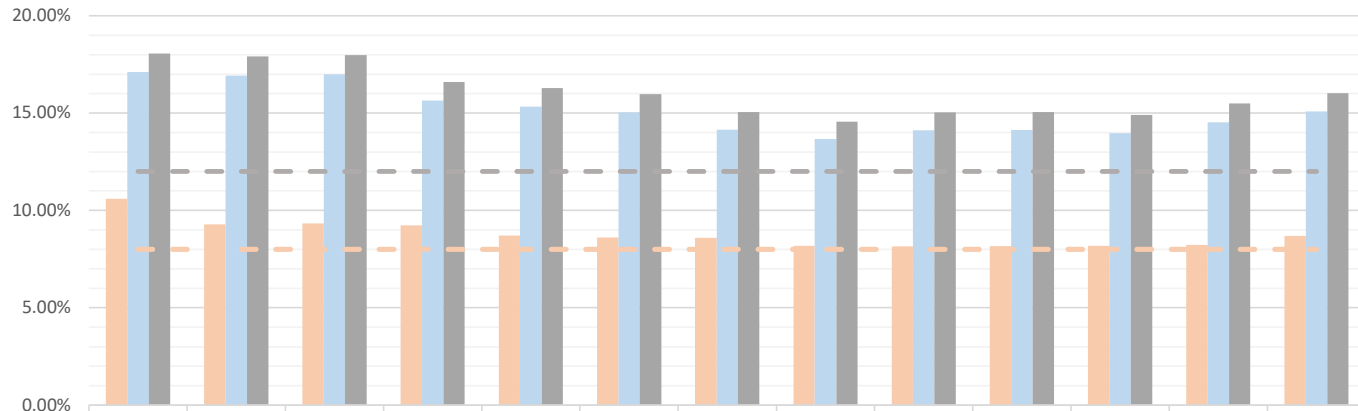
Best Regards,

Charles K. Wagner,
President and CEO





Capital Ratios



	Dec-22	Jan-23	23-Feb	23-Mar	23-Apr	23-May	23-Jun	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23
Actual Tier 1 Leverage Ratio	10.59%	9.29%	9.33%	9.23%	8.71%	8.62%	8.59%	8.18%	8.14%	8.17%	8.19%	8.23%	8.69%
Actual Tier 1 Capital Ratio	17.10%	16.93%	16.98%	15.64%	15.33%	15.03%	14.14%	13.67%	14.11%	14.13%	13.97%	14.53%	15.08%
Actual Total Risk Based	18.07%	17.91%	17.98%	16.60%	16.28%	15.97%	15.05%	14.56%	15.03%	15.06%	14.89%	15.49%	16.01%
OCC Leverage Ratio	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	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%	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

	December 31, 2023	December 31, 2022
<u>Assets</u>		
Cash & Due	\$ 17,349	\$ 19,646
Securities		
Mortgage-Backed Securities	32	38
Gross Unrealized AFS G/L	-	-
Total Securities	\$ 32	\$ 38
Loans		
Commercial	2,360	1,789
Real Estate		
Commercial	12,144	11,828
Residential	111,140	83,544
Mortgage Loans HFS	2,880	8,489
Total Real Estate	\$ 126,164	\$ 103,861
Consumer	5,120	612
Nonaccrual Loans	543	145
Other Loans	1,006	805
Total Loans	\$ 135,193	\$ 107,212
Loan Loss Reserve	(834)	(693)
Net Loans and Leases	\$ 134,359	\$ 106,519
Fixed Assets	2,648	2,735
OREO	-	-
Equity Securities	1,985	1,175
Mortgage Servicing Rights	653	-
Other Assets	2,070	1,735
Total Assets	\$ 159,096	\$ 131,848
 <u>Liabilities</u>		
Demand Deposits	23,126	21,422
Interest Bearing Deposits		
NOW Accounts	1,956	1,904
Money Market Accounts	7,040	9,148
Savings	879	969
Time Deposits		
CD's > 250K	21,229	13,143
CD's 100K-250K	36,853	37,804
CDs < 100K	13,025	9,420
Total Time Deposits	\$ 71,107	\$ 60,367
Total Interest Bearing Deposits	\$ 80,982	\$ 72,388
Total Deposits	\$ 104,108	\$ 93,810
Borrowed Funds	39,800	24,621
Other Liabilities	1,656	1,251
Total Liabilities	\$ 145,564	\$ 119,681
<u>Capital</u>		
Common Stock	23,167	23,167
Undivided Profit	(11,000)	(13,024)
Current Earnings	1,365	2,024
Net Unrealized AFS G/L	-	-
Total Capital	\$ 13,532	\$ 12,167
Total Liabilities & Capital	\$ 159,096	\$ 131,848

United Trust Bank
Income Statement

	<u>4th Quarter 2023</u>	<u>4th Quarter 2022</u>	<u>Year To Date 2023</u>	<u>Year To Date 2022</u>
Interest Income				
Cash & Due	\$ 168,786	\$ 164,650	\$ 715,578	\$ 298,852
Securities				
Mortgage-Backed Securities	463	(186)	1,866	352
Loans				
Commercial	52,600	37,495	215,722	123,352
Real Estate	1,966,076	1,184,427	6,979,949	3,371,028
Consumer	110,460	10,310	341,302	28,144
Other Loans	-	-	-	(3,728)
Total Loans	<u>\$ 2,129,136</u>	<u>\$ 1,232,232</u>	<u>\$ 7,536,973</u>	<u>\$ 3,518,796</u>
Total Interest Income	<u>\$ 2,298,385</u>	<u>\$ 1,396,696</u>	<u>\$ 8,254,417</u>	<u>\$ 3,818,000</u>
Interest Expense				
NOW Accounts	534	641	2,271	3,440
Money Market Accounts	72,310	34,420	292,405	71,710
Savings	189	286	850	1,216
Time Deposits	790,892	279,416	2,567,365	503,425
Total Deposits	<u>\$ 863,925</u>	<u>\$ 314,763</u>	<u>\$ 2,862,891</u>	<u>\$ 579,791</u>
Borrowed Funds	516,365	248,140	1,804,287	395,070
Total Interest Expense	<u>\$ 1,380,290</u>	<u>\$ 562,903</u>	<u>\$ 4,667,178</u>	<u>\$ 974,861</u>
Net Interest Income	<u>\$ 918,095</u>	<u>\$ 833,793</u>	<u>\$ 3,587,239</u>	<u>\$ 2,843,139</u>
Loan Loss Provision	4,325	199,750	157,091	344,224
Net Interest Income after Provision	<u>\$ 913,770</u>	<u>\$ 634,043</u>	<u>\$ 3,430,148</u>	<u>\$ 2,498,915</u>
Non-Interest Income				
Service Charges	7,587	8,392	41,173	31,946
Fee Income				
Loan Fees (Not in NIM)	(14,958)	26,955	(107,542)	112,041
Brokered Fee Income	54,632	167,882	365,208	1,332,486
Gain on Sale Mortgage Loans	3,464,205	3,962,004	14,889,567	26,391,806
Other Fee Income	75,141	69,728	209,533	284,739
Total Fee Income	<u>\$ 3,579,020</u>	<u>\$ 4,226,569</u>	<u>\$ 15,356,766</u>	<u>\$ 28,121,072</u>
Mortgage Servicing Income	652,677	-	652,677	-
Other Income	6,100	47,533	25,969	135,888
FHLB Stock Dividend	25,732	5,138	118,426	9,951
Total Non-Interest Income	<u>\$ 4,271,116</u>	<u>\$ 4,287,632</u>	<u>\$ 16,195,011</u>	<u>\$ 28,298,857</u>
Non-Interest Expense				
Employee	2,636,988	2,496,586	11,077,933	17,184,112
Occupancy	159,479	257,061	616,053	1,039,256
Equipment Expense	138,314	172,268	564,109	849,337
Data Processing	71,201	71,719	288,300	268,360
Professional Fees	52,651	104,515	286,379	302,003
Marketing	620,116	1,311,417	2,927,604	6,625,007
Other Employee Expense	64,512	41,150	171,917	166,103
Loan Expense	421,967	394,347	1,683,262	2,006,557
Other Expense	131,123	137,577	540,447	553,156
Total Non-Interest Expense	<u>\$ 4,296,351</u>	<u>\$ 4,986,640</u>	<u>\$ 18,156,004</u>	<u>\$ 28,993,891</u>
Operating Income	888,535	(64,965)	1,469,155	1,803,881
Federal Tax	(32,291)	(360,326)	13,425	(360,326)
State Tax	26,331	36,733	90,597	140,984
Net Income	<u>\$ 894,495</u>	<u>\$ 258,628</u>	<u>\$ 1,365,133</u>	<u>\$ 2,023,223</u>

United Trust Bank
Income Statement less Mortgage Servicing Income

	<u>4th Quarter 2023</u>	<u>4th Quarter 2022</u>	<u>Year To Date 2023</u>	<u>Year To Date 2022</u>
Interest Income				
Total Interest Income	<u>\$ 2,298,385</u>	<u>\$ 1,396,696</u>	<u>\$ 8,254,417</u>	<u>\$ 3,818,000</u>
Interest Expense				
Total Interest Expense	<u>\$ 1,380,290</u>	<u>\$ 562,903</u>	<u>\$ 4,667,178</u>	<u>\$ 974,861</u>
Net Interest Income	\$ 918,095	\$ 833,793	\$ 3,587,239	\$ 2,843,139
Loan Loss Provision	4,325	199,750	157,091	344,224
Net Interest Income after Provision	<u>\$ 913,770</u>	<u>\$ 634,043</u>	<u>\$ 3,430,148</u>	<u>\$ 2,498,915</u>
Non-Interest Income				
Total Non-Interest Income	<u>\$ 3,618,439</u>	<u>\$ 4,287,632</u>	<u>\$ 15,542,334</u>	<u>\$ 28,298,857</u>
Non-Interest Expense				
Total Non-Interest Expense	<u>\$ 4,296,351</u>	<u>\$ 4,986,640</u>	<u>\$ 18,156,004</u>	<u>\$ 28,993,891</u>
Operating Income	235,858	(64,965)	816,478	1,803,881
Federal Tax	(32,291)	(360,326)	13,425	(360,326)
State Tax	26,331	36,733	90,597	140,984
Net Income	<u><u>\$ 241,818</u></u>	<u><u>\$ 258,628</u></u>	<u><u>\$ 712,456</u></u>	<u><u>\$ 2,023,223</u></u>