

April 12, 2022

United Bancorp of Princeton, Inc. Shareholders

**RE: 1<sup>st</sup> Quarter 2022 Distributions and Other Updates**

Dear Shareholders:

In preparing for this update, I went back and read some of my previous updates. The one that caught my attention the most was the 2019 year-end review that projected the upcoming 2020 year would be “transitional” in that we were turning our focus to longer-term earning goals that likely would result in 2020 being a step-back year in terms of profitability. Then COVID happened, and our focus very much converted back to the present and the resulting variables our industry had never seen before.

Pushing forward eighteen months to our most recent Strategic Retreat in September of 2021, we have again repositioned our strategic thinking to the longer-term, looking for opportunities to meaningfully enhance our longer-term earnings potential. As was the intended case heading into 2020, such a repositioning would require investment in what I prefer to call foundation building that likely would put some drag on our current earnings.

At the bank level, our net income through the first 3 months of 2022 finished at \$476,210. That’s quite a bit lower than the \$636,393 we showed for the same period last year, and also less than the \$572,122 we reported for the first quarter of 2020. While higher expenses (investments in our future) are a part of that story, two other variables need to also be noted. In the middle of January, we elected to use some of our excess liquidity to eliminate some borrowings we had with FHLB, and doing so resulted in a prepayment penalty of just over \$90,000 that we will fully recoup over the remainder of the year.

Now three and half months into the year, that debt elimination is still having a net negative impact on earnings in the \$78,000 range. An adjustment for that would push our 2022 earnings closer to \$554,000. Another note is the 2021 number contained \$94,635 in PPP earnings. Without that non-recurring figure, the 2021 figure would adjust to \$542,000. Those adjusted numbers of \$554,000, \$542,000 and \$572,000 for first quarters of 2022, 2021, and 2020, respectively, give a more accurate indication of our core earnings trend. That adjusted \$554,000 figure for the first quarter of 2022 also projects very closely to our yearly \$2.2 million budget for the year.

At our March Board Meeting, we voted to again pay distributions of \$3.33 per share for the first quarter of 2022. That matches the first quarter distribution we have paid going back to at least 2019. This distribution will be paid to all shareholders of record as of March 31, 2022, and will be paid on or around the 15<sup>th</sup> of April, 2022.

As always, thank you for your support of Farmers Bank and Trust Company, and we would look forward to serving any of your banking needs.

Best wishes!!!

Jeff R. McDaniels  
President/CEO