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DELTA REPORT

10-Q

UBCP - UNITED BANCORP INC /OH/

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - SEPTEMBER 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	912
CHANGES	143
DELETIONS	376
ADDITIONS	393

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM
10-Q

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2023 March 31, 2024

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES AND EXCHANGE ACT

For the transition period from ___________ to___________

Commission File Number: 0-16540

UNITED BANCORP, INC.

(Exact name of registrant as specified in its charter)

Ohio	34-1405357
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

201 South Fourth Street, Martins Ferry, Ohio 43935-0010
(Address of principal executive offices)

(740) 633-0445
(Registrant’s telephone number, including area code)

N/A
(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, Par Value $1.00	UBCP	NASDQ Capital Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, *or an emerging growth company*. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒		
Smaller Reporting Company ☒		Emerging growth company ☐	

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act)

Yes ☐ No ☒

Indicate the number of shares outstanding of the issuer's classes of common stock as of the latest practicable date: As of November 9, 2023 May 10, 2024, 5,716,495 5,953,778 shares of the Company's common stock, $1.00 par value, were issued and outstanding.

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ITEM 1. Financial Statements

United Bancorp, Inc.
Condensed Consolidated Balance Sheets
(In thousands, except share data)

	September 30, 2023	December 31, 2022	March 31, 2024	December 31, 2023
	(Unaudited)		(Unaudited)	
Assets				
Cash and due from banks	$ 7,952	$ 8,279	$ 8,073	$ 7,352
Interest-bearing demand deposits	62,940	21,801	38,804	33,418
Cash and cash equivalents	70,892	30,080	46,877	40,770
Available-for-sale securities, amortized cost of $245,389 net of allowance for credit losses of $0 at September 30, 2023	224,679	217,624		
Loans, net of allowance for credit losses of $4,112 and $2,052 at September 30, 2023 and December 31, 2022, respectively	462,730	458,823		
Available-for-sale securities, amortized cost of $261,146 net of allowance of allowance for credit losses of $0 at March 31, 2024 and December 31, 2023			251,807	242,760
Loans, net of allowance for credit losses of $3,870 and $3,918 at March 31, 2024 and December 31, 2023, respectively			476,437	479,318
Premises and equipment	12,336	12,144	18,115	14,984
Federal Home Loan Bank stock	3,979	2,499	3,979	3,979
Foreclosed assets held for sale, net	3,480	3,519	3,377	3,377
Core deposit other intangible asset	297	410	222	260
Goodwill	682	682	682	682
Accrued interest receivable	3,724	3,403	3,811	4,098
Deferred federal income tax	5,094	2,423	2,497	2,409
Bank-owned life insurance	19,320	19,000	19,537	19,423
Other assets	7,068	6,793	6,686	7,389
Total assets	$ 814,281	$ 757,400	$ 834,027	$ 819,449
Liabilities and Stockholders' Equity				
Liabilities				
Deposits				
Demand	$ 354,300	$ 402,341	$ 333,606	$ 339,280
Savings	134,423	145,836	128,810	130,821
Time	139,289	101,736	163,334	151,358
Total deposits	628,012	649,913	625,750	621,459
Securities sold under repurchase agreements	28,584	18,106	37,805	26,781
Subordinated debentures	23,771	23,726	23,802	23,787
Advances Federal Home Loan Bank	75,000	—	75,000	75,000
Lease liability – finance lease			2,795	2,764

Interest payable and other liabilities	6,324	5,918	5,669	6,065
Total liabilities	761,691	697,663	770,821	755,856
Stockholders' Equity				
Preferred stock, no par value, authorized 2,000,000 shares; no shares issued	—	—	—	—
Common stock, $1 par value; authorized 10,000,000 shares; issued 6,063,851 shares at September 30, 2023, and 6,043,851 shares at December 31, 2022; outstanding - 5,716,495 and 5,740,251 shares at September 30, 2023 and December 31, 2022, respectively	6,064	6,044		
Common stock, $1 par value; authorized 10,000,000 shares; issued 6,188,141 shares at March 31, 2024, and 6,063,851 shares at December 31, 2023; outstanding - 5,791,156 and 5,702,685 shares at March 31, 2024 and December 31, 2023, respectively			6,188	6,064
Additional paid-in capital	25,481	24,814	25,998	25,913
Retained earnings	42,629	41,945	44,073	44,018
Stock held by deferred compensation plan; 167,993 and 174,237 shares at September 30, 2023 and December 31, 2022	(2,003)	(1,902)		
Stock held by deferred compensation plan; 162,622 and 181,803 shares at March 31, 2024 and December 31, 2023, respectively			(2,029)	(2,363)
Accumulated other comprehensive loss	(17,020)	(9,336)	(7,807)	(7,478)
Treasury stock, at cost 179,363 and 129,363 shares- at September 30, 2023 and December 31, 2022, respectively	(2,561)	(1,828)		
Treasury stock, at cost 234,363 and 179,363 shares at March 31, 2024 and December 31, 2023, respectively			(3,217)	(2,561)
Total stockholders' equity	52,590	59,737	63,206	63,593
Total liabilities and stockholders' equity	$ 814,281	$ 757,400	$ 834,027	$ 819,449

See Notes to Condensed Consolidated Financial Statements

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United Bancorp, Inc.

Condensed Consolidated Statements of Income

Three Months Ended March 31, 2024 and 2023

(In thousands, except per share data)

(Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2023	**2022**	**2023**	**2022**
Interest and dividend income				
Loans, including fees	$ 6,454	$ 5,378	$ 18,389	$ 15,083
Taxable securities	707	558	2,068	1,228
Non-taxable securities	1,500	1,162	4,357	3,088
Federal funds sold	909	152	2,171	246
Dividends on Federal Home Loan Bank stock and other	81	47	160	94
Total interest and dividend income	9,651	7,297	27,145	19,739
Interest expense				
Deposits				
Demand	493	261	1,445	440
Savings	33	35	101	42
Time	1,071	194	2,595	290
Borrowings	1,488	438	3,670	1,120
Total interest expense	3,085	928	7,811	1,892
Net interest income	6,566	6,369	19,334	17,847
Provision for (reversal of) credit loss expense - loans	(154)	15	(300)	(970)

Net interest income after provision for (reversal of) credit loss expense	6,720	6,354	19,634	18,817
Noninterest income				
Service charges on deposit accounts	704	754	2,202	2,181
Realized gains on sales of loans	1	6	8	33
Other income	258	283	815	804
Total noninterest income	963	1,043	3,025	3,018
Noninterest expense				
Salaries and employee benefits	2,480	2,399	7,814	7,788
Net occupancy and equipment expense	546	569	1,550	1,731
Professional services	371	358	1,100	981
Insurance	144	144	448	422
Deposit insurance premiums	96	50	267	149
Franchise and other taxes	139	136	417	408
Advertising	100	124	300	277
Stationery and office supplies	33	32	92	78
Amortization of core deposit premium	38	38	113	113
Other expenses	1,286	1,029	3,659	2,891
Total noninterest expense	5,233	4,879	15,760	14,838
Income before federal income taxes	2,450	2,518	6,899	6,997
Federal income taxes	58	215	339	646
Net income	$ 2,392	$ 2,303	$ 6,560	$ 6,351
EARNINGS PER COMMON SHARE				
Basic	$ 0.42	$ 0.40	$ 1.15	$ 1.10
Diluted	$ 0.42	$ 0.40	$ 1.15	$ 1.10
DIVIDENDS PER COMMON SHARE	$ 0.1675	$ 0.1575	$ 0.6450	$ 0.6150

	2024	2023
Interest and Dividend Income		
Loans, including fees	$ 6,762	$ 5,809
Securities:		
Taxable	560	676
Non-taxable	1,714	1,356
Federal funds sold	487	326
Dividends on Federal Home Loan Bank and other stock	98	41
Total interest and dividend income	9,621	8,208
Interest Expense		
Deposits	1,962	1,057
Borrowings	1,544	728
Total interest expense	3,506	1,785
Net Interest Income	6,115	6,423
Credit Loss Expense		
Provision for credit loss expense - loans	—	—
Provision for credit loss expense - off balance sheet commitments	—	—
Provision for Credit Loss Expense	—	—
Net Interest Income After Provision for Credit Losses	6,115	6,423
Noninterest Income	—	
Service charges on deposit accounts	703	721
Realized loss on sale of available-for-sale securities	(194)	—
Realized gains on sales of loans	77	—
Earnings on bank-owned life insurance	197	188
Other income	83	107
Total noninterest income	866	1,016
Noninterest Expense		
Salaries and employee benefits	1,787	2,864

Occupancy and equipment	624	497
Professional services	610	386
FDIC insurance	108	86
Insurance	150	150
Franchise and other taxes	148	140
Advertising	113	100
Stationery and office supplies	26	30
Amortization of intangibles	38	38
Other expenses	1,234	1,147
Total noninterest expense	4,838	5,438
Income Before Federal Income Taxes	2,143	2,001
Provision for Federal Income Taxes	150	113
Net Income	$ 1,993	$ 1,888
Basic Earnings Per Share	$ 0.35	$ 0.33
Diluted Earnings Per Share	$ 0.35	$ 0.33
Dividends Per Share (including special dividend of $0.15 in March 2024 and $0.15 in March 2023)	$ 0.3225	$ 0.3125

See Notes to Condensed Consolidated Financial Statements

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United Bancorp, Inc.

Condensed Consolidated Statements of Comprehensive Income (Loss)

Three and Nine Months Ended September 30, 2023 March 31, 2024 and 2022 2023

(In thousands, except per share data)

(Unaudited)

	Three months ended September 30, 2023	Three months ended September 30, 2022	Nine months ended September 30, 2023	Nine months ended September 30, 2022	2024	2023
Net income	$ 2,392	$ 2,303	$ 6,560	$ 6,351		
Unrealized holding losses on securities during the period, net of tax (benefit) of ($1,940), ($1,773), ($2,043) and ($5,704) for each respective period	(7,298)	(6,670)	(7,684)	(21,444)		
Comprehensive income (loss)	$ (4,906)	$ (4,367)	$ (1,124)	$(15,093)		
Net Income					$1,993	$1,888
Other comprehensive income (loss), net of tax						
Net realized loss included in net income, net of tax benefits of ($41)					153	—
Unrealized holding gain (loss) on available-for-sale securities during the period, net of taxes (benefits) of ($129) and $427 for each respective period					(482)	1,606
Comprehensive Income					$1,664	$3,494

See Notes to Condensed Consolidated Financial Statements

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United Bancorp, Inc.

Consolidated Statements of Stockholders' Equity

Three Months Ended September 30, 2023 March 31, 2024 and 2022 2023

(In thousands except per share data)

(Unaudited)

	Common Stock	Additional Paid-in Capital	Treasury Stock and Deferred Compensation	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
Balance July 1, 2022	$ 6,044	$ 24,528	$ (3,618)	$ 39,169	$ (7,810)	$ 58,313
Net income	—	—	—	2,303	—	2,303
Other comprehensive loss	—	—	—	—	(6,670)	(6,670)
Cash dividends - $0.1575 per share	—	—	—	(887)	—	(887)
Deferred compensation plan activity	—	108	(108)	—	—	—
Expense/shares repurchase related to share-based compensation plans	—	87	—	—	—	87
Balance, September 30, 2022	$ 6,044	$ 24,723	$ (3,726)	$ 40,585	$ (14,480)	$ 53,146
Balance July 1, 2023	6,044	25,328	(4,464)	41,223	(9,722)	58,409
Net income	—	—	—	2,392	—	2,392
Other comprehensive loss	—	—	—	—	(7,298)	(7,298)
Cash dividends - $0.1675 per share	—	—	—	(986)	—	(986)
Deferred compensation plan activity	—	100	(100)	—	—	—
Expense/shares repurchase related to share-based compensation plans	20	53	—	—	—	73
Balance, September 30, 2023	$ 6,064	$ 25,481	$ (4,564)	$ 42,629	$ (17,020)	$ 52,590

	Common Stock	Additional Paid-in Capital	Treasury Stock and Deferred Compensation	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
Balance January 1, 2022	$ 6,054	$ 23,635	$ (2,799)	$ 37,847	$ 6,964	$ 71,701
Net income	—	—	—	6,351	—	6,351
Other comprehensive loss	—	—	—	—	(21,444)	(21,444)
Cash dividends - $0.6150 per share	—	—	—	(3,613)	—	(3,613)
Deferred compensation plan activity	—	159	(927)	—	—	(768)
Repurchase of common stock	—	919	—	—	—	919
Expense/shares repurchase related to share-based compensation plans	(10)	10	—	—	—	—
Balance, September 30, 2022	$ 6,044	$ 24,723	$ (3,726)	$ 40,585	$ (14,480)	$ 53,146
Balance January 1, 2023	6,044	24,814	(3,730)	41,945	(9,336)	59,737
Net income	—	—	—	6,560	—	6,560
Other comprehensive loss	—	—	—	—	(7,684)	(7,684)
Cash dividends - $0.645 per share	—	—	—	(3,788)	—	(3,788)
Cumulative effect of adoption of ASU 2016-13	—	—	—	(2,088)	—	(2,088)
Deferred compensation plan activity	—	101	(101)	—	—	—
Repurchase of common stock	—	—	(733)	—	—	(733)
Expense/shares repurchase related to share-based compensation plans	20	566	—	—	—	586
Balance, September 30, 2023	$ 6,064	$ 25,481	$ (4,564)	$ 42,629	$ (17,020)	$ 52,590

			Treasury		Accumulated	

	Common Stock	Additional Paid-in Capital	Stock and Deferred Compensation	Retained Earnings	Other Comprehensive Income (Loss)	Total
Balance January 1, 2023	$ 6,044	$ 24,814	$ (3,730)	$ 41,945	$ (9,336)	$ 59,737
Net income	—	—	—	1,888	—	1,888
Other comprehensive income	—	—	—	—	1,606	1,606
Cash dividends - $0.3125 per share	—	—	—	(1,848)	—	(1,848)
Repurchase of common stock	—	—	(733)	—	—	(733)
Shares purchased for deferred compensation plan	—	(87)	87	—	—	—
Cumulative effect of adoption of ASU 2016-13	—	—	—	(2,090)	—	(2,090)
Expense related to share-based compensation plans	—	445	—	—	—	445
Balance, March 31, 2023	$ 6,044	$ 25,172	$ (4,376)	$ 39,895	$ (7,730)	$ 59,005
Balance January 1, 2024	6,064	25,913	(4,924)	44,018	(7,478)	63,593
Net income	—	—	—	1,993	—	1,993
Restricted stock issued	124	(124)	—	—	—	—
Other comprehensive loss	—	—	—	—	(329)	(329)
Cash dividends - $0.3225 per share	—	—	—	(1,938)	—	(1,938)
Repurchase of common stock	—	—	(656)	—	—	(656)
Shares purchased for deferred compensation plan	—	(334)	334	—	—	—
Expense related to share-based compensation plans	—	543	—	—	—	543
Balance, March 31, 2024	$ 6,188	$ 25,998	$ (5,246)	$ 44,073	$ (7,807)	$ 63,206

See Notes to Condensed Consolidated Financial Statements

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United Bancorp, Inc.

Condensed Consolidated Statements of Cash Flows

Nine Three Months Ended September 30, 2023 March 31, 2024 and 2022 2023

(In thousands except per share data)

(Unaudited)

	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Operating Activities		
Net income	$ 6,560	$ 6,351
Items not requiring (providing) cash		
Accretion of premiums and discounts on securities, net	271	389
Amortization of intangible asset	113	113
Depreciation and amortization	744	768
Expense related to share based compensation plans	586	919
Provision for (reversal of) credit loss expense	(300)	(970)
Increase in value of bank-owned life insurance	(320)	(90)
Gain on sale of loans	(8)	(33)
Proceeds from sale of loans held for sale	396	1,819
Originations of loans held for sale	(404)	(1,786)
Loss on sale or write down of foreclosed assets	62	23

Amortization of debt instrument costs	46	46
Net change in accrued interest receivable and other assets	(1,227)	(2,014)
Net change in accrued expenses and other liabilities	229	(173)
Net cash provided by operating activities	6,748	5,362
Investing Activities		
Securities available for sale:		
Maturities, prepayments and calls	2,275	5,570
Purchases	(19,329)	(98,634)
Net change in loans	(5,524)	(14,043)
Purchase of FHLB stock	(3,149)	—
Redemption of Federal Home Loan Bank Stock	1,669	1,205
Purchases of premises and equipment	(952)	(425)
Proceeds from sale of foreclosed and fixed assets	16	267
Net cash used in investing activities	(24,994)	(106,060)
Financing Activities		
Net change in deposits	(21,901)	44,965
Net change in securities sold under repurchase agreements	10,478	12,412
Peoceeds from Federal Home Loan Bank advances	75,000	—
Repurchase of common stock	(733)	(768)
Cash dividends paid on common stock	(3,786)	(3,613)
Net cash provided by financing activities	59,058	52,996
Increase (Decrease) in Cash and Cash Equivalents	40,812	(47,702)
Cash and Cash Equivalents, Beginning of Period	30,080	82,999
Cash and Cash Equivalents, End of Period	$ 70,892	$ 35,297
Supplemental Cash Flows Information		
Interest paid on deposits and borrowings	$ 7,604	$ 2,257
Federal income taxes paid	$ —	$ 300
Supplemental Disclosure of Non-Cash Investing and Financing Activities		
Transfers from loans to foreclosed assets held for sale	$ 13	$ —

	2024	2023
Operating Activities		
Net income	$ 1,993	$ 1,888
Items not requiring (providing) cash		
Depreciation and amortization	261	246
Amortization of intangible asset	38	37
Premium amortization on securities	122	136
Provision for credit loss expense	—	—
Gain on sale of loans	(77)	—
Loss on sale of available-for-sale securities	194	—
Expense related to share based compensation programs	543	445
Increase in value of bank-owned life insurance	(114)	(113)
Originations of loans held for sale	(1,970)	—
Proceeds from sale of loans held for sale	2,047	—
Amortization of debt instrument costs	15	15

Net change in accrued interest receivable and other assets	931	(1,590)
Net change in accrued expenses and other liabilities	(368)	(223)
Net cash provided by operating activities	3,615	841
Investing Activities		
Purchase of available-for-sale securities	(34,905)	(14,733)
Proceeds from calls/redemptions of available-for-sale securities	35	195
Sale of available-for-sale securities	25,091	—
Net change in loans	2,959	(2,325)
Purchase of FHLB Stock	—	(3,149)
Redemption of FHLB Stock	—	1,692
Purchases of premises and equipment	(3,392)	(286)
Net cash (used in) investing activities	(10,212)	(18,606)
Financing Activities		
Net change in deposits	4,291	3,452
Net change in securities sold under repurchase agreements	11,024	12,403
Net change in Federal Home Loan Bank advances	—	75,000
Finance lease principal payment	(17)	—
Repurchase of common stock	(656)	(733)
Cash dividends paid	(1,938)	(1,848)
Net cash provided by financing activities	12,704	88,274
Increase (Decrease) in Cash and Cash Equivalents	6,107	70,509
Cash and Cash Equivalents, Beginning of Period	40,770	30,080
Cash and Cash Equivalents, End of Period	$ 46,877	$ 100,589
Supplemental Cash Flows Information		
Federal income taxes paid	$ —	$ —
Adoption of ASC 326	$ —	$ 2,089
Interest paid on deposits and borrowings	$ 3,477	$ 1,286

See Notes to Condensed Consolidated Financial Statements

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United Bancorp, Inc.

Notes to Condensed Consolidated Financial Statements

Three Months Ended March 31, 2024 and 2023

(In thousands)

Note 1: Summary of Significant Accounting Policies

These interim financial statements are prepared without audit and reflect all adjustments which, in the opinion of management, are necessary to present fairly the financial position of United Bancorp, Inc. ("Company") at September 30, 2023 March 31, 2024, and its results of operations and cash flows for the interim periods presented. All such adjustments are normal and recurring in nature. The accompanying condensed consolidated financial statements have been prepared in accordance with the instructions for Form 10-Q and, therefore, do not purport to contain all the necessary financial disclosures required by accounting principles generally accepted in the United States of America that might otherwise be necessary in the circumstances and should be read in conjunction with the Company's consolidated financial statements and related notes for the year ended December 31, 2022 December 31, 2023 included in its Annual Report on Form 10-K. Reference is made to the accounting policies of the Company described in the Notes to the Consolidated Financial Statements contained in its Annual Report on Form 10-K. The results of operations for the three and nine months ended September 30,2023, March 31, 2024, are not necessarily indicative of the results to be expected for the full year. The condensed consolidated balance sheet of the Company as of December 31, 2022 December 31, 2023 has been derived from the audited consolidated balance sheet of the Company as of that date.

Principles of Consolidation

The consolidated financial statements include the accounts of United Bancorp, Inc. ("United" or "the Company") and its wholly-owned subsidiary, Unified Bank of Martins Ferry, Ohio ("the Bank"). All intercompany transactions and balances have been eliminated in consolidation.

Nature of Operations

The Company's revenues, operating income and assets are almost exclusively derived from banking. Accordingly, all of the Company's banking operations are considered by management to be aggregated in one reportable operating segment. Customers are mainly located in Athens, Belmont, Carroll, Fairfield, Harrison, Jefferson and Tuscarawas Counties in Ohio and Marshall and Ohio Counties in West Virginia and the surrounding localities in northeastern, east-central and southeastern Ohio and include a wide range of individuals, businesses and other organizations. Unified Bank conducts its business through its main office in Martins Ferry, Ohio and branches in Bridgeport, Colerain, Dellroy, Dover, Glouster, Jewett, Lancaster Downtown, Lancaster East, Nelsonville, New Philadelphia, Powhatan Point, St. Clairsville East, St. Clairsville West, Sherrodsville, Strasburg, Tiltonsville, Ohio and Moundsville West Virginia.

The Company's primary deposit products are checking, savings and term certificate accounts and its primary lending products are residential mortgage, real estate, commercial and industrial, commercial real estate and installment loans. Substantially all loans are secured by specific items of collateral including business assets, consumer assets and real estate. Commercial and industrial loans are expected to be repaid from cash flow from operations of businesses. Real estate loans are secured by both residential and commercial real estate. Net interest income is affected by the relative amount of interest-earning assets and interest-bearing liabilities and the interest received or paid on these balances. The level of interest rates paid or received by the Company can be significantly influenced by a number of environmental factors, such as governmental monetary and fiscal policies, that are outside of management's control.

Revenue Recognition

Accounting Standards Codification ("ASC") 606, *Revenue from Contracts with Customers* ("ASC 606"), establishes principles for reporting information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts to provide goods or services to customers. The core principle requires an entity to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration that it expects to be entitled to receive in exchange for those goods or services recognized as performance obligations are satisfied.

The majority of the Company's revenue-generating transactions are not subject to ASC 606, including revenue generated from financial instruments, such as loans, investment securities, as well as revenue related to mortgage banking activities, as these activities are subject to other GAAP discussed elsewhere within the Company's disclosures.

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Descriptions of the Company's revenue-generating activities that are within the scope of ASC 606, which are presented in the income statements as components of non-interest income are as follows:

Service charges on deposit accounts - these represent general service fees for monthly account maintenance and activity- or transaction-based fees and consist of transaction-based revenue, time-based revenue (service period), item-based revenue or some other individual attribute-based revenue. Revenue is recognized when the performance obligation is completed which is generally monthly for account maintenance services or when a transaction has been completed (such as a wire transfer). Payment for such performance obligations are generally received at the time the performance obligations are satisfied.

Use of Estimates

To prepare financial statements in conformity with accounting principles generally accepted in the United States of America, management makes estimates and assumptions based on available information. These estimates and assumptions affect the amounts reported in the financial statements and the disclosures provided and future results could differ. The allowance for credit losses and fair values of financial instruments are particularly subject to change.

Investment Securities

Management determines the appropriate classification of debt securities at the time of purchase and re-evaluates such designation as of each balance sheet date.

Investment securities classified as available for sale are those securities that the Company intends to hold for an indefinite period of time but not necessarily to maturity. Securities available for sale are carried at fair value. Any decision to sell a security classified as available for sale would be based on various factors, including significant movements in interest rates, changes in the maturity mix of the Company's assets and liabilities, liquidity needs, regulatory capital considerations, and other similar factors. Unrealized gains or losses are reported as increases or decreases in other comprehensive income (loss), net of the deferred tax effect. Realized gains or losses, determined on the basis of the cost of the specific securities sold, are included in earnings. Premiums and discounts are recognized in interest income using the interest method over the terms of the securities.

Allowance for Credit Losses – Available for Sale Securities

The Company measures expected credit losses on available-for-sale debt securities when the Company does not intend to sell, or when it is not more likely than not that it will be required to sell, the security before recovery of its amortized cost basis. If either of the criteria regarding intent or requirement to sell is met, the security's amortized cost basis is written down to fair value through income. For available-for-sale debt securities that do not meet the aforementioned criteria, the Company evaluates whether the decline in fair value has resulted from credit losses or other factors. In making this assessment, the Company considers the extent to which fair value is less than amortized cost, any changes to the rating of the security by a rating agency, and adverse conditions specifically related to the security, among other factors. If this evaluation indicates that a credit loss exists, the present value of cash flows expected to be collected from the security are compared to the amortized cost basis of the security. If the present value of cash flows expected to be collected is less than the amortized cost basis, a credit loss exists and an allowance for credit losses is recorded for the credit loss, equal to the amount that the fair value is less than the amortized cost basis. Economic forecast data is utilized to calculate the present value of expected cash flows. The Company utilizes independent firms to evaluate the Company's State and Municipal Obligations and Subordinated Notes to measure any expected credit losses. Any impairment that has not been recorded through an allowance for credit losses is recognized in other comprehensive income (loss). income.

The allowance for credit losses on available-for-sale debt securities is included within investment securities available-for-sale on the consolidated balance sheet. Changes in the allowance for credit losses are recorded within provision for credit losses on the consolidated statement of income. Losses are charged against the allowance when the Company believes the collectability of an available-for-sale security is in jeopardy or when either of the criteria regarding intent or requirement to sell is met.

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Accrued interest receivable on available-for-sale debt securities totaled $2.5 million $2.4 million at September 30, 2023 March 31, 2024 and $2.7 million at December 31, 2023 and is included within the line item accrued interest receivable on the consolidated balance sheet. This amount is excluded from the estimate of expected credit losses. Available-for-sale debt securities are typically classified as nonaccrual when the contractual payment of principal or interest has become 90 days past due or management has serious doubts about the further collectability of principal or interest. When available-for-sale debt securities are placed on nonaccrual status, unpaid interest credited to income is reversed.

Loans

Loans receivable that management has the intent and ability to hold for the foreseeable future or until maturity or payoff are stated at their outstanding unpaid principal balances, net of an allowance for credit losses and any deferred fees or costs. Accrued interest receivable totaled $1.2 million $1.4 million at September 30, 2023 March 31, 2024 and $1.4 million at December 31, 2023 and was reported in the line item accrued interest receivable on the consolidated balance sheets Consolidated Balance Sheets and is excluded from the estimate of credit losses. Interest income is accrued on the unpaid principal balance. Loan origination fees, net of certain direct origination costs, are deferred and recognized as an adjustment of the yield (interest income) of the related loans. The Company is amortizing these amounts over the contractual life of the loan. Premiums and discounts on purchased loans are amortized as adjustments to interest income using the effective yield method.

The loans receivable portfolio is segmented into commercial and industrial, which are typically utilized for general business purposes and commercial real estate, which are collaterized by real estate. Homogenouse loans consisting similar products that are smaller in amount and distributed over a large number of individual borrowers include residential real estate and consumer loans.

For all classes of loans receivable, the accrual of interest is discontinued when the contractual payment of principal or interest has become 90 days past due or management has serious doubts about further collectability of principal or interest, even though the loan is currently performing. A loan may remain on accrual status if it is in the process of collection and is either guaranteed or well secured. When a loan is placed on nonaccrual status, unpaid interest credited to income in the current year is reversed and unpaid interest accrued in prior years is charged against the allowance for loan credit losses. Interest generally is either applied against principal or reported as interest income on a cash basis, according to management's judgment as to the collectability of principal. Generally, loans are restored to accrual status when the obligation is brought current, has performed in accordance with the contractual terms for a reasonable period of time (generally six months), and the ultimate collectability of the total contractual principal and interest is no longer in doubt. The past-due status of all classes of loans receivable is determined based on contractual due dates for loan payments.

Allowance for Credit Losses - Loans

The allowance for credit losses ("ACL") is a valuation reserve established and maintained by charges against income and is deducted from the amortized cost basis of loans to present the net amount expected to be collected on the loans. Loans, or portions thereof, are charged off against the ACL when they are deemed uncollectible. Expected recoveries do not exceed the aggregate of amounts previously charged-off and expected to be charged-off.

The ACL is an estimate of expected credit losses, measured over the contractual life of a loan, that considers our historical loss experience, current conditions and forecasts of future economic conditions. Determination of an appropriate ACL is inherently subjective and may have significant changes from period to period.

The methodology for determining the ACL has two main components: evaluation of expected credit losses for certain groups of homogeneous loans that share similar risk characteristics and evaluation of loans that do not share risk characteristics with other loans.

The allowance for credit losses is measured on a collective (pool) basis when similar risk characteristics exist. The Company uses the call report classification as its segment breakout and measures the allowance for credit losses using the Weighted Average Remaining Maturity method for all loan segments.

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Historical credit loss experience is the basis for the estimation of expected credit losses. We apply historical loss rates to pools of loans with similar risk characteristics. After consideration of the historic loss calculation, management applies qualitative adjustments to reflect the current conditions and reasonable and supportable forecasts not already reflected in the historical loss information at the balance sheet date. Our reasonable and supportable forecast adjustment is based on a 2 year unemployment forecast provided by Bloomberg and management judgment. For periods beyond our reasonable and supportable forecast, we revert back to historical annual loss rates for the remainder of the life of each pool after the forecast period. The qualitative adjustments for current conditions are based upon current level of inflation, changes in lending policies and practices, experience and ability of lending staff, quality of the Company's loan review system, value of underlying collateral, the existence of and changes in concentrations and other external factors. These modified historical loss rates are multiplied by the outstanding principal balance of each loan to calculate a required reserve.

The Company has elected to exclude accrued interest receivable from the measurement of its ACL. When a loan is placed on non-accrual status, any outstanding accrued interest is reversed against interest income.

The ACL for individual loans begins with the use of normal credit review procedures to identify whether a loan no longer shares similar risk characteristics with other pooled loans and therefore, should be individually assessed. We evaluate all commercial and industrial and commercial real estate loans as well as and residential and installment loans greater than $100,000 that meet the following criteria: 1) when it is determined that foreclosure is probable, 2) substandard, doubtful and nonperforming loans when repayment is expected to be provided substantially through the operation or sale of the collateral, 3) when it is determined by management that a loan does not share similar risk characteristics with other loans. Specific reserves are established based on the following three acceptable methods for measuring the ACL: 1) the present value of expected future cash flows discounted at the loan's original effective interest rate; 2) the loan's observable market price; or 3) the fair value of the collateral when the loan is collateral dependent. Our individual loan evaluations consist primarily of the fair value of collateral method because most of our loans are collateral dependent. Collateral values are discounted to consider disposition costs when appropriate. A specific reserve is established or a charge-off is taken if the fair value of the loan is less than the loan balance.

Accounting Pronouncements Adopted in 2023

In June 2016, the FASB issued ASU No. 2016-13, "*Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*" and subsequent related updates. This ASU replaces the incurred loss methodology for recognizing credit losses and requires businesses and other organizations to measure the current expected credit losses (CECL) on financial assets measured at amortized cost, including loans and held-to-maturity securities, net investments in leases, off-balance sheet credit exposures such as unfunded commitments, and other financial instruments. In addition, ASC 326 requires credit losses on available-for-sale debt securities to be presented as an allowance rather than as a write-down when management does not intend to sell or believes that it is not more likely than not they will be required to sell. This guidance became effective on January 1, 2023 for the Company. The results reported for periods beginning after January 1, 2023 are presented under ASC 326 while prior period amounts continue to be reported in accordance with previously applicable accounting standards.

The Company adopted this guidance, and subsequent related updates, using the modified retrospective approach for all financial assets measured at amortized cost, including loans and available-for-sale debt securities and unfunded commitments. On January 1, 2023, the Company recorded a cumulative effect decrease to retained earnings of $2,088,000, net of tax, of which $1,911,000 related to loans, $177,000 related to unfunded commitments.

The Company adopted the provisions of ASC 326 related to presenting other-than-temporary impairment on available-for-sale debt securities prior to January 1, 2023 using the prospective transition approach, though no such charges had been recorded on the securities held by the Company as of the date of adoption. The Company did not change the segmentation from the incurred loss method upon adoption of ASC 326.

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The impact of the change from the incurred loss model to the current expected credit loss model is detailed below

	January 1, 2023			January 1, 2024		
Loan Categories (in thousands)	**Pre-adoption**	**Adoption Impact**	**As Reported**	**Pre-adoption**	**Adoption Impact**	**As Reported**
Commercial and Industrial	$ 215	$ 755	$ 970	$ 215	$ 755	$ 970
Commercial Real Estate	815	388	1,203	815	388	1,203
Residential Real Estate	816	1,379	2,195	816	1,379	2,195
Consumer	206	(103)	103	206	(103)	103

	$ 2,052	$ 2,419	$ 4,471	$ 2,052	$ 2,419	$ 4,471

Allowance for Credit Losses on Off-Balance Sheet Credit Exposures

The Company estimates expected credit losses over the contractual period in which the Company is exposed to credit risk via a contractual obligation to extend credit, unless that obligation is unconditionally cancellable by the Company. The allowance for credit losses on off-balance sheet credit exposures is adjusted through credit loss expense. The estimate includes consideration of the likelihood that funding will occur and an estimate of expected credit losses on commitments expected to be funded over its estimated life.

United Bancorp, Inc.
Notes to Condensed Consolidated Financial Statements
(In thousands)

Earnings Per Share

Earnings per share (EPS) were computed as follows:

	Three Months Ended September 30, 2023			Three Months Ended March 31, 2024		
	Net Income	Weighted-Average Shares	Per Share Amount	Net Income	Weighted-Average Shares	Per Share Amount
	(In thousands)			(In thousands)		
Net income	$ 2,392			$ 1,993		
Less allocated earnings on non-vested restricted stock	(54)			(2)		
Less allocated dividends on non-vested restricted stock	(38)			(88)		
Net income allocated to common stockholders	2,300			1,903		
		5,488,995			5,499,877	
Basic and diluted earnings per share			$ 0.42			$ 0.35

	Three Months Ended September 30, 2022			Three Months Ended March 31, 2023		
	Net Income	Weighted-Average Shares	Per Share Amount	Net Income	Weighted-Average Shares	Per Share Amount
	(In thousands)			(In thousands)		
Net income	$ 2,303			$ 1,888		
Less allocated earnings on non-vested restricted stock	(61)			(2)		
Less allocated dividends on non-vested restricted stock	(40)			(81)		
Net income allocated to common stockholders	2,202			1,805		
		5,488,121			5,484,610	
Basic and diluted earnings per share			$ 0.40			$ 0.33

	Nine Months Ended September 30, 2023		
	Net Income	Weighted-Average Shares	Per Share Amount
	(In thousands)		
Net income	$ 6,560		

Less allocated earnings on non-vested restricted stock	(111)		
Less allocated dividends on non-vested restricted stock	(153)		
Net income allocated to common stockholders	6,296	5,490,072	
Basic and diluted earnings per share			$ 1.15

	Nine Months Ended September 30, 2022		
	Net Income	Weighted-Average Shares	Per Share Amount
	(In thousands)		
Net income	$ 6,351		
Less allocated earnings on non-vested restricted stock	(124)		
Less dividends on non-vested restricted stock	(161)		
Net income allocated to common stockholders	6,066	5,482,865	
Basic and diluted earnings per share			$ 1.10

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Income Taxes

The Company is subject to income taxes in the U.S. federal jurisdiction, as well as various state jurisdictions. Tax regulations within each jurisdiction are subject to the interpretation of the related tax laws and regulations and require significant judgment to apply.

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With few exceptions, the Company is no longer subject to U.S. federal, state and local income tax examinations by tax authorities for the years before 2019. 2020.

Accounting Pronouncements Adopted in 2023

In June 2016, the FASB issued ASU No. 2016-13, "*Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments"* and subsequent related updates. This ASU replaces the incurred loss methodology for recognizing credit losses and requires businesses and other organizations to measure the current expected credit losses (CECL) on financial assets measured at amortized cost, including loans and held-to-maturity securities, net investments in leases, off-balance sheet credit exposures such as unfunded commitments, and other financial instruments. In addition, ASC 326 requires credit losses on available-for-sale debt securities to be presented as an allowance rather than as a write-down when management does not intend to sell or believes that it is not more likely than not they will be required to sell. This guidance became effective on January 1, 2023 for the Company. The results reported for periods beginning after January 1, 2023 are presented under ASC 326 while prior period amounts continue to be reported in accordance with previously applicable accounting standards.

The Company adopted this guidance, and subsequent related updates, using the modified retrospective approach for all financial assets measured at amortized cost, including loans and available-for-sale debt securities and unfunded commitments. On January 1, 2023, the Company recorded a cumulative effect decrease to retained earnings of $2,088,000, net of tax, of which $1,911,000 related to loans, $177,000 related to unfunded commitments.

The Company adopted the provisions of ASC 326 related to presenting other-than-temporary impairment on available-for-sale debt securities prior to January 1, 2023 using the prospective transition approach, though no such charges had been recorded on the securities held by the Company as of the date of adoption. The Company did not change the segmentation from the incurred loss method upon adoption of ASC 326.

In January 2023, the Company adopted ASU 2022-02, “Financial Instruments - Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures” (“ASU 2022-02”), which eliminated the accounting guidance for troubled debt restructurings (“TDRs”) while enhancing disclosure requirements for certain loan refinancing and restructurings by creditors when a borrower is experiencing financial difficulty. This guidance was applied on a prospective basis. Upon adoption of this guidance, the Company no longer establishes a specific reserve for modifications to borrowers experiencing financial difficulty. Instead, these modifications are included in their historical loss rate which is applied to the current loan balance to arrive at the quantitative baseline portion of the Allowance for Credit Losses.

Note 2: Securities

The amortized cost and fair values, together with gross unrealized gains and losses of securities are as follows:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Allowance for Credit Losses	Fair Value	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(In thousands)								
Available-for-sale Securities:									
September 30, 2023:									
March 31, 2024:									
U.S. government agencies	$ 45,000	$ —	$ (1,355)	$ —	$ 43,645	$ 27,500	$ —	$ (417)	$ 27,083
Subordinated notes						28,984	—	(4,042)	24,942
State and municipal obligations	171,346	6	(14,353)	—	156,999	204,662	1,479	(6,359)	199,782
Subordinated notes	29,043	—	(5,008)	—	24,035				
Total debt securities	$ 245,389	$ 6	$ (20,716)	$ —	$ 224,679	$ 261,146	$ 1,479	$(10,818)	$251,807

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(In thousands)			
Available-for-sale Securities:				
December 31, 2023:				
U.S. government agencies	$ 45,000	$ —	$ (732)	$ 44,268
Subordinated notes	29,013	—	(4,713)	24,300
State and municipal obligations	177,670	2,264	(5,742)	174,192
Total debt securities	$ 251,683	$ 2,264	$ (11,187)	$ 242,760

There was no allowance for credit losses at March 31, 2024 or December 31, 2024.

The amortized cost and fair value of available-for-sale securities at March 31, 2024, by contractual maturity, are shown below. Expected maturities will differ from contractual maturities because issuers may have the right to call or prepay obligations with or without call or prepayment penalties.

	Amortized Cost	Fair Value
	(In thousands)	

Under 1 year	$ 15,000	$ 14,909
One to five years	13,084	12,698
Five to ten years	31,321	27,244
Over ten years	201,741	196,956
Totals	$ 261,146	$ 251,807

The carrying value of securities pledged as collateral, to secure public deposits and for other purposes, was $76.6 million and $72.8 million at March 31, 2024 and December 31, 2023, respectively.

Certain investments in debt securities are reported in the consolidated financial statements at an amount less than their historical cost. The total fair value of these investments at March 31, 2024 was $153.8 million, which represented 61% of the Company's available-for-sale investment portfolio. The total fair value of these investments at December 31, 2023 was $123.1 million, which represented less than 51% of the Company's available-for-sale.

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United Bancorp, Inc.
Notes to Condensed Consolidated Financial Statements
Three Months Ended March 31, 2024 and 2023
(In thousands)

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(In thousands)			
Available-for-sale Securities:				
December 31, 2022:				
U.S. government agencies	$ 45,000	$ —	$ (968)	$ 44,032
State and municipal obligations	152,447	459	(7,408)	145,498
Subordinated note	31,160	—	(3,066)	28,094
Total debt securities	$ 228,607	$ 459	$ (11,442)	$ 217,624

The amortized cost and fair value of available-for-sale securities at September 30, 2023, by contractual maturity, are shown below. Expected maturities will differ from contractual maturities because issuers may have the right to call or prepay obligations with or without call or prepayment penalties.

	Amortized Cost	Fair Value
	(In thousands)	
Under 1 year	$ 10,000	$ 9,841
One to five years	35,611	34,394
Five to ten years	31,358	26,065
Over ten years	168,420	154,379
Totals	$ 245,389	$ 224,679

The carrying value of securities pledged as collateral, to secure public deposits and for other purposes, was $68.1 million and $68.7 million at September 30, 2023 and December 31, 2022, respectively.

Certain investments in debt securities are reported in the consolidated financial statements at an amount less than their historical cost. The total fair value of these investments at September 30, 2023 was $222.7 million, which represented 99% of the Company's available-for-sale investment portfolio. The total fair value of these investments at December 31, 2022 was $166.1 million, which represented less than 76% of the Company's available-for-sale.

Based on evaluation of available evidence, including recent changes in market interest rates, credit rating information and information obtained from regulatory filings, management believes the declines in fair value for these securities are temporary and are a result of an increase in longer term interest rates.

The following tables show the Company's investments' available for sale securities and the related gross unrealized losses and fair value,for which an allowance for credit losses has not been recorded, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position at September 30, 2023: March 31, 2024 and December 31. 2023:

Description of Securities	March 31, 2024 Less than 12 Months Fair Value	Less than 12 Months Unrealized Losses	12 Months or More Fair Value	12 Months or More Unrealized Losses	Total Fair Value	Total Unrealized Losses
	(In thousands)					
U.S. Government agencies	$ —	$ —	$ 27,083	$ (417)	$ 27,083	$ (417)
Subordinated notes	4,110	(390)	20,832	(3,652)	24,942	(4,042)
State and municipal obligations	51,346	(432)	50,402	(5,927)	101,748	(6,359)
Total temporarily impaired securities	$ 55,456	$ (822)	$ 98,317	$ (9,996)	$ 153,773	$ (10,818)

Description of Securities	September 30, 2023 Less than 12 Months Fair Value	Less than 12 Months Unrealized Losses	12 Months or More Fair Value	12 Months or More Unrealized Losses	Total Fair Value	Total Unrealized Losses
	(In thousands)					
U.S. Government agencies	$ —	$ —	$ 43,645	$ (1,355)	$ 43,645	$ (1,355)
State and municipal obligations	107,520	(4,831)	47,455	(9,522)	154,975	(14,353)
Subordinated notes	3,710	(822)	20,325	(4,186)	24,035	(5,008)
Total temporarily impaired securities	$111,230	$ (5,653)	$111,425	$ (15,063)	$ 222,655	$ (20,716)

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United Bancorp, Inc.

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(In thousands)

Description of Securities	December 31, 2022 Less than 12 Months Fair Value	Less than 12 Months Unrealized Losses	12 Months or More Fair Value	12 Months or More Unrealized Losses	Total Fair Value	Total Unrealized Losses	December 31, 2023 Less than 12 Months Fair Value	Less than 12 Months Unrealized Losses	12 Months or More Fair Value	12 Months or More Unrealized Losses	Total Fair Value	Total Unrealized Losses
	(In thousands)											

							(In thousands)					
US government agencies	$ 44,032	$ (968)	$ —	$ —	$ 44,032	$ (968)	$ —	$ —	$ 44,268	$ (732)	$ 44,268	$ (732)
Subordinated notes							3,717	(799)	20,583	(3,914)	24,300	(4,713)
State and municipal obligations	100,599	(7,408)	—	—	100,599	(7,408)	3,365	(12)	51,163	(5,730)	54,528	(5,742)
Subordinated notes	11,185	(1,565)	10,300	(1,501)	21,485	(3,066)						
Total temporarily impaired securities	$ 155,816	$ (9,941)	$ 10,300	$ (1,501)	$ 166,116	$ (11,442)	$ 7,082	$ (811)	$116,014	$(10,376)	$123,096	$(11,187)

The unrealized losses on the Company's 125 214 investments in available for sale securities were caused primarily by interest rate changes. The contractual terms of those investments do not permit the issuer to settle the securities at a price less than the amortized cost bases of the investments. Because the Company does not intend to sell the investments and it is not more likely than not the Company will be required to sell the investments before recovery of their amortized cost basis, which may be maturity, the Company does not consider those investments to be indicative of require an allowance for credit losses at September 30, 2023 to be recognized as of March 31, 2024 or December 31, 2023.

The Company recorded a loss on the sale of available-for-sale securities of approximately $194,000 for the three months ended March 31, 2024. The Company sold $20.3 million in securities for a loss of $228,000 and sold $5.0 million in securities for a gain of $34,000. The Company wanted to rebalance a portion of its security portfolio during the first quarter of 2024. There were no sales of investment available-for-sale securities for the three and nine months ended September 30, 2023 and 2022. March 31, 2023.

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Note 3: Loans and Allowance for Credit Losses

Categories of loans include:

	September 30, 2023	December 31, 2022	March 31, 2024	December 31, 2023

	(In thousands)		(In thousands)	
Commercial and Industrial	$ 94,840	$ 90,548	$ 90,227	$ 91,294
Commercial real estate	272,457	270,312	288,886	291,859
Residential real estate	92,746	94,012	92,712	93,364
Consumer loans	6,799	6,003	8,482	6,719
Total gross loans	466,842	460,875	480,307	483,236
Less allowance for credit losses	(4,112)	(2,052)	(3,870)	(3,918)
Total loans	$ 462,730	$ 458,823	$476,437	$ 479,318

The amount of deferred loan fees at September 30, 2023 was $64 and $96 at December 31, 2022. The risk characteristics of each loan portfolio segment are as follows:

Commercial and Industrial, and Commercial Real Estate

Commercial loans are primarily based on the identified cash flows of the borrower and secondarily on the underlying collateral provided by the borrower. The cash flows of borrowers, however, may not be as expected and the collateral securing these loans may fluctuate in value. Most commercial loans are secured by the assets being financed or other business assets, such as accounts receivable or inventory, and may include a personal guarantee. Short-term loans may be made on an unsecured basis. In the case of loans secured by accounts receivable, the availability of funds for the repayment of these loans may be substantially dependent on the ability of the borrower to collect amounts due from its customers. Commercial real estate loans are viewed primarily as cash flow loans and secondarily as loans secured by real estate. Commercial real estate lending typically involves higher loan principal amounts and the repayment of these loans is generally dependent on the successful operation of the property securing the loan or the business conducted on the property securing the loan. Commercial real estate loans may be more adversely affected by conditions in the real estate markets or in the general economy. The characteristics of properties securing the Company's commercial real estate portfolio are diverse, but with geographic location almost entirely in the Company's market area. Management monitors and evaluates commercial real estate loans based on collateral, geography and risk grade criteria. In general,

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the Company avoids financing single purpose projects unless other underwriting factors are present to help mitigate risk. In addition, management tracks the level of owner-occupied commercial real estate versus nonowner-occupied loans.

Residential Real Estate and Consumer

Residential real estate and consumer loans consist of two segments - residential mortgage loans and personal loans. For residential mortgage loans that are secured by 1-4 family residences and are generally owner-occupied, the Company generally establishes a maximum loan-to-value ratio and requires private mortgage insurance if that ratio is exceeded. Home equity loans are typically secured by a subordinate interest in 1-4 family residences, and consumer personal loans are secured by consumer personal assets, such as automobiles or recreational vehicles. Some consumer personal loans are unsecured, such as small installment loans and certain lines of credit. Repayment of these loans is primarily dependent on the personal income of the borrowers, which can be impacted by economic conditions in their market areas, such as unemployment levels. Repayment can also be impacted by changes in property values on residential properties. Risk is mitigated by the fact that the loans are of smaller individual amounts and spread over a large number of borrowers.

Allowance for Credit Losses and Recorded Investment in Loans
As of and for the three and nine month periods ended September 30, 2023

	Commercial	Commercial Real Estate	Residential	Consumer	Total
			(in thousands)		
Allowance for credit losses:					
Balance, July 1, 2023	$ 902	$ 1,079	$ 2,092	$ 208	$ 4,281
Provision (credit) for credit loss exposure	(26)	11	(75)	(64)	(154)
Losses charged off	(1)	—	—	(32)	(33)
Recoveries	12	—	—	6	18
Balance, September 30, 2023	$ 887	$ 1,090	$ 2,017	$ 118	$ 4,112
Balance, January 1, 2023	$ 215	$ 815	$ 816	$ 206	$ 2,052
Impact of adopting ASC 326	755	388	1,379	(103)	2,419
Provision (credit) for credit loss exposure	(104)	(113)	(178)	95	(300)
Losses charged off	(1)	—	—	(94)	(95)
Recoveries	22	—	—	14	36
Balance, September 30, 2023	$ 887	$ 1,090	$ 2,017	$ 118	$ 4,112
Allocation:					
Ending balance: individually evaluated for credit losses	$ —	$ —	$ —	$ —	$ —
Ending balance: collectively evaluated for credit losses	$ 887	$ 1,090	$ 2,017	$ 118	$ 4,112
Loans:					
Ending balance: individually evaluated for credit losses	$ —	$ 24	$ —	$ —	$ 24
Ending balance: collectively evaluated for credit losses	$ 94,840	$ 272,433	$ 92,746	$ 6,799	$ 466,818

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United Bancorp, Inc.

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(In thousands)

Allowance The following tables present the balance in the allowance for Loan Losses credit losses and Recorded Investment the recorded investment in Loans

As loans based on portfolio segment and impairment method as of March 31, 2024 and for the three and nine month periods ended September 30, 2022 December 31, 2023.

	Commercial	Commercial Real Estate	Residential	Consumer	Total	March 31, 2024 Commercial and Industrial	Commercial Real Estate	Residential	Installment	Total
			(In thousands)							
Allowance for loan losses:										
Balance, July 1, 2022	$ 497	$ 1,219	$ 814	$ 123	$ 2,653					
Provision (credit) charged to expense	(125)	24	(7)	123	15					

								(In thousands)		
Allowance for credit losses:										
Balance, beginning of period						$ 573	$ 1,408	$ 1,843	$ 94	$ 3,918
Provision for credit loss expense						15	(31)	(60)	76	—
Losses charged off	(16)	—	(2)	(38)	(56)	—	—	—	(57)	(57)
Recoveries	—	—	—	7	7	1	—	—	8	9
Balance, September 30, 2022	$ 356	$ 1,243	$ 805	$ 215	$ 2,619					
Balance, January 1, 2022	$ 1,046	$ 1,235	$ 1,121	$ 271	$ 3,673					
Provision (credit) charged to expense	(696)	8	(314)	32	(970)					
Losses charged off	(16)	—	(2)	(112)	(130)					
Recoveries	22	—	—	24	46					
Balance, September 30, 2022	$ 356	$ 1,243	$ 805	$ 215	$ 2,619					
Balance, end of period						$ 589	$ 1,377	$ 1,783	$ 121	$ 3,870
Allocation:										
Ending balance: individually evaluated for impairment	$ —	$ 406	$ —	$ —	$ 406					
Ending balance: collectively evaluated for impairment	$ 356	$ 837	$ 805	$ 215	$ 2,213					
Ending balance: individually evaluated for credit losses						$ 75	$ —	$ —	$ —	$ 75
Ending balance: collectively evaluated for credit losses						$ 514	$ 1,377	$ 1,783	$ 121	$ 3,795
Loans:										
Ending balance: individually evaluated for impairment	$ 15	$ 3,792	$ —	$ —	$ 3,807					
Ending balance: collectively evaluated for impairment	$ 92,455	$ 270,206	$ 95,666	$ 6,230	$ 464,557					

Ending balance: individually evaluated for credit losses	$ 141	$ 8	$ 235	$ —	$ 384
Ending balance: collectively evaluated for credit losses	$ 90,086	$ 288,878	$ 92,477	$ 8,482	$ 479,923

Allowance for Loan Losses and Recorded Investment in Loans

As of December 31, 2022

	Commercial	Commercial Real Estate	Residential	Consumer	Total
			(In thousands)		
Allowance for loan losses:					
Ending balance: individually evaluated for impairment	$ —	$ —	$ —	$ —	$ —
Ending balance: collectively evaluated for impairment	$ 215	$ 815	$ 816	$ 206	$ 2,052

	March 31, 2023				
	Commercial and Industrial	Commercial Real Estate	Residential	Installment	Total
			(In thousands)		
Allowance for credit losses:					
Balance, beginning of period	$ 215	$ 815	$ 816	$ 206	$ 2,052
Impact of adopting ASC 326	755	388	1,379	(103)	2,419
Provision for credit loss expense	15	(1)	(39)	25	—
Losses charged off	—	—	—	(29)	(29)
Recoveries	5	—	—	5	10
Balance, end of period	$ 990	$ 1,202	$ 2,156	$ 104	$ 4,452
Ending balance: individually evaluated for credit losses	$ —	$ —	$ —	$ —	$ —

Ending balance: collectively evaluated for credit losses						$ 990	$ 1,202	$ 2,156	$ 104	$ 4,452
Loans:										
Ending balance: individually evaluated for impairment	$ —	$ 57	$ —	$ —	$ 57					
Ending balance: collectively evaluated for impairment	$ 90,548	$ 270,255	$ 94,012	$ 6,003	$ 460,875					
Ending balance: individually evaluated for credit losses						$ 14	$ 9	$ —	$ —	$ 23
Ending balance: collectively evaluated for losses						$ 88,506	$ 275,433	$ 93,386	$ 6,340	$ 463,665

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	December 31, 2023				
	Commercial and Industrial	Commercial Real Estate	Residential	Installment	Total
	(In thousands)				
Allowance for credit losses:					
Ending balance: individually evaluated for impairment	$ —	$ —	$ —	$ —	$ —
Ending balance: collectively evaluated for impairment	$ 573	$ 1,408	$ 1,843	$ 94	$ 3,918
Loans:					
Ending balance: individually evaluated for impairment	$ —	$ 8	$ 318	$ —	$ 326
Ending balance: collectively evaluated for impairment	$ 91,294	$ 291,851	$ 93,046	$ 6,719	$ 481,910

The following tables show the portfolio quality indicators.

Based on the most recent analysis performed, the following table presents the recorded investment in non-homogeneous loans by internal risk rating system as of September 30, 2023 March 31, 2024 (in thousands):

September 30, 2023	2023	2022	2021	2020	2019	Prior	Revolving Loans Amortized Cost Basis	Revolving Loans Converted to Term	Total
Commercial and industrial									

March 31, 2024	**2024**	**2023**	**2022**	**2021**	**2020**	**Prior**	**Revo Loa Amor Cost I**

Commercial and Industrial																
Risk Rating																
Pass	$15,880	$16,474	$ 14,235	$ 15,192	$ 6,537	$ 6,092	$ 20,279	$ —	$ 94,689	$4,680	$20,578	$ 13,995	$ 11,901	$ 12,920	$ 10,280	$ 14
Special Mention	—	26	—	—	—	125	—	—	151	—	—	26	—	—	138	1
Substandard	—	—	—	—	—	—	—	—	—	—	141	—	—	—	—	
Doubtful	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Total	$15,880	$16,500	$ 14,235	$ 15,192	$ 6,537	$ 6,217	$ 20,279	$ —	$ 94,840	$4,680	$20,719	$ 14,021	$ 11,901	$ 12,920	$ 10,418	$ 15
Commercial and industrial																
Commercial and Industrial																
Current period gross charge-offs	$ 1	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ 1	$ —	$ —	$ —	$ —	$ —	$ —	$
Commercial real estate																
Risk Rating																
Pass	$ 7,915	$31,262	$ 49,136	$ 25,267	$ 27,223	$ 60,548	$ 66,892	$ —	$ 268,243	$1,597	$37,728	$ 36,617	$ 47,995	$ 32,776	$ 79,510	$ 45
Special Mention	—	—	244	2,067	—	1,879	—	—	4,190	—	—	—	242	2,034	4,108	1
Substandard	—	—	—	—	—	24	—	—	24	—	—	—	—	8	—	
Doubtful	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Total	$ 7,915	$31,262	$ 49,380	$ 27,334	$ 27,223	$ 62,451	$ 66,892	$ —	$ 272,457	$1,597	$37,728	$ 36,617	$ 48,237	$ 34,801	$ 83,618	$ 46
Commercial real estate																
Current period gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$
Total																
Pass	$23,795	$47,736	$ 63,371	$ 40,459	$ 33,760	$ 66,640	$ 87,171	$ —	$ 362,932	$6,277	$58,306	$ 50,612	$ 59,896	$ 45,696	$ 89,790	$ 59
Special Mention	—	26	244	2,067	—	2,004	—	—	4,341	—	—	26	242	2,034	4,246	2
Substandard	—	—	—	—	—	24	—	—	24	—	141	—	—	8	—	
Doubtful	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Total	$23,795	$47,762	$ 63,615	$ 42,526	$ 33,760	$ 68,668	$ 87,171	$ —	$ 367,297	$6,277	$58,447	$ 50,638	$ 60,138	$ 47,738	$ 94,036	$ 61
Current period gross charge-offs	$ 1	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ 1	$ —	$ —	$ —	$ —	$ —	$ —	$

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(In thousands)

The Company monitors the credit risk profile by payment activity for residential and consumer loan classes. Loans past due 90 days or more and loans on nonaccrual status are considered nonperforming. Nonperforming loans are reviewed quarterly. The following table presents the amortized cost in residential and consumer loans based on payment activity:

March 31, 2024	2024	2023	2022	2021	2020	Prior	Revolving Loans Amortized Cost Basis	Revolving Loans Converted to Term	Total
Residential Real Estate									
Payment Performance									
Performing	$ 1,198	$ 12,063	$ 18,064	$ 16,066	$ 18,828	$ 26,098	$ —	$ —	$ 92,317
Nonperforming	—	—	—	—	36	359	—	—	395
Total	$ 1,198	$ 12,063	$ 18,064	$ 16,066	$ 18,864	$ 26,457	$ —	$ —	$ 92,712
Residential real estate									
Current period gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Consumer									
Payment Performance									
Performing	$ 2,486	$ 2,056	$ 1,212	$ 565	$ 417	$ 1,377	$ 369	$ —	$ 8,482
Nonperforming	—	—	—	—	—	—	—	—	—
Total	$ 2,486	$ 2,056	$ 1,212	$ 565	$ 417	$ 1,377	$ 369	$ —	$ 8,482
Consumer									
Current period gross charge-offs	$ 28	$ 29	$ —	$ —	$ —	$ —	$ —	$ —	$ 57
Total									
Payment Performance									
Performing	$ 3,684	$ 14,119	$ 19,276	$ 16,631	$ 19,245	$ 27,475	$ 369	$ —	$ 100,799
Nonperforming	—	—	—	—	36	359	—	—	395
Total	$ 3,684	$ 14,119	$ 19,277	$ 16,631	$ 19,281	$ 27,834	$ 369	$ —	$ 101,194

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December 31, 2023	2023	2022	2021	2020	2019	Prior	Revolving Loans Amortized Cost Basis	Revolving Loans Converted to Term	Total

Commercial and industrial									
Risk Rating									
Pass	$ 21,847	$ 14,723	$ 13,067	$ 14,042	$ 6,017	$ 5,292	$ 15,019	$ —	$ 90,007
Special Mention	—	26	—	—	—	128	1,133	—	1,287
Substandard	—	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—	—
Total	$ 21,847	$ 14,752	$ 13,067	$ 14,042	$ 6,017	$ 5,459	$ 16,152	$ —	$ 91,294
Commercial and industrial									
Current period gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Commercial real estate									
Risk Rating									
Pass	$ 29,246	$ 35,721	$ 48,569	$ 34,671	$ 26,562	$ 57,441	$ 55,141	$ —	$ 287,351
Special Mention	—	—	242	2,050	—	2,121	—	—	4,413
Substandard	—	—	—	—	—	95	—	—	95
Doubtful	—	—	—	—	—	—	—	—	—
Total	$ 29,246	$ 35,721	$ 48,811	$ 36,721	$ 26,562	$ 59,657	$ 55,141	$ —	$ 291,859
Commercial real estate									
Current period gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Total									
Pass	$ 51,093	$ 50,444	$ 61,636	$ 48,713	$ 32,579	$ 62,733	$ 70,160	$ —	$ 377,358
Special Mention	—	26	242	2,050	—	2,249	1,133	—	5,700
Substandard	—	—	—	—	—	95	—	—	95
Doubtful	—	—	—	—	—	—	—	—	—
Total	$ 51,093	$ 50,470	$ 62,878	$ 50,763	$ 32,579	$ 65,077	$ 71,293	$ —	$ 383,153
Current period gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —

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(In thousands)

The Company monitors the credit risk profile by payment activity for residential and consumer loan classes. Loans past due 90 days or more and loans on nonaccrual status are considered nonperforming. Nonperforming loans are reviewed quarterly. The following table presents the amortized cost in residential and consumer loans based on payment activity (in thousands):

September 30, 2023	2023	2022	2021	2020	2019	Prior	Revolving Loans Amortized Cost Basis	Revolving Loans Converted to Term	Total

December 31, 2023	**2023**	**2022**	**2021**	**2020**	**2019**	**Prior**

Residential Real Estate															
Payment Performance															
Performing	$ 8,489	$18,664	$16,479	$20,070	$5,945	$22,891	$ —	$ —	$92,538	$12,036	$18,297	$16,343	$19,476	$5,687	$21,046
Nonperforming	—	—	—	—	39	169	—	—	208	—	—	—	38	—	441
Total	$ 8,489	$18,664	$16,479	$20,070	$5,984	$23,060	$ —	$ —	$92,746	$12,036	$18,297	$16,343	$19,514	$5,687	$21,487
Residential real estate															
Current period gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Consumer															
Payment Performance															
Performing	$ 2,227	$ 1,554	$ 750	$ 503	$ 358	$ 1,035	$ 372	$ —	$ 6,799	$ 2,484	$ 1,396	$ 674	$ 456	$ 385	$ 953
Nonperforming	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total	$ 2,227	$ 1,554	$ 750	$ 503	$ 358	$ 1,035	$ 372	$ —	$ 6,799	$ 2,484	$ 1,396	$ 674	$ 456	$ 385	$ 953
Consumer															
Current period gross charge-offs	$ 93	$ 1	$ —	$ —	$ —	$ —	$ —	$ —	$ 94	$ 138	$ —	$ —	$ —	$ —	$ —
Total															
Payment Performance															
Performing	$10,716	$20,218	$17,229	$20,573	$6,303	$23,926	$ 372	$ —	$99,337	$14,520	$19,693	$17,017	$19,932	$6,072	$21,999
Nonperforming	—	—	—	—	39	169	—	—	208	—	—	—	38	—-	441
Total	$10,716	$20,218	$17,229	$20,573	$6,342	$24,095	$ 372	$ —	$99,545	$14,520	$19,693	$17,017	$19,970	$6,072	$24,440
Current period gross charge-offs										$ 138	$ —	$ —	$ —	$ —	$ —

	December 31, 2022				
Loan Class	Commercial	Commercial Real Estate	Residential	Consumer	Total
	(In thousands)				
Pass Grade	$ 90,548	$262,472	$ 94,012	$ 6,003	$ 453,035
Special Mention	—	4,066	—	—	4,066
Substandard	—	3,774	—	—	3,774
Doubtful	—	—	—	—	—
	$ 90,548	$270,312	$ 94,012	$ 6,003	$ 460,875

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To facilitate the monitoring of credit quality within the loan portfolio, and for purposes of analyzing historical loss rates used in the determination of the allowance for credit losses, the Company utilizes the following categories of credit grades: pass, special mention, substandard, and doubtful. The four categories, which are derived from standard regulatory rating definitions, are assigned upon initial approval of credit to borrowers and updated periodically thereafter. Pass ratings, which are assigned to those borrowers that do not have identified potential or well defined weaknesses and for which there is a high likelihood of orderly repayment, are updated periodically based on the size and credit characteristics of the borrower. All other categories are updated on at least a quarterly basis.

The Company assigns a special mention rating to loans that have potential weaknesses that deserve management's close attention. If left uncorrected, these potential weaknesses may, at some future date, result in the deterioration of the repayment prospects for the loan or the Company's credit position.

The Company assigns a substandard rating to loans that are inadequately protected by the current sound worth and paying capacity of the borrower or of the collateral pledged. Substandard loans have well defined weaknesses or weaknesses that could jeopardize

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the orderly repayment of the debt. Loans and leases in this grade also are characterized by the distinct possibility that the Company will sustain some loss if the deficiencies noted are not addressed and corrected.

The Company assigns a doubtful rating to loans that have all the attributes of a substandard rating with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of currently existing facts, conditions, and values, highly questionable and improbable. The possibility of loss is extremely high, but because of certain important and reasonable specific pending factors that may work to the advantage of and strengthen the credit quality of the loan or lease, its classification as an estimated loss is deferred until its more exact status may be determined. Pending factors may include a proposed merger or acquisition, liquidation proceeding, capital injection, perfecting liens on additional collateral or refinancing plans.

The Company evaluates the loan risk grading system definitions and allowance for credit losses methodology on an ongoing basis. No significant changes were made to either during the past year to date period.

Loan Portfolio Aging Analysis

As of September 30, 2023 March 31, 2024

	30-59 Days Past Due and Accruing	60-89 Days Past Due and Accruing	Greater Than 90 Days and Accruing	Non Accrual	Total Past Due and Non Accrual	Current	Total Loans Receivable	30-59 Days Past Due and Accruing	60-89 Days Past Due and Accruing	Greater Than 90 Days and Accruing	Non Accrual	Total Past Due and Non Accrual	Curre
				(In thousands)									
Commercial	$ 58	$ 218	$ —	$ —	$ 276	$ 94,564	$ 94,840						

										(In thousands)			
Commercial and Industrial								$ 135	$ 66	$ 165	$ 75	$ 441	$ 89,7
Commercial real estate	—	—	—	8	8	272,449	272,457	—	—	242	7	249	288,6
Residential	159	42	—	208	409	92,337	92,746	266	68	—	395	729	91,9
Consumer	16	—	—	—	16	6,783	6,799						
Installment								3	8	—	—	11	8,4
Total	$ 233	$ 260	$ —	$ 216	$ 709	$ 466,133	$ 466,842	$ 404	$ 142	$ 407	$ 477	$ 1,430	$ 478,8

Loan Portfolio Aging Analysis
As of December 31, 2023

	30-59 Days Past Due and Accruing	60-89 Days Past Due and Accruing	Greater Than 90 Days and Accruing	Non Accrual	Total Past Due and Non Accrual	Current	Total Loans Receivable
				(In thousands)			
Commercial and Insustrial	$ 10	$ 48	$ 154	$ —	$ 212	$ 91,082	$ 91,294
Commercial real estate	—	242	—	8	250	291,609	291,859
Residential	201	—	—	479	680	92,684	93,364
Installment	5	—	—	—	5	6,714	6,719
Total	$ 216	$ 290	$ 154	$ 487	$ 1,147	$ 482,089	$ 483,236

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Loan Portfolio Aging Analysis

As of December 31, 2022

	30-59 Days	60-89 Days	Greater

	Past Due and Accruing	Past Due and Accruing	Than 90 Days and Accruing	Non Accrual	Total Past Due and Non Accrual	Current	Total Loans Receivable
				(In thousands)			
Commercial	$ 126	$ —	$ —	$ —	$ 126	$ 90,422	$ 90,548
Commercial real estate	158	—	—	9	167	270,145	270,312
Residential	102	24	—	173	299	93,713	94,012
Consumer	15	—	—	—	15	5,988	6,003
Total	$ 401	$ 24	$ —	$ 182	$ 607	$ 460,268	$ 460,875

Nonperforming Loans

The following table present the amortized cost basis of loans on nonaccrual status and loans past due over 90 days still accruing interest as of September 30, 2023 March 31, 2024:

	Nonaccrual with no ACL	Nonaccrual with ACL	Total Nonaccrual	Loans Past Due Over 90 Days Still Accruing	Total Nonperforming
			(In thousands)		
Commercial	$ —	$ —	$ —	$ —	$ —
Commercial real estate	—	8	8	—	8
Residential	192	16	208	—	208
Consumer	—	—	—	—	—
Total	$ 192	$ 24	$ 216	$ —	$ 216

	Nonaccrual with no ACL	Nonaccrual with ACL	Total Nonaccrual	Loans Past Due Over 90 Days Still Accruing	Total Nonperforming
			(In thousands)		
Commercial and Industrial	$ —	$ 75	$ 75	$ 165	$ 240
Commercial real estate	7	—	7	242	249
Residential	395	—	395	—	395
Installment	—	—	—	—	—
Total	$ 402	$ 75	$ 477	$ 407	$ 884

The Company recognize $16,500 interest income on nonaccrual loans during the period ended March 31, 2024.

The following table present the amortized cost basis of loans on nonaccrual status and loans past due over 90 days still accruing interest as of December 31, 2023:

	Nonaccrual with no ACL	Nonaccrual with ACL	Total Nonaccrual	Loans Past Due Over 90 Days Still Accruing	Total Nonperforming
			(In thousands)		
Commercial and Industrial	$ —	$ —	$ —	$ 154	$ 154
Commercial real estate	8	—	8	—	8
Residential	479	—	479	—	479
Consumer	—	—	—	—	—
Total	$ 487	$ —	$ 487	$ 154	$ 641

The Company did recognized approximately $6,000 $13,000 interest income on nonaccrual loans during the the period ended September 30, 2023 December 31, 2023.

Impaired Loans

For 2022, a loan is considered impaired, in accordance with the impairment accounting guidance (ASC 310-10-35-16), when based on current information and events, it is probable the Company will be unable to collect all amounts due from the borrower in accordance with the contractual terms of the loan. Impaired loans include nonperforming commercial loans but also include loans modified in troubled debt restructurings where concessions have been granted to borrowers experiencing financial difficulties. These concessions could include a reduction in the interest rate on the loan, payment extensions, forgiveness of principal, forbearance or other actions intended to maximize collection.

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Impaired Loans

	As of September 30, 2022			For the three months ended September 30, 2022		For the nine months ended September 30, 2022	
	Recorded Balance	Unpaid Principal Balance	Specific Allowance	Average Investment in Impaired Loans	Interest Income Recognized	Average Investment in Impaired Loans	Interest Income Recognized
	(In thousands)						
Loans without a specific valuation allowance:							
Commercial	$ 15	$ 30	$ —	$ 30	$ —	$ 31	$ 1
Commercial real estate	2,839	2,839	—	2,844	—	2,842	—
Residential	—	—	—	—	—	—	—
Consumer	—	—	—	—	—	—	—
	2,854	2,869	—	2,874	—	2,873	—
Loans with a specific valuation allowance:							
Commercial	—	—	—	—	—	—	—
Commercial real estate	953	953	406	983	—	983	30
Residential	—	—	—	—	—	—	—
Consumer	—	—	—	—	—	—	—
	953	953	406	983	—	983	30
Total:							
Commercial	$ 15	$ 30	$ —	$ 30	$ —	$ 31	$ 1
Commercial real estate	$ 3,792	$ 3,792	$ 406	$ 3,827	$ —	$ 3,825	$ 30
Residential	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Consumer	$ —	$ —	$ —	$ —	$ —	$ —	$ —

Interest income recognized on a cash basis was not materiality different than interest income recognized.

For the TDRs noted in the tables below, the Company extended the maturity dates and granted interest rate concessions as part of each of those loan restructurings. The loans included in the tables are considered impaired and specific loss calculations are performed on the individual loans. In conjunction with the restructuring there were no amounts charged-off.

	Nine Months Ended September 30, 2022			
	Interest Only	Term	Combination	Total Modification
	(In thousands)			
Commercial	$ —	$ —	$ —	$ —
Commercial real estate	1	1	—	1
Residential	—	—	—	—

Consumer	—	—	—	—

During the nine months ended September 30, 2022 there were no material defaults of any modified loans or troubled debt restructurings that were modified in the last 12 months. The Company generally considers TDR's that become 90 days or more past due under the modified terms as subsequently defaulted.

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Note 4: Benefit Plans

Pension expense includes the following:

	Three months ended September 30, 2023	Three months ended September 30, 2022	Nine months ended September 30, 2023	Nine months ended September 30, 2022	Three months ended March 31, 2024	Three months ended March 31, 2023
	(In thousands)				(In thousands)	
Service cost	$ 76	$ 130	$ 228	$ 390	$ 81	$ 76
Interest cost	78	68	234	204	81	78
Expected return on assets	(133)	(144)	(399)	(432)	(156)	(133)
Amortization (accretion) of prior service cost and net loss	(10)	24	(30)	72		
Amortization of prior service cost and net loss					(22)	10
Pension expense	$ 11	$ 78	$ 33	$ 234		
Pension (contra expense) expense					$ (16)	$ 31

All components of pension expense are reflected within the salaries and employee benefits line of the consolidated income statement.

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(In thousands)

Note 5: Off-balance-sheet Activities

Some financial instruments, such as loan commitments, credit lines, letters of credit and overdraft protection, are issued to meet customer financing needs. These are agreements to provide credit or to support the credit of others, as long as conditions established in the contracts are met, and usually have expiration dates. Commitments may expire without being used. Off-balance-sheet risk to credit loss exists up to the face amount of these instruments, although material losses are not anticipated. The same credit policies are used to make such commitments as are used for loans, including obtaining collateral at exercise of the commitment.

A summary of the notional or contractual amounts of financial instruments with off-balance-sheet risk at the indicated dates is as follows:

	September 30, 2023	December 31, 2022	March 31, 2024	December 31, 2023
	(In thousands)		(In thousands)	
Commercial loans unused lines of credit	$ 92,083	$ 79,718	$82,940	$ 93,773
Commitment to originate loans	89,514	77,889	80,901	91,710
Consumer open end lines of credit	37,371	37,600	35,453	37,024
Standby lines of credit	136	136	136	136

The Company adopted the provisions of ASC 326 and recognized an initial implementation amount of $224,000. During the nine three months ended June 30, 2023 March 31, 2024, there was no change in the provision for credit expense for off balance sheet exposure. exposure of $224,000.

Note 6: Accumulated Other Comprehensive Income (Loss)

The components of accumulated other comprehensive income (loss), included in stockholders' equity, are as follows:

	September 30, 2023	December 31, 2022	March 31, 2024	December 31, 2023
	(In thousands)		(In thousands)	
Net unrealized loss on securities available-for-sale	$ (20,710)	$ (10,984)	$ (9,339)	$ (8,922)
Net unrealized loss for unfunded status of defined benefit plan liability	(835)	(835)	(543)	(543)
	(21,545)	(11,819)	(9,882)	(9,465)
Less: Tax effect	4,525	2,483	2,075	1,987
Net-of-tax amount	$ (17,020)	$ (9,336)	$ (7,807)	$ (7,478)

Note 7: Fair Value Measurements

The Company defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company also utilizes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1 Quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities

Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities

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Following is a description of the valuation methodologies used for assets measured at fair value on a recurring basis and recognized in the accompanying consolidated balance sheets, as well as the general classification of such instruments pursuant to the valuation hierarchy.

Available-for-sale Securities

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. The Company's equity securities are classified within Level 1 of the hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy.

The following table presents the fair value measurements of assets recognized in the accompanying consolidated balance sheets measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023:

		Fair Value Measurements Using				Fair Value Measurements Using		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
		(In thousands)						
September 30, 2023								

						(In thousands)		
March 31, 2024								
U.S. government agencies	$ 43,645	$ —	$ 43,645	$ —	$ 27,083	$ —	$ 27,083	$ —
Subordinated notes	24,038	—	24,038	—				
Subordinated Notes					24,942	—	24,942	—
State and municipal obligations	156,996	—	156,996	—	199,782	—	199,782	—
December 31, 2022								
December 31, 2023								
U.S. government agencies	$ 44,032	$ —	$ 44,032	$ —	$ 44,268	$ —	$ 44,268	$ —
Subordinated notes	28,094	—	28,094	—				
Subordinated Notes					24,300	—	24,300	—
State and municipal obligations	145,498	—	145,498	—	174,192	—	174,192	—

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Following is a description of the valuation methodologies used for assets measured at fair value on a nonrecurring basis and recognized in the accompanying consolidated balance sheets, as well as the general classification of such assets pursuant to the valuation hierarchy. For assets classified within Level 3 of the fair value hierarchy, the process used to develop the reported fair value is described below.

Collateral Dependent

Collateral dependent loans consisted primarily of loans secured by nonresidential real estate. Management has determined fair value measurements on collateral dependent loans primarily through evaluations of appraisals performed. Due to the nature of the valuation inputs, collateral dependent impaired loans are classified within Level 3 of the hierarchy.

The Company considers the appraisal or evaluation as the starting point for determining fair value and then considers other factors and events in the environment that may affect the fair value. Appraisals of the collateral underlying collateral-dependent loans are obtained when the loan is determined to be collateral-dependent and subsequently as deemed necessary by the Company’s Chief Lender. Appraisals are reviewed for accuracy and consistency by the Company’s Chief Lender. Appraisers are selected from the list of approved appraisers maintained by management. The appraised values are reduced by discounts to consider lack of marketability and estimated cost to sell if repayment or satisfaction of the loan is dependent on the sale of the collateral. These

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discounts and estimates are developed by the Company's Chief Lender by comparison to historical results. At March 31, 2024, the Company has a $75,000 collateral dependent loan that is fully reserved.

Foreclosed Assets Held for Sale

Assets acquired through, or in lieu of, loan foreclosure are held for sale and are initially recorded at fair value (based on current appraised value) at the date of foreclosure, establishing a new cost basis. Subsequent to foreclosure, valuations are periodically performed by management and the assets are carried at the lower of carrying amount or fair value less cost to sell. Management has determined fair value measurements on other real estate owned primarily through evaluations of appraisals performed, and current and past offers for the other real estate under evaluation. Due to the nature of the valuation inputs, foreclosed assets held for sale are classified within Level 3 of the hierarchy.

Appraisals of OREO are obtained when the real estate is acquired and subsequently as deemed necessary by the Company's Chief lender. Appraisals are reviewed for accuracy and consistency by the Company's Chief Lender and are selected from the list of approved appraisers maintained by management.

The following table presents the fair value measurements of assets recognized in the accompanying consolidated balance sheets measured at fair value on a nonrecurring basis and the level within the fair value hierarchy in which the fair value measurements fall at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023.

		Fair Value Measurements Using				Fair Value Measurements Using		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	(In thousands)							
September 30, 2023								
					(In thousands)			
March 31, 2024								
Collateral dependent loans	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Foreclosed assets held for sale	3,480	—	—	3,480	—	—	—	—
December 31, 2022								
December 31, 2023								
Collateral dependent loans	$ 9	$ —	$ —	$ 9	$ —	$ —	$ —	$ —
Foreclosed assets held for sale	3,519	—	—	3,519	3,273	—	—	3,273

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Unobservable (Level 3) Inputs

The following table presents quantitative information about unobservable inputs used in recurring and nonrecurring Level 3 fair value measurements.

	Fair Value at 9/30/ 12/31/23	Valuation Technique	Unobservable Inputs	Range
	(In thousands)			
Collateral-dependent loans	$ —	Market comparable properties	Comparability adjustments	5% – 10%
Foreclosed assets held for sale	3,480 3,273	Market comparable properties	Marketability discount	10% – 35%

	Fair Value at 12/31/22	Valuation Technique	Unobservable Inputs	Range
	(In thousands)			
Collateral-dependent loans	$ 9	Market comparable properties	Comparability adjustments	5% – 10%
Foreclosed assets held for sale	3,519	Market comparable properties	Marketability discount	10% – 35%

There were no significant changes in the valuation techniques used during 2023. 2024.

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The following table presents estimated fair values of the Company's financial instruments. The fair values of certain of these instruments were calculated by discounting expected cash flows, which involves significant judgments by management and uncertainties. Because no market exists for certain of these financial instruments and because management does not intend to sell these financial instruments, the Company does not know whether the fair values shown below represent values at which the respective financial instruments could be sold individually or in the aggregate.

	Fair Value Measurements Using				Fair Value Measurements Using		
Carrying Amount	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Carrying Amount	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
(In thousands)							

September 30, 2023:

(In thousands)

March 31, 2024:

Financial assets								
Cash and cash equivalents	$ 70,892	$ 70,892	$ —	$ —	$ 46,877	$ 46,877	$ —	$ —
Loans, net of allowance	462,730	—	—	440,243	476,437	—	—	454,374
Federal Home Loan Bank stock	3,979	—	3,979	—				
Federal Home Loan Bank					3,979	—	3,979	—
Accrued interest receivable	3,724	—	3,724	—	3,811	—	3,811	—
Financial liabilities								
Deposits	$ 628,012	$ —	$ 626,332	$ —	625,750	—	623,562	—
Securities sold under agreements to repurchase	28,584	—	28,584	—				
Securities sold under repurchase agreements					37,805	—	37,805	—
Subordinated debentures	23,771	—	21,953	—	23,802	—	21,948	—
Advance Federal Home Loan Bank	75,000	—	73,195	—	75,000	—	73,902	—
Interest payable	514	—	514	—	609	—	609	—

		Fair Value Measurements Using		
	Carrying Amount	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	(In thousands)			
December 31, 2023:				
Financial assets				
Cash and cash equivalents	$ 40,770	$ 40,770	$ —	$ —
Loans, net of allowance	479,318	—	—	459,759
Federal Home Loan Bank stock	3,979	—	3,979	—
Accrued interest receivable	4,098	—	4,098	—
Financial liabilities				
Deposits	621,459	—	623,813	—
Short term borrowings	26,781	—	26,781	—
Subordinated debentures	23,787	—	22,146	—
Advance Federal Home Loan Bank	75,000	—	74,911	—
Interest payable	579	—	579	—

The following methods and assumptions were used to estimate the fair value of each class of financial instruments.

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(In thousands)

	Carrying Amount	Fair Value Measurements Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
		(In thousands)		
December 31, 2022:				
Financial assets				
Cash and cash equivalents	$ 30,080	$ 30,080	$ —	$ —
Loans, net of allowance	458,823	—	—	444,704
Federal Home Loan Bank stock	2,499	—	2,499	—
Accrued interest receivable	3,403	—	3,403	—
Financial liabilities				
Deposits	$ 649,913	$ —	$ 646,455	$ —
Securities sold under agreements to repurchase	18,106	—	18,106	—
Subordinated debentures	23,726	—	24,454	—
Interest payable	304	—	304	—

The following methods and assumptions were used to estimate the fair value of each class of financial instruments.

Cash and Cash Equivalents, Accrued Interest Receivable and Federal Home Loan Bank Stock

The carrying amounts approximate fair value.

Loans

Fair values of loans and leases are estimated on an exit price basis incorporating discounts for credit, liquidity and marketability factors.

Deposits

Deposits include demand deposits, savings accounts, NOW accounts and certain money market deposits. The carrying amount approximates fair value. The fair value of fixed-maturity time deposits is estimated using a discounted cash flow calculation that applies the rates currently offered for deposits of similar remaining maturities.

Interest Payable

The carrying amount approximates fair value.

Securities sold under agreements to repurchase, Short-term Borrowings, Federal Home Loan Bank Advances and Subordinated Debentures

Rates currently available to the Company for debt with similar terms and remaining maturities are used to estimate the fair value of existing debt.

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United Bancorp, Inc.
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Commitments to Originate Loans, Letters of Credit and Lines of Credit

The fair value of commitments to originate loans is estimated using the fees currently charged to enter into similar agreements, taking into account the remaining terms of the agreements and the present creditworthiness of the counterparties. For fixed-rate loan commitments, fair value also considers the difference between current levels of interest rates and the committed rates. The fair values of letters of credit and lines of credit are based on fees currently charged for similar agreements or on the estimated cost to terminate or otherwise settle the obligations with the counterparties at the reporting date. Fair values of commitments were not material at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023.

Note 8: Repurchase Agreements

Securities sold under agreements to repurchase ("repurchase agreements") with customers represent funds deposited by customers, generally on an overnight basis that are collateralized by investment securities owned by the Company.

The following table presents the Company's repurchase agreements accounted for as secured borrowings:

Remaining Contractual Maturity of the Agreement

(In thousands)

September 30, 2023 / March 31, 2024	Overnight and Continuous	Up to 30 Days	30-90 Days	Greater than 90 Days	Total	Overnight and Continuous	Up to 30 Days	30-90 Days	Greater than 90 Days	Total
Repurchase Agreements										
State and municipal obligations	$ 28,584	$ —	$ —	$ —	$ 28,584	$ 37,805	$ —	$ —	$ —	$37,805
Total	$ 28,584	$ —	$ —	$ —	$ 28,584	$ 37,805	$ —	$ —	$ —	$37,805

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December 31, 2022 / December 31, 2023	Overnight and Continuous	Up to 30 Days	30-90 Days	Greater than 90 Days	Total	Overnight and Continuous	Up to 30 Days	30-90 Days	Greater than 90 Days	Total
Repurchase Agreements										

State and municipal obligations	$ 18,106	$ —	$ —	$ —	$ 18,106	$ 23,787	$ —	$ —	$ —	$23,787
Total	$ 18,106	$ —	$ —	$ —	$ 18,106	$ 23,787	$ —	$ —	$ —	$23,787

These borrowings were collateralized with state State and municipal obligations with a carrying value of $37.8 million $47.1 million at September 30, 2023 March 31, 2024 and $38.8 million $41.1 million at December 31, 2022 December 31, 2023. Declines in the fair value would require the Company to pledge additional securities.

Note 9: Core Deposits and Intangible Assets

The following table shows the changes in the carrying amount of goodwill for September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 (in thousands):

	September 30, 2023	December 31, 2022	March 31, 2024	December 31, 2023
Balance beginning of year	$ 682	$ 682	$ 682	$ 682
Additions from acquisition	—	—	—	—
Balance, end of period	$ 682	$ 682	$ 682	$ 682

Intangible assets in the consolidated balance sheets at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 were as follows (in thousands):

	Nine Months Ended September 30, 2023			Year Ended December 31, 2022			Three Months Ended March 31, 2024			Year Ended December 31, 2023		
	Gross Intangible Assets	Accumulated Amortization	Net Intangible Assets	Gross Intangible Assets	Accumulated Amortization	Net Intangible Assets	Gross Intangible Assets	Accumulated Amortization	Net Intangible Assets	Gross Intangible Assets	Accumulated Amortization	Net Intangible Assets
Core deposit intangibles	$ 1,041	744	297	1,041	631	410	$ 1,041	819	222	1,041	781	260

The estimated aggregate future amortization expense for each of the next two years for intangible assets remaining as of September 30, 2023 March 31, 2024 is as follows (in thousands):

2023	$ 38	
2024	150	$114
2025	109	108

At each reporting date between annual goodwill impairment tests, the Company considers potential indicators of impairment. At the conclusion of the assessment, the Company determined that as of September 30, 2023 March 31, 2024 it was more likely than not that the fair value exceeded its carrying values. The Company will continue to monitor the overall economic conditions and any other triggering events or circumstances that may indicate an impairment of goodwill in the future.

Note 10: Advances from the Federal Home Loan Bank

At September 30, 2023 March 31, 2024, advance from the Federal Home Loan Bank were $75 million. The Company did not have any had $75 million of advances from the Federal Home Loan Bank at December 31, 2022 December 31, 2023.

At September 30, 2023 March 31, 2024, required annual payments repayments on Federal Home Loan Bank advances were for year ending December 31, 2026 are $20 million (4.39% fixed rate), December 31, 2027 are $35 million (4.24% fixed rate) and December 31, 2028 are $20 million (4.11% fixed rate).

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United Bancorp, Inc.
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Note 11: Restricted Stock Plan

A summary of the status of the Company's nonvested restricted shares as of March 31, 2024, and changes during the three months ended March 31, 2024, is presented below:

	Shares	Weighted-Average Grant-Date Fair Value
Nonvested, beginning of year	217,500	$ 11.79
Granted	124,290	11.66
Vested	(62,500)	13.35
Forfeited	—	—
Nonvested, end of year	279,290	$ 11.62

Total compensation cost recognized in the income statement for share-based payment arrangements during the three months ended March 31, 2024 and 2023 was $543,000 and $445,000, respectively.

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United Bancorp, Inc.
Management's Discussion and Analysis of Financial
Condition and Results of Operations

ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operation

The following discusses the consolidated financial condition of the Company as of September 30, 2023 March 31, 2024, as compared to December 31, 2022 December 31, 2023, and the results of consolidated operations for the three and nine months ended September 30, 2023 March 31, 2024, compared to the same period in 2022. This discussion should be read in conjunction with the interim condensed consolidated financial statements and related footnotes included herein.

Introduction

Our Company reported diluted earnings per share of $0.42 $0.35 and net income of $2,392,000 $1,993,000 for the three months ended September 30, 2023 March 31, 2024. For the first nine months of the current year, UBCP reported This compares to diluted earnings per share of $1.15 $0.33 and net income of $6,560,000. Both $1,888,000 reported in the first quarter of the reported quarterly and year-to-date numbers are increases over the levels achieved the previous year.

We are pleased to report on the earnings performance of United Bancorp, Inc. (UBCP) for the third first quarter ended September 30, 2023 and the first nine months of 2023. March 31, 2024. For the quarter, our Company achieved solid net income and diluted earnings per share results of $2,392,000 $1,993,000 and $0.42, $0.35, which were respective increases of $89,000, $105,000, or 3.9% 5.6%, and $0.02, or 5.0% 6.1%, over the results achieved during the third first quarter of last year. For the nine months ended September 30, 2023, our Company produced net income of $6,560,000 and diluted earnings per share of $1.15, increases over the results achieved for the same nine-month period the prior year of $209,000, or 3.3%, and $0.05, or 5.0%, respectively. As we have previously reported, UBCP has been able started the current year, the interest rate forecast by most economists and the financial markets indicated that we could expect seven rate cuts this year, which, overall, was projected to capitalize on be favorable for our industry. As we progressed through and ended the historically extreme tightening first quarter, it became apparent that interest rates will be higher for longer, with potentially only two rate cuts this year now forecast to occur much later in the year than originally anticipated. This higher for longer posturing of monetary policy undertaken by the Federal Open Market Committee of the Federal Reserve (FOMC) is creating different challenges for our industry and putting pressure on the net interest margins and bottom-line performances of most financial institutions. Unified Bank is not immune from these same challenges and, even though our performance improved in the first quarter of 2024 over the course previous year, we are currently feeling this aforementioned pressure. Regardless of this challenge, we are very happy with the past eighteen months, present performance of our Company. In addition, we continue to focus on growing and leveraging our foundation, which has caused interest rates should be of benefit and lead to rise rapidly during this timeframe from higher performance in future periods.

At March 31, 2024 and as previously mentioned, United Bancorp, Inc. (UBCP) did achieve a range higher level of 25 to 50 basis points bottom-line earnings on a year-over-year basis. But, like most other financial institutions in March 2022 to a range of 5.25% to 5.50% as of September 2023. Although it has been somewhat challenging to produce improving results in such a fast-paced, increasing the current “higher for longer” interest rate environment in which we are operating, our Company was properly positioned to take advantage of this dramatic increase in interest rates over the course of the past eighteen months and, accordingly, we experienced an improvement did also experience a decline in the level of net interest income that we generated on both a quarterly and year-to-date basis as of September 30, 2023. For the most recently ended quarter, it achieved. Even though our Company’s net total interest income increased by $197,000, or 3.1%, over the previous year. Year-to-date, for the first nine months of the current year our Company’s net interest income increased by $1,487,000 or 8.3%. Accordingly, as September 30, 2023, our net interest margin improved by 3 basis points to 3.63% over the previous year and, additionally, increased on a linked-quarter basis by 5 basis points.

We are grateful to see that our net interest income and net interest margin levels continue to increase in the current, dynamic economic environment in which we are operating. We have achieved this positive result by seeing our loan portfolio yield increase in the current rising rate environment, even though from a volume perspective, our gross loans are marginally lower realized on a year-over-year basis was higher by $1,522,000 $1.4 million, or 0.3%. More strongly contributing to 17.2%, our total interest expense increased by $1.7 million, or 96.4%, during the improvement in our net interest income level achieved and net interest margin improvement in same time period. Accordingly, the current year are our higher balance sheet totals for both our average Cash and due from the Federal Reserve Bank and average investment securities. Our overnight funds that are parked in cash have benefited from the inverted yield curve that we have experienced over the course of the past year, which has been driven by the aggressive tightening policy of the Federal Open Market Committee (FOMC). At September 30, 2023, these overnight, liquid funds totaled $71.0 million, an increase of $35.6 million over the previous year, and are presently yielding approximately 5.4% for our Company. Each time the FOMC increases the target for the federal funds rate, our Company benefits by seeing the yield on these liquid funds increase by a like amount. The most impactful force upon our Company’s improving level of net interest income is that we achieved declined by ($308,000), or (4.8%), to a level of $6.1 million. In addition, UBCP’s net interest margin declined by twenty-nine basis points (-29 bps) over the previous year, to a level of 3.46%, as of the most recently ended quarter. Even though our Company’s total assets declined from last year by $13.5 million, or 1.6%, to a level of $834.0 million due to a runoff in retail deposit funding and cash balances, we were able to generate a higher level of total interest income due to our loans outstanding continuing to reprice in a higher interest rate environment along with our gross loans increasing balance in $16.6 million, or 3.6%, to a level of $480.3 million as of this year’s quarter-end. In addition, our investment securities portfolio balances increased by $17.8 million, or 7.5%, year-over-year to a level of $255.8 million. But, as mentioned, this increase in total interest income was more than offset by the increase in total interest expense experienced by UBCP. Our Company’s total interest expense increased even though total deposits decreased by $27.6 million year-over-year. The increase in our Company’s total interest expense can be attributed to both the change in the mix of our retail depository funding from lower cost demand and savings balances to higher cost term funding, along with having a previously disclosed $75.0 million Federal Home Loan Bank (FHLB) Advance which we originated in mid-March of 2023 for the entirety of this rising rate environment. year’s first quarter. Relating to the change in the mix of our retail funding, lower cost demand and savings balances decreased by (-$66.8) million, or 12.6%, while higher cost time balances increased by $39.2 million or 31.6%. Of importance, our Company does not have any brokered deposits and total uninsured deposits as of March 31, 2024 totaled 18.2%, which is very low compared to industry standards.

Even with a compressing net interest margin and declining net interest income, United Bancorp, Inc. (UBCP) was able to achieve a higher level of earnings year-over-year as of March 31, 2024 due to a few strategies that started to gain traction in or were successfully implemented and carried out during the first quarter. As we have previously stated, we did not invest mentioned, our Company started Unified Mortgage in securities for almost two years beginning in March of 2020 when rates dramatically decreased due to the Zero Interest Rate policy implemented by the FOMC due to the pandemic. Quite simply, we patiently waited for policy tightening by the FOMC to begin and rates to increase to more historically normalized levels. Accordingly, we started to, once again, invest in securities when rates began to rise to more appealing levels toward the end of the first fourth quarter of last year, a mortgage products and continued until March services division with a more dedicated focus on mortgage production for our Company. We are starting to see some positive results as a result of this year when challenges arose for our industry and liquidity became more effort, with a net realized gain on the sale of a focus for us. On a year-over-year basis, average securities for our Company increased by $87.0 million to a level loans of $245.9 million. Although this has helped the returns for our Company, it has led to an accumulated other comprehensive loss net of taxes (AOCI) of $17.0 million at the most recent quarter end. Even with this adjustment, which does not impact regulatory capital, our Company saw its level of shareholder's equity decrease by a marginal $556,000 on a year-over-year basis to a level of $52.6 million and equity to assets lower from 7.0% to 6.5% as of the most recent quarter end. With the overall quality of our investment portfolio, our well capitalized position, our solid liquidity position and our low level of uninsured deposits (which are 17.7% of total deposits as of the most recent quarter-end), we firmly believe that any issues, which could potentially create a risk to our capital and capital position, are very minimal. $77,000

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during the quarter. We firmly believe that the revenue production from this enhanced new focus on mortgage production will continue to increase in future quarters as we further scale it out. In addition, we executed on a securities portfolio rebalancing initiative early in the first quarter of the current year by selling a portion of our lower-yielding investment securities and reinvesting those balances into higher yielding investment securities, which improved our Company's overall portfolio yield and better positioned our portfolio for the projected downward change in rates. Specifically, we sold $25.0 million in municipal and agency securities and reinvested a like amount in new municipal security offerings that yielded an additional 1.23% on a taxable equivalent basis. Although this strategy did lead to a loss on sale of ($194,000) which negatively impacted our Company's noninterest income during the most recently ended quarter it did add to our interest income stream and has a break-even of approximately eight months. Most importantly, this securities portfolio rebalance strategy will be accretive to our bottom-line earnings in the current year. In addition, if interest rates do drop as anticipated, it will give our Company valuable call protection in a falling rate environment. Relating to the noninterest expense of UBCP, even though Unified Bank has taken on some additional expenses relating to our revenue enhancement and growth initiatives such as our recently implemented Unified Mortgage focus and the announcement of our new Wheeling Banking Center (which is soon to begin construction), our Company was able to successfully apply and be approved for an Employee Retention Credit (ERC) in the first quarter. This tax credit helped offset the expenses associated with these new initiatives along with other expenses including the one-time expenses attributed to our securities portfolio rebalancing strategy and benefits payouts recognized during the first quarter and led to the year-over-year reduction in UBCP's noninterest expense of ($600,000). In the quarter-ended March 31, 2024, the net result of the realization of these aforementioned nonrecurring expense items and the tax credit led to an increase in our Company's net income of approximately $271,000 and diluted earnings per share of $0.05.

Even with our Company's higher investment securities balances as of March 31, 2024 and the increase in market rates over the course of the first quarter of this year, our Company's accumulated other comprehensive loss, net of taxes (AOCI) remained relatively stable at $7.8 million, an increase of $77,000 year-over-year. With this year-over-year stability in AOCI and an increase in our retained earnings, our shareholders equity improved to a level of $63.2 million, an increase of $4.2 million, or 7.1%, and our book value improved to $10.62, an increase of $0.56, or 5.6%. Overall, our Company continues to be considered well-capitalized from a regulatory perspective with equity to assets of 7.6%, which is up from 7.0% from the same period last year. With the overall quality of our investment portfolio, our well capitalized position, our solid liquidity position and our low level of uninsured deposits, we firmly believe that any issues which could potentially create a risk to our capital and capital position are very minimal.

Even with the continued heightened inflation levels and related increases in interest rates that may be impacting some of our borrowers with higher operating costs and rate resets to higher interest rate levels on their loans, we have successfully maintained credit-related strength and stability within our loan portfolio as of the most recently ended quarter. portfolio. As of September 30, 2023 March 31, 2024, our Company's total nonaccrual loans and loans past due 30 plus days were $709,000, $1.43 million, or 0.15% 0.30% of gross loans, a decrease of $3.7 million, or 84%, year-over-year. Nonaccrual assets to average assets (which includes other real estate or OREO) was 0.46%, a decrease of thirteen basis points over the previous which is up from last year and net charge-offs to average loans totaled 0.02% annualized by $901,000. Also, as of September 30, 2023. Interestingly, our Company had net charge offs of $59,000 year-to-date, which included a net recovery of $22,000 in loans and a net charge off in overdrafts of $82,000. As of the most recently ended quarter, and with United Bancorp, Inc.'s (UBCP) nonperforming assets to total assets was a very respectable 0.51%, a seven-basis point increase over the previous year. Further highlighting the overall strength of our loan portfolio, our Company had net loans charged off of (-$28,000), which is (-0.01%) of average loans. With the enhanced loan loss credit reserve build-up under CECL in over the current course of the past year (and, and our Company's improved stable and solid credit quality metrics), metrics, we were able to did not have a negative provision for credit losses in the third most recently ended quarter, of $154,000, which added approximately $122,000 to net income and $0.02 to diluted earnings per share for the quarter. For the year though, our Company's provision for credit losses increased by $670,000 over the previous year, which reduced our year-to-date net income and diluted earnings per share by respective amounts of $529,000 and $0.10 relative to the prior matched last year. We are very happy that we were able to overcome the lower level of negative forgo, once again, a credit provisioning provision in the current year due to our Company's overall solid credit quality, while maintaining a robust total allowance for credit losses to total loans of 0.88% 0.81% and having a total allowance for credit losses to nonperforming loans of 1,899% 438%. Overall, we firmly believe that we are presently well reserved with very strong coverage.

Considering

United Bancorp, Inc. (UBCP), like most banking organizations, is currently feeling the exceedingly dynamic pressure of operating in an environment wherein monetary policy has driven interest rates higher for a longer duration than many of us anticipated which is creating different challenges for us and all banks. But, overall, we are very happy with the solid financial performance that our Company achieved during the first quarter of 2024. As previously mentioned, both our net income and diluted earnings per share are higher than the levels that we produced in the first quarter of the previous year. But, as you might expect in this higher-for-longer interest rate environment in which we have operated for the past eighteen months and the more recent issues which have impacted our industry since mid-March, we are very happy to report on the very strong earnings performance that United Bancorp, Inc. (UBCP) achieved in the first nine months of 2023. Relating to the excessive tightening of our country's monetary policy over the course of the past year and a half, we are extremely pleased that we have been able to grow the level of interest income that presently operating, our Company generated while controlling overall interest expense levels; thereby, expanding did experience a decline in the level of net interest income that we it realized and compression of its net interest margin in the most recently ended quarter for the first time in quite a while. Even though UBCP experienced year-over-year, double-digit percentage growth in the level of total interest income that it generated this past quarter, our Company experienced a greater increase in the total interest expense that it incurred, which caused the aforementioned decline in our net interest margin. This is somewhat of a counter-trend to what occurred within income. Fortunately for our industry over this timeframe. With Company, taking the aforementioned developments that occurred within our industry late in the first quarter of this year, we transitioned into a more conservative operating position that greatly increased our overall liquidity and locked in a fair portion of our funding as a hedge against further interest rate increases by taking a $75.0 million advance from the Federal Home Loan Bank (FHLB). Initially, toward the end of the first quarter of last year (at terms which are now considered very competitive) has helped us to somewhat mitigate this significant advance had somewhat of a dilutive impact on our returns and margins (such as our return on assets and decline in our net interest margin); but, it was immediately accretive income by affording us the ability to be more selective in the pricing of our bottom-line earnings. Since offering rates on our interest-bearing depository products. Although

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the interest levels that we are paying on our depository products have continued to rise since increased in the origination of this now competitively priced advance (to current environment in which we locked in on a blended basis at a rate of approximately 4.24% for an approximate term of four years), we have been able are operating, this wholesale funding from the FHLB has helped us to more selectively manage our depository portfolio; thus, helping us to somewhat control our interest expense levels while maintaining very adequate liquidity levels levels. With a present net interest margin of 3.46% as of March 31, 2024, we believe that this performance metric compares favorably to that of our peer group and industry at present.

With the current pressure on our net interest margin and net interest income, United Bancorp, Inc. (UBCP) is focused on controlling its net noninterest margin. Regarding the noninterest income-side of the noninterest margin, some fee generating increasing returns services and lines of business continue to be under attack by both regulatory and political authorities, which has ultimately put pressure on this strategic posture. Overall, our capital levels remain very strong and the level of noninterest income that our Company is classified as being well-capitalized based able to realize. Accordingly (and, instead of dwelling on industry standards. We this negative reality), UBCP is looking to find new alternatives to generating additional levels of both noninterest income and other sources of revenue. One of these new alternatives is our focus on enhancing our mortgage origination function with the development of Unified Mortgage, which is beginning to help our Company generate higher levels of fee income with the heightened production and sale of secondary market mortgage products, along with the enhancement of our interest income levels through the origination of higher levels of portfolio-type mortgage products. Another alternative is our stronger commitment to developing our Treasury Management function, which offers fee-based services to our commercial customers in the areas of cash management and payments that produces noninterest income in addition to helping to control interest expense by generating a higher level of low or no-cost depository balances for our Company. Lastly, another alternative to enhancing the overall performance of UBCP (and, one that should strongly contribute to our Company attaining its goal growing its total assets to a level of $1.0 billion or greater) is the development of our newest banking center, which is soon to be constructed in the highly favorable market of Wheeling, West Virginia. Our Company already has many solid customer relationships in this coveted marketplace and we firmly believe with that by finally having a “brick-and-mortar” location therein, we will be able to more fully leverage these already existing relationships, while having the opportunity to build many new relationships within this prime market. Obviously, these new alternatives that can lead to additional noninterest income and revenue enhancement opportunities for UBCP do have a cost, which will lead to additional expense or overhead for our strong liquidity, Company. But, sometimes you have to take one-step back in order to take several-steps forward and that is what we firmly believe that we are doing by undertaking these new initiatives. With the revenue challenges that both we and the players within our relatively stable core deposits base with minimal levels industry are currently facing, we firmly believe now is the time for our Company to focus on enhancing and expanding existing lines of uninsured deposits business and our solid earnings, our risk growing new lines of business thus, achieving the organic growth that will lead to capital is very low, and, fundamentally, our Company’s financial position the continued and future prospects are very solid. relevance of UBCP.

Our primary focus is protecting the investment of our shareholders in our Company and rewarding them in a balanced fashion by growing their value and paying an attractive cash dividend. In these areas, our shareholders have been nicely rewarded. In the third first quarter of this year, we, once again paid a both our regular cash dividend, which increased by $0.0025 to a level of $0.1675, which was an increase of $0.01, or 6.3%, over that paid in the third quarter of the previous year. On a year-to-date basis, our total cash dividend payout was $0.6450, which included $0.1725, and a special cash dividend of $0.15 paid in for a total payout of $0.3225 for the first quarter. This is a 4.9% 3.2% increase over the total cash dividend paid during in the first nine months quarter of the previous year and produces a near-industry leading total dividend yield of 7.10% 5.81%. This total dividend yield is based on our third first quarter cash dividend on a forward basis, plus the special dividend paid in the first quarter (which combined total $0.82) $0.84) and our quarter-end fair market value of $11.55. Even though our fair market value decreased during the most recent quarter (as did $14.47. On a year-over-year basis as of March 31, 2024, the fair market value of many financial institution stocks), our Company still had a Company’s stock remained relatively stable in comparison to the prior year and our Company’s market price to tangible book value of 132% was 136%, which compares favorably to current industry standards as of quarter-end. standards.

Considering that we continue to operate in a challenging economic and concerning industry-related environment, we are very pleased with our overall present current performance and future prospects. Even with the present threats with which our overall industry is exposed, we are very optimistic about the future growth and earnings prospects potential for United Bancorp, Inc. (UBCP). We firmly believe that with the challenges that our industry has experienced over the course of the past few years, our Company has evolved into a more fundamentally sound organization with a focus of on evolving and growing in order to achieve greater efficiencies and scales and generate higher levels of revenue while prudently managing expenses and controlling overall costs. We have invested and continue to invest in areas that will lead to our continued and future relevancy within our industry. Although such initiatives can stress the short-term performance of our Company, we firmly believe that the will help us fulfil our intermediate and longer-term goals and produce above industry along with anticipated higher revenue generation while implementing cost control initiatives, where needed, by consolidating delivery channels in markets in which earnings and overall performance. As previously mentioned, we had low banking center performance and considerable overlap. We still have a vision of growing UBCP to an asset threshold of $1.0 billion or greater in the near term in a prudent and profitable fashion. Excitingly, We are truly excited about our Company’s direction and the potential that it brings. With a keen focus on continual process improvement, product development and delivery, we firmly believe the future for our Company announced in the third quarter that we have is very bright.

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United Bancorp, Inc.

Management’s Discussion and Analysis of Financial Condition and Results of Operations

plans to open a new regional banking center in the very appealing market of Wheeling, West Virginia. This is a market in which we already have a solid customer base, which we firmly believe we can more fully leverage to help us achieve our growth goals in a profitable fashion. We are truly excited about our Company’s direction and the potential that it brings. In addition, we will continue to build upon our solid foundation and maintain a longer-term vision. With a keen focus on continual process improvement, product development and delivery, we firmly believe the future for our Company is very bright.

Forward-Looking Statements

When used in this document, the words or phrases “will likely result,” “are expected to,” “will continue,” “is anticipated,” “estimated,” “projected” or similar expressions are intended to identify “forward looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are subject to certain risks and uncertainties including changes in economic conditions in the Bank’s market areas, changes in policies by regulatory agencies, fluctuations in interest rates, demand for loans in the Bank’s market areas and competition, that could affect the Company’s financial performance and cause actual results to differ materially from historical earnings and those presently anticipated or projected with respect to future periods. These risks and uncertainties should be considered in evaluating forward looking statements, and undue reliance should not be placed on such statements. Additional information concerning the Company and its business, including other factors that could materially affect the Company's financial results, is included in the Company's filings with the Securities and Exchange Commission.

The Company is not aware of any trends, events or uncertainties that will have or are reasonably likely to have a material effect on its financial condition, results of operations, liquidity or capital resources except as discussed herein. The Company is not aware of any current recommendation by regulatory authorities that would have such effect if implemented except as discussed herein.

The Company does not undertake, and specifically disclaims any obligation, to publicly revise any forward-looking statements to reflect events or circumstances after the date such statements were made or to reflect the occurrence of anticipated or unanticipated events.

Critical Accounting Policies

The Company's consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America. Management makes certain judgments that affect the amounts reported in the financial statements and footnotes. These estimates, assumptions and judgments are based on information available as of the date of the financial statements, and as this information changes, the financial statements could reflect different estimates, assumptions, and judgments.

See Note 1, "Summary of Significant Accounting Policies" for additional information on the adoption of ASC 326, which changes the methodology under which management calculates its reserve for loans, investment securities, and off balance sheet exposures, now referred to as the allowance for credit losses. Management considers the measurement of the allowance for credit losses on loans to be a critical accounting policy. The procedures for assessing the adequacy of the allowance for credit losses reflect our evaluations of credit risk after careful consideration of all information available to management. In developing this assessment, management must rely on estimates and exercise judgement regarding matters where the ultimate outcome is unknown such as economic factors, development affecting companies in specific industries and issues with respect to single borrowers. Depending on changes in circumstances, future assessments of credit risk may yield materially different results, which may require an increase or a decrease in the allowance for credit loan losses.

This discussion of the Company's critical accounting policies should be read in conjunction with the Company's consolidated financial statements and the accompanying notes presented elsewhere herein, as well as other relevant portions of Management's Discussion and Analysis of Financial Condition and Results of Operations.

Analysis of Financial Condition

Earning Assets – Loans

The Company's focus as a community bank is to meet the credit needs of the markets it serves. At September 30, 2023 March 31, 2024, gross loans were $466.8 million $480.3 million, compared to $460.9 million $483.2 million at December 31, 2022 December 31, 2023, an increase a decrease of $5.9 million $2.9 million after offsetting repayments for the period. The overall increase decrease in the loan portfolio was comprised of a $6.4 million increase $4.0 million decrease in commercial and commercial real estate loans and a $1.3 million $652,000 decrease in residential real estate lending and a $796,000 $1.8 million increase in installment loans since December 31, 2022 December 31, 2023.

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Commercial and commercial real estate loans comprised 78.7% 78.9% of total loans at September 30, 2023 March 31, 2024, compared to 78.3% 79.4% at December 31, 2022 December 31, 2023. Commercial and commercial real estate loans have increased $6.4 million decreased $4.0 million, or 1.8% approximately 1.0% since December 31, 2022 December 31, 2023. This segment of the loan portfolio includes originated loans in its market areas and purchased participations in loans from other banks for out-of-area commercial and commercial real estate loans to benefit from consistent economic growth outside the Company's primary market area.

Installment loans represented 1.5% 1.8% of total loans at September 30, 2023 March 31, 2024 and 1.3% 1.4% at December 31, 2022 December 31, 2023. Some of the installment loans carry somewhat more risk than real estate lending; however, it also provides for higher yields. Installment loans have increased $796,000, $1.8

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million, or 13.3% 26.24%, since December 31, 2022 December 31, 2023. The targeted lending areas encompass four separate metropolitan areas, minimizing the risk to changes in economic conditions in the communities housing the Company's banking locations.

Residential real estate loans were 19.9% 19.3% of total loans at September 30, 2023 March 31, 2024 and 20.4% 19.3% at December 31, 2022 December 31, 2023, representing a decrease of $1.3 million or 1.3% $652,000, less than 1% since December 31, 2022 December 31, 2023. At September 30, 2023 March 31, 2024, the Company did not hold any loans for sale.

The Company adopted ASU No. 2016-13 effective January 1, 2023. The impact of the adoption was and $2.4 million in the allowance for credit losses. The allowance for credit losses totaled $4.5 million $3.9 million at September 30, 2023 March 31, 2024, which represented 0.88% of total loans. The allowance for loan losses prior to adopting ASU 2016-13 December 31, 2021, or was $2.1 million or 0.45% 0.81% of total loans. The allowance represents the amount which management and the Board of Directors estimates is adequate to provide for probable losses inherent in the loan portfolio. The allowance balance and the provision charged to expense are reviewed by management and the Board of Directors monthly using a risk evaluation model that considers borrowers' past due experience, economic conditions and various other circumstances that are subject to change over time. Management believes the current balance of the allowance for credit losses is adequate to absorb probable incurred credit losses associated with over the life of the loan portfolio. Net loan (recoveries) charge-offs (exclusive of overdrafts net charge-offs of $82,000) $19,000) for the nine three months ended September 30, 2023 March 31, 2024 were approximately ($22,000) $29,000 . Net loans charged off (exclusive of overdrafts net charge-offs $85,000) $23,000) was ($1,000) 4,000) for the nine three months ended September 30, 2022 March 31, 2023. The Company adopted ASU No. 2016-13 effective January 1, 2023. The impact of the adoption was a $2.4 million increase in the allowance for credit losses.

Earning Assets – Securities

The securities portfolio is comprised of U.S. Government agency-backed securities, tax-exempt obligations of state and political subdivisions and certain other investments. Securities available for sale at September 30, 2023 March 31, 2024 increased approximately $7.1 million $9.0 million from December 31, 2022 December 31, 2023 totals.

Sources of Funds – Deposits

The Company's primary source of funds is core deposits from retail and business customers. These core deposits include all categories of interest-bearing and noninterest-bearing deposits, and excluding certificates of deposits. deposit greater than $250,000. For the period ended September 30, 2023 March 31, 2024, total core deposits (interest and non interest bearing accounts and savings) increased approximately $4.3 million, or 0.7% from December 31, 2023 totals. The Company's savings accounts decreased $2.0 million or 1.5% from December 31, 2023 totals. The Company's interest-bearing and non-interest bearing demand deposits decreased approximately $30.0 million, or 3.4% from December 31, 2022 totals. In addition to the decrease in deposits for the nine months ended September 30, 2023, the Company has also experienced a shift $5.7 million while certificates of deposits from interest bearing and savings to certificate of deposits during the nine months ended September 30, 2023 deposit under $250,000 increased by $12.0 million.

The Company has a strong deposit base from public agencies, including local school districts, city and township municipalities, public works facilities and others that may tend to be more seasonal in nature resulting from the receipt and disbursement of state and federal grants. These entities have maintained fairly static balances with the Company due to various funding and disbursement timeframes.

Certificates of deposit greater than $250,000 are not considered part of core deposits, and as such, are used to balance rate sensitivity as a tool of funds management. At March 31, 2024, certificates of deposit greater than $250,000 increased $176,000 or less than 1.0%, from December 31, 2023 totals.

Sources of Funds – Securities Sold under Agreements to Repurchase and Other Borrowings

Other interest-bearing liabilities include securities sold under agreements to repurchase and Federal Home Loan Bank ("FHLB") advances. The majority of the Company's repurchase agreements are with local school districts and city and county governments. The Company's repurchase agreements increased approximately $10.5 million $11.0 million from December 31, 2022 December 31, 2023 totals. At September 30, 2023 March 31, 2024, the Company has $75 million of fixed rate advances that mature over the next 3 2 to 5 4 years. Refer to footnote 10 for further information.

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Results of Operations for the Nine Months Ended September 30, 2023 and 2022

Net Income

For the nine months ended September 30, 2023 the Company reported net earnings of $6,560,000, compared to $6,351,000 for the nine months ended September 30, 2022. On a per share basis, the Company's diluted earnings were $1.15 for the nine months ended September 30, 2023 and $1.10 for the nine months ended September 30, 2022, an increase of 4.5%.

Net Interest Income

Net interest income, by definition, is the difference between interest income generated on interest-earning assets and the interest expense incurred on interest-bearing liabilities. Various factors contribute to changes in net interest income, including volumes, interest rates and the composition or mix of interest-earning assets in relation to interest-bearing liabilities. Net interest income before the provision for credit losses increased 8.3%, or $1.5 million for the nine months ended September 30, 2023 compared to the same period in 2022. The increase is mainly attributable to an increase in available-for-sale securities and the repricing of loans in an upward rate environment.

Provision for (Reversal of) Credit Loss Expense - Loans

Net loans recovered for the nine months ended September 30, 2023, excluding overdrafts, was $22,000. Giving strong consideration to our overall solid credit related metrics our Company had a reversal of credit loss expense of $300,000 during the nine months ended September 30, 2023. The overall improvement in the economy post COVID also contributed to the reversal of credit loss expense.

Noninterest Income

Total noninterest income is made up of bank related fees and service charges, as well as other income producing services provided, sales of loans in the secondary market, ATM income, early redemption penalties for certificates of deposit, safe deposit rental income, internet bank service fees, earnings on bank-owned life insurance and other miscellaneous items.

Noninterest income for the nine months ended September 30, 2023 as compared to the same period in 2022 increased $7,000 or less than 1.0%.

Noninterest Expense

The Company saw its noninterest expense increase by $922,000 or 6.2% year-over-year. A general increase due to inflation contributed to most of the increase in noninterest expense.

Federal Income Taxes

The provision for federal income taxes was $339,000 for the nine months ended September 30, 2023, a decrease of $307,000 compared to the same period in 2022. The effective tax rate was 4.9% and 9.2% for the nine months ended September 30, 2023 and 2022, respectively.

Results of Operations for the Three Months Ended September 30, 2023 March 31, 2024 and 2022 2023

Net Income

For The reported diluted earnings per share was $0.35 for the three months quarter ended September 30, 2023 the Company reported net earnings of $2,392,000, March 31, 2024 compared to $2,303,000 $0.33 for the three months quarter ended September 30, 2022 March 31, 2023, an increase of 6.1%. On a per share basis, the Company's diluted earnings were $0.42 for the three months ended September 30, 2023 and $0.40 for 2022.

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Net Interest Income

Net interest income increased 3.1%, decreased $308,000 or $197,000, 4.8% for the three months ended September 30, 2023 March 31, 2024 compared to the same period in 2022. 2023.

Provision for Credit Losses

The Company did not record a provision for credit losses during the three months ended March 31, 2024 and 2023.

Noninterest Income

Noninterest income of the Company decreased $150,000 year-over-year. This increase decrease was mainly driven by income in part due to the loss on loans and fed funds sold and investment securities, the sake of available-for-sale secutrites of $194,000 for the three months ended September 30, 2023 over the same period in 2022.

Provision for (Reversal of) Credit Loss Expense - Loans

Giving strong consideration to our overall solid credit related metrics and the forecast for unemployment improving, our Company had a reversal of credit loss expense of $154,000 during the three months ended September 30, 2023. During the three months ended September 30, 2022, the Company recorded a credit loss expense of $15,000.

Noninterest Income

Total noninterest income is made up of bank related fees and service charges, as well as other income producing services provided, sales of loans in the secondary market, ATM income, early redemption penalties for certificates of deposit, safe deposit rental income, internet bank service fees, earnings on bank-owned life insurance and other miscellaneous items.

Noninterest income for the three months ended September 30, 2023 as compared to the same period in 2022 decreased $80,000 or 7.7%. The main component of the change is a decrease in service charges on deposit accounts for the three months ended September 30, 2023 March 31, 2024.

Noninterest Expense

The Company saw its noninterest expense increase decreased by $354,000 $600,000 or 7.3% 11.1% year-over-year. The Company has taken on some additional expenses relating to our revenue enhancement and growth initiatives such as our recently implemented Unified Mortgage focus and the announcement of our new Wheeling Banking Center. Our Company was able to successfully apply and be approved for an Employee Retention Credit (ERC) in the first quarter. This tax credit helped offset the expenses associated with these new initiatives along with other expenses and the impact of inflation on salaries and employee benefit.

Federal Income Taxes

The provision for federal income taxes was $58,000 $150,000 for the three months ended September 30, 2023 March 31, 2024, a decrease an increase of $157,000 $37,000 compared to the same period in 2022. 2023. The effective tax rate was approximately 7.0% and 5.6% for the three months ended March 31, 2024 and 2023, respectively.

Capital Resources

Internal capital growth, through the retention of earnings, is the primary means of maintaining capital adequacy for the Company. Stockholders' equity totaled $52.6 million $63.2 million at September 30, 2023 March 31, 2024, compared to $59.7 million $63.6 million at December 31, 2022 December 31, 2023, a $7.1 million $387,000 decrease. The Company adopted this guidance, and subsequent related updates, using the modified retrospective approach for all financial assets measured at amortized cost, including loans and available-for-sale debt securities and unfunded commitments. On January 1, 2023, the Company adopted ASU 2016-12 and recorded a cumulative effect decrease to retained earnings of $2,088,000, net of tax, of which $1,911,000 related to loans, $177,000 related to unfunded commitments.

Total stockholders' equity in relation to total assets was 6.46% 7.58% at September 30, 2023 March 31, 2024 and 7.89% 7.76% at December 31, 2022 December 31, 2023. The Company's Articles of Incorporation allows for a class of preferred shares with 2,000,000 authorized shares. This enables the Company, at the option of the Board of Directors, to issue series of preferred shares in a manner calculated to take advantage of financing techniques which may provide a lower effective cost of capital to the Company. The amendment also provides greater flexibility to the Board of Directors in structuring the terms of equity securities that may be issued by the Company. Although this preferred stock is a financial tool, it has not been utilized to date.

The Company has offered for many years a Dividend Reinvestment Plan ("The Plan") for shareholders under which the Company's common stock will be purchased by the Plan for participants with automatically reinvested dividends. The Plan does not represent a change in the Company's dividend policy or a guarantee of future dividends.

The Company is subject to the regulatory requirements of The Federal Reserve System as a bank holding company. The Bank is subject to regulations of the FDIC and the State of Ohio, Division of Financial Institutions. The most important of these various regulations address capital adequacy.

On January 1, 2015, the final rules of the Federal Reserve Board went into effect implementing in the United States the Basel III regulatory capital reforms from the Basel Committee on Banking Supervision and certain changes required by the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Under the final rule, minimum requirements increased for both the quality and quantity of capital held by banking organizations. The rule requires a new minimum ratio of common equity tier 1 capital to risk-weighted assets of 4.5 percent and a common equity tier 1 capital conservation buffer of 2.5 percent of risk-weighted assets that will apply to all supervised financial institutions. The rule also raises the minimum ratio of tier 1 capital to risk-weighted assets from 4 percent to 6 percent and includes a minimum leverage ratio of 4 percent for all banking organizations.

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The Bank continues to be well-capitalized in accordance with Federal regulatory capital requirements as the capital ratios below show:

Common equity tier 1 capital ratio	14.18	13.40	%
Tier 1 capital ratio	14.18	13.40	%
Total capital ratio	14.93	14.07	%
Leverage ratio	9.47	9.50	%

Liquidity

Management's objective in managing liquidity is maintaining the ability to continue meeting the cash flow needs of its customers, such as borrowings or deposit withdrawals, as well as its own financial commitments. The principal sources of liquidity are net income, loan payments, maturing securities and sales of securities available for sale, federal funds sold and cash and deposits with banks. Along with its liquid assets, the Company has additional sources of liquidity available to ensure that adequate funds are available as needed. These include, but are not limited to, the purchase of federal funds, the ability to borrow funds under line of credit agreements with correspondent banks, a borrowing agreement with the Federal Home Loan Bank of Cincinnati and the adjustment of interest rates to obtain depositors. Management feels that it has the capital adequacy and profitability to meet the current and projected liquidity needs of its customers.

Inflation and Economic Environment

Substantially all Over the first quarter of the Company's assets and liabilities relate 2024, incoming U.S. economic data continue to banking activities and are monetary in nature. The consolidated financial statements and related financial data are presented in accordance with accounting principles generally accepted show consistent growth in the United States of America ("U.S. GAAP"). U.S. GAAP currently requires labor market, household consumption, and business investment, even as post-pandemic inflation remains stubbornly elevated. Although headline GDP growth slowed more than expected in the Company to measure the financial position first quarter, underlying demand from households and results of operations in terms of historical dollars, businesses remained remarkably strong, with the exception national unemployment rate continuing to remain low. Inflation, however, has been slower to come down than expected after the rapid decline observed in 2023, and the cumulative effect of securities available for sale, certain collateral dependent loans and certain other real estate and loans that elevated prices compared with the pre-pandemic era may be measured at fair value. Changes in weighing on consumer sentiment. The principal mechanism used by the value of money due Federal Reserve to combat rising inflation can cause purchasing power loss.

Management's involves increasing interest rates, and it is management's opinion is that movements in interest rates affect the financial condition and results of operations to a greater degree than changes in the rate of inflation. It should be noted that interest rates and inflation do affect each other, but do not always move in correlation with each other. The Company's ability to match the interest sensitivity of its financial assets to the interest sensitivity of its liabilities in its asset/liability management may tend to minimize the effect of changes in interest rates on the Company's performance.

Inflation, however, can directly impact the Company's performance by potentially reducing the spending power of its borrowers. Higher costs continue to present a risk to the economy. Interest rate levels and energy prices, in combination with global economic conditions and fiscal and monetary policy, will likely continue to impact our results in 2024. The Company continues to closely monitor and analyze the higher risk segments within the loan portfolio, tracking past due accounts. Based on the Company's capital levels, prudent underwriting policies, loan concentration diversification and our geographic footprint, senior management is cautiously optimistic that the Company is positioned to continue managing the impact of the varied set of risks and uncertainties currently impacting the economy and remain adequately capitalized. However, the Company may be required to make additional credit loss provisions as warranted by the extremely fluid economic condition.

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ITEM 3 Quantitative and Qualitative Disclosures About Market Risk

Smaller Reporting Companies are not required to provide this disclosures.

ITEM 4. Controls and Procedures

The Company, under the supervision, and with the participation, of its management, including the Company's Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures pursuant to the requirements of Exchange Act Rule 13a-15. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective as of September 30, 2023March 31, 2024, in timely alerting them to material information relating to the Company (including its consolidated subsidiary) required to be included in the Company's periodic SEC filings. There waswere no changes in the Company's internal controls over financial reporting that occurred during the Company's most recent completed fiscal quarter ended September 30, 2023 thatquarterthat has materially affected, or is reasonably likely to materially affect the Compay'sCompany's internal controls over financial reporting.

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ITEM 1. Legal Proceedings

None, other than ordinary routine litigation incidental to the Company's business.

ITEM 1A. Risk Factors

Smaller reporting companies are not required to provide this information.

ITEM 2. Unregistered Sales of Equity Securities and Use of Proceeds

ISSUER PURCHASES OF EQUITY SECURITIES

Period	(a) Total Number of Shares (or Units) Purchased	(b) Average Price Paid Per Share (or Unit)	(c) Total Number of Shares (or Units) Purchased as Part Of Publicly Announced Plans Or Programs	(d) Maximum Number or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs
Month #1 7/1/2023 1/2024 to 7/32/2023 1/31/2024	—	—	—	—
Month #2 8/ 2/1/2023 2024 to 8/31/2023 2/29/2024	—	—	—	—
Month #3 9/ 3/1/2023 2024 to 9/30/2023 3/31/2024	—	—	—	—

The Company adopted the United Bancorp, Inc. Affiliate Banks Directors and Officers Deferred Compensation Plan (the "Plan"), which is an unfunded deferred compensation plan. Amounts deferred pursuant to the Plan remain unrestricted assets of the Company, and the right to participate in the Plan is limited to members of the Board of Directors and Company officers. Under the Plan, directors or other eligible participants may defer fees and up to 50% of their annual incentive award payable to them by the Company, which are used to acquire common shares which are credited to a participant's respective account. Except in the event of certain emergencies, no distributions are to be made from any account as long as the participant continues to be an employee or member of the Board of Directors. Upon termination of service, the aggregate number of shares credited to a participant's account is distributed with any cash proceeds credited to the account which have not yet been invested in the Company's stock. All purchases under this deferred compensation plan are funded with either earned director fees or officer incentive award payments. No underwriting fees, discounts, or commissions are paid in connection with the Plan. The shares allocated to participant accounts have not been registered under the Securities Act of 1933 in reliance upon the exemption provided by Section 4(2) thereof. No pucahses were made under the plan during the most recently completed fiscal quarter.

ITEM 3. Defaults Upon Senior Securities

Not applicable.

ITEM 4. Mine Safety Disclosures

Not applicable.

ITEM 5.Item 5. Other Indormation Information

Not applicable

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United Bancorp, Inc.
Part II – Other Information

ITEM 6. Exhibits

EX-3.1	Amended Articles of Incorporation of United Bancorp, Inc. (1)
EX-3.2	Amended and Restated Code of Regulations of United Bancorp, Inc. (2)

EX-4.1	Description of Registrant's Common Stock (3)
EX 4.2	Forms of 6.00% Fixed to Floating Rate Subordinated Note due May 15, 2029 (4)
EX 31.1	Rule 13a-14(a) Certification – CEO
EX 31.2	Rule 13a-14(a) Certification – CFO
EX 32.1	Section 1350 Certification – CEO
EX 32.2	Section 1350 Certification – CFO
EX 101.INS	XBRL Instance Document
EX 101.SCH	XBRL Taxonomy Extension Schema Document
EX 101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
EX 101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
EX 101.LAB	XBRL Taxonomy Extension Label Linkbase Document
EX 101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

(1) Incorporated by reference to Appendix B to the registrant's Definitive Proxy Statement filed with the Securities and Exchange Commission on March 14, 2001.

(2) Incorporated by reference to Exhibit 3.2 to the registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on November 18, 2016.

(3) Incorporated by reference to Exhibit 4 to the registrant's Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 20, 2020.

(4) Incorporated by reference to Exhibit 4.1 to the registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on May 14, 2019.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

/s/ United Bancorp, Inc.

Date: November 13, 2023 May 15, 2024

By: /s/Scott A. Everson
Scott A. Everson
President and Chief Executive Officer

Date: November 13, 2023 May 15, 2024

By: /s/Randall M. Greenwood
Randall M. Greenwood

EXECUTIVE VICE PRESIDENT CHIEF FINANCIAL AND RISK OFFICER

Exhibit 31.1

CERTIFICATIONS

I, Scott A. Everson, President and Chief Executive Officer of United Bancorp, Inc., certify that:

1. I have reviewed this Form 10-Q of United Bancorp, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d)

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 13, 2023 May 15, 2024

/s/ Scott A. Everson

Scott A. Everson, President and CEO

Exhibit 31.2

CERTIFICATIONS

I, Randall M. Greenwood, Chief Financial Officer of United Bancorp, Inc., certify that:

(b) I have reviewed this Form 10-Q of United Bancorp, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(b) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(b) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(b) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 13, 2023 May 15, 2024

/s/ Randall M. Greenwood

Randall M. Greenwood

EXECUTIVE VICE PRESIDENT CHIEF FINANCIAL AND RISK OFFICER

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ENACTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of United Bancorp, Inc. (the “Company”) on Form 10-Q for the period ending September 30, 2023 March 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Scott A. Everson, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as enacted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Scott A. Everson

Scott A. Everson,

President and Chief Executive Officer

November 13, 2023 May 15, 2024

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ENACTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of United Bancorp, Inc. (the “Company”) on Form 10-Q for the period ending September 30, 2023 March 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Randall M. Greenwood, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as enacted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Randall M. Greenwood

Randall M. Greenwood,

EXECUTIVE VICE PRESIDENT CHIEF FINANCIAL AND RISK OFFICER

November 13, 2023 May 15, 2024

DISCLAIMER