



January 15, 2026

United Bancorp of Princeton, Inc ("United Bancorp") Shareholders

RE: 4th Quarter Distributions and 2025 Financial Results (Bank Level)

Dear Shareholders:

It is with great pleasure to share our most recent operating results, as 2025 was the most profitable year in our company's history. At the bank level, net income finished the year at \$3,315,439, which was an increase of 31% over our 2024 net income of \$2,282,487. It also compared quite favorably to our highest earnings year prior to 2025 of \$2,466,213 back in 2021.

The primary factors behind this improvement were both our ability to grow earning assets, essentially loans; and a more favorable interest rate environment than has been seen in several years. Overall, our balance sheet grew to \$241.2 million, up 10.3% from \$218.6 million at the end of 2024. Total loans increased from \$159.0 million to \$183.0 million (up 15.1%) during this same time frame.

That loan growth, combined with an improved interest rate margin, enabled our overall net interest income to increase by \$1.36 million (up 18%) year-over-year, after we also increased our annual allocation for loan losses from \$120,000 in 2024 to \$300,000 in 2025. An investment in key components to support the growth did increase our non-interest expenses 6% year-over-year, but that investment proved worthwhile as overall net income for 2025 was \$1.03 million higher than in 2024. Essentially half of the increase (investment) in non-interest expense pertained to key additions to our team during the latter half of 2024 into 2025.

We were able to fund a good percentage of our loan growth through an increase in direct customer deposits, which also grew \$14.67 million during the year to finish 2025 at \$205.61 million. Each year deposit market share data by county becomes publicly available during the 3rd quarter using June 30th balances. As of 6/30/2025, our \$203.3 million in deposits was the highest in the two counties we serve (Caldwell/Lyon), with the second largest bank in terms of deposit market share within those two counties at \$92.6 million. For comparison purposes, those two numbers stood at \$187.0 million and \$86.5 million, respectively, as of 6/30/2024.

Continuing the Board's commitment to retain more earnings to support our growth opportunities, annual distributions from the bank to the holding company were again targeted at \$1.7 million. The holding company will again pay Kentucky state income taxes directly versus shareholders paying those taxes through K-1 income. With those numbers in mind, the Board at its December Board Meeting approved an \$8.42 per share distribution to shareholders of record as of 12/31/2025 to be payable on or around the date of this letter.

Distributions for the first 3 quarters of 2025 totaled \$9.99 per share, therefore bringing overall 2025 distributions to \$18.41 per share. That compares to \$18.85 per share paid in 2024, with the main variance being a higher estimate for the state income taxes referenced above.

The Annual Audit for United Bancorp is scheduled to be completed near the end of February, so please note the following numbers referenced relative to the holding company are estimates and prior to having those final results. That disclosed, using rounded numbers of \$3.2 million in holding company income for 2025 and \$1.7 million in annual distributions results in book capital increasing by \$1.5 million. That, by a large amount, is the biggest increase in book capital in several years.

Furthermore, tangible capital also benefited from the improved interest rate environment referenced earlier, as the unrealized loss in our investment portfolio decreased from -\$6.4 million to -\$4.5 million over the last year. If you combine the increase in book capital of \$1.5 million with the \$1.9 million improvement in our unrealized loss, the net improvement to tangible capital over the last year is an estimated \$3.4 million. On a per share basis, that equates to an approximate \$40 per share increase year-over-year when it comes to our tangible capital, which stood at \$202 per share as of 12/31/25, as compared to \$162 per share this time last year.

Bank stocks like ours tend to trade in the 1.1x to 1.2x level of tangible capital, so the math suggests a trading range of \$222 to \$242 per share. Another enhancement to stock value would be the year-over-year improvement in earnings per share, which in 2024 at the holding company was \$25.86 per weighted share. Using the same estimated \$3.2 million for holding company net income, that figure would project closer to \$37.00 per share in 2025, a projected improvement of 43% year-over-year.

Once the 2025 United Bancorp Annual Audit has been completed, you will receive more specific information regarding our 2025 performance at the holding company level. In the meantime, please mark March 17, 2026 on your calendar as the date of the Annual Shareholders Meeting of United Bancorp. We thank you for your support as shareholders and encourage you to consider the bank for your personal banking needs.

Sincerely,

Jeff McDaniels
President