



October 15, 2026

RE: 3rd Quarter Distribution and Financial Update

Dear Shareholders of United Bancorp of Princeton, Inc.:

2026 continues to be an excellent year from an earnings standpoint. Especially when remembering that 2025 had been our most profitable year to date, the fact this year's bank-level earnings are 26% ahead of last year is a positive thing to share. Through nine months, 2026 bank-level earnings stand at \$3,086,000, exceeding our 2025 results of \$2,449,000 through the same time-period by \$637,000. We also expect to match or exceed our 2026 annual budget expectations by the end of the current month.

These positive results are largely based on two primary factors. The first being our loan growth has been consistent with budget expectations, with balances increasing from \$183.0 million to \$190.9 million through the first nine months of the year. Where we missed budget-wise, though in a good way, has been through a lower than anticipated cost of funding, where our actual interest expense stands 13% less than budget. Those two factors combined have our net interest income essentially \$700,000 ahead of budget, explaining in large part why we are ahead of last year's net income pace by the already mentioned \$637,000.

All of that is great news, and maybe even worth remembering. As we move forward, there was a meaningful change in interest rates during the last quarter that could negatively impact both our funding costs and loan demand. For context, the 5-year and 10-year treasury rates as of 6/30/2026 stood at 4.19% and 4.44%, respectively. As of 9/30/2026, those same two rates had increased to 5.09% and 5.29%, respectively; the first having increased 90bps and the second 85bps. That swing in rates has the potential to increase our cost of funding more in line with our original budgeted expectations; and could also have a negative impact on loan demand.

The first part of this decade, we also experienced how much a quick change in interest rates can impact a bank's balance sheet. The only balance sheet item that banks adjust to market rates is the investment portfolio, which typically gains in value as rates fall and depreciates in value as rates decline. In our specific case, the unrealized loss in our securities portfolio from the previous inflationary years (2022-2023) had decreased to -\$4.31 million as of 6/30/2026. This more recent

change in rates during the just completed 3rd quarter returned our unrealized loss to -\$6.55 million. That impacts our tangible capital in a material way, though it is important to remember it does not lower our capital from a regulatory or book perspective.

Going back to my letter to you dated January 15, 2026, I noted the unrealized loss in our security portfolio had decreased from -\$6.4 million to -\$4.5 million during the 2025 fiscal year. That number decreased more during the first half of this year to the -\$4.31 million stated in the previous paragraph. So, in basically 90 days, all of the market gains (and even a little more) receded back to levels last seen at the end of our 2024 fiscal year.

The impact of this is felt in our tangible book value, which is the primary measure we use when calculating our stock value. If we ignore this recent increase in rates and the impact to our tangible capital, through the first nine months of this year, our book or regulatory capital increased essentially \$2.1 million based on our year-to-date earnings of \$3.1 million less the distributions from the bank to the holding company (and then largely distributed to you as a shareholder) of \$960,000.

You will notice that our gain in book value was therefore essentially neutralized from a tangible perspective by the move in market interest rates in just the last quarter. The net impact of that means our tangible book value per share has only moved slightly from the end of 2025 (\$202 per share) to the current \$203 per share. As recently as the end of the last quarter, the tangible number was at \$221 per share.

As shared in previous letters, bank stocks like ours tend to trade in the 1.1x to 1.2x tangible book level. Using the higher of those multiples, that would estimate our current market value per share at \$244. It is worth noting that a minimal number of shares did transact during the 3rd quarter at \$265 per share, which equated to 1.2x the tangible book value of \$221 as of 6/30/2026.

You will be pleased to know that at our September Board of Directors Meeting, the Board did approve a quarterly distribution of \$3.33 per share to be paid to all shareholders of record as of September 30, 2026. You can expect to receive that distribution on or around the date of this update.

Sincerely,



Jeff R. McDaniels
President