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, 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 8, 2024, 5,788,893 shares of the Company's common stock, $1.00 par value, were issued and outstanding.

ITEM 1. Financial Statements

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

	September 30, 2024 (Unaudited)	December 31, 2023
Assets		
Cash and due from banks	$ 7,818	$ 7,352
Interest-bearing demand deposits	29,960	33,418
Cash and cash equivalents	37,778	40,770
Available-for-sale securities, net of allowance of credit losses of $0 at September 30, 2024 and December 31, 2023	250,161	242,760
Loans, net of allowance for credit losses of $4,002 and $3,918 at September 30, 2024 and December 31, 2023, respectively	471,002	479,318
Premises and equipment	24,519	14,984
Federal Home Loan Bank stock	4,026	3,979
Foreclosed assets held for sale, net	3,381	3,377
Core deposit other intangible asset	160	260
Goodwill	682	682
Accrued interest receivable	3,846	4,098
Deferred federal income tax	2,716	2,409
Bank-owned life insurance	19,750	19,423
Other assets	7,461	7,389
Total assets	$ 825,482	$ 819,449
Liabilities and Stockholders' Equity		
Liabilities		
Deposits		
Demand	$ 324,930	$ 339,280
Savings	123,171	130,821
Time	167,718	151,358
Total deposits	615,819	621,459
Securities sold under repurchase agreements	36,123	26,781
Subordinated debentures	23,832	23,787
Advances Federal Home Loan Bank	75,000	75,000
Lease liability – finance lease	2,845	2,764
Interest payable and other liabilities	6,403	6,065
Total liabilities	760,022	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 6,203,141 shares at September 30, 2024, and 6,063,851 shares at December 31, 2023; outstanding - 5,788,893 and 5,702,685 shares at September 30, 2024 and December 31, 2023, respectively	6,203	6,064
Additional paid-in capital	26,204	25,913
Retained earnings	45,531	44,018
Stock held by deferred compensation plan; 177,385 and 181,803 shares at September 30, 2024 and December 31, 2023	(2,072)	(2,363)
Accumulated other comprehensive loss	(7,158)	(7,478)
Treasury stock, at cost 236,863 and 179,363 shares- at September 30, 2024 and December 31, 2023, respectively	(3,248)	(2,561)
Total stockholders' equity	65,460	63,593
Total liabilities and stockholders' equity	$ 825,482	$ 819,449

See Notes to Condensed Consolidated Financial Statements

United Bancorp, Inc.
Condensed Consolidated Statements of Income
(In thousands, except per share data)
(Unaudited)

	Three months ended September 30, 2024	Three months ended September 30, 2023	Nine months ended September 30, 2024	Nine months ended September 30, 2023
Interest and dividend income				
Loans, including fees	$ 7,232	$ 6,454	$ 20,980	$ 18,389
Taxable securities	484	707	1,557	2,068
Non-taxable securities	1,878	1,500	5,439	4,357
Federal funds sold	254	909	1,179	2,171
Dividends on Federal Home Loan Bank stock and other	96	81	288	160
Total interest and dividend income	9,944	9,651	29,443	27,145
Interest expense				
Deposits				
Demand	434	493	1,333	1,445
Savings	30	33	91	101
Time	1,617	1,071	4,641	2,595
Borrowings	1,724	1,488	4,922	3,670
Total interest expense	3,805	3,085	10,987	7,811
Net interest income	6,139	6,566	18,456	19,334
Credit Loss Expense				
Provision for (reversal of) credt loss expense - loans	69	(154)	304	(300)
Provision for (reversal of) credit loss expense – off balance sheet commitments	—	—	(130)	—
Provision for (reversal of) credit loss expense	69	(154)	174	(300)
Net interest income after provision for (reversal of) credit loss expense	6,070	6,720	18,282	19,634
Noninterest income				
Service charges on deposit accounts	767	704	2,187	2,202
Realized gains on sales of loans	168	1	363	8
Realized gains (losses) on sale of available-for-sale securities	—	—	(116)	—
Other income	280	258	831	815
Total noninterest income	1,215	963	3,265	3,025
Noninterest expense				
Salaries and employee benefits	2,757	2,480	7,219	7,814
Net occupancy and equipment expense	573	546	1,739	1,550
Professional services	398	371	1,465	1,100
Insurance	157	144	464	448
Deposit insurance premiums	108	96	324	267
Franchise and other taxes	148	139	441	417
Advertising	124	100	361	300
Stationery and office supplies	30	33	86	92
Amortization of core deposit premium	38	38	113	113
Other expenses	1,196	1,286	3,823	3,659
Total noninterest expense	5,529	5,233	16,035	15,760
Income before federal income taxes	1,756	2,450	5,512	6,899
Federal income taxes (benefit)	(64)	58	(41)	339
Net income	$ 1,820	$ 2,392	$ 5,553	$ 6,560
EARNINGS PER COMMON SHARE				
Basic	$ 0.31	$ 0.42	$ 0.95	$ 1.15
Diluted	$ 0.31	$ 0.42	$ 0.95	$ 1.15
DIVIDENDS PER COMMON SHARE	$ 0.1775	$ 0.1675	$ 0.6750	$ 0.6450

See Notes to Condensed Consolidated Financial Statements

United Bancorp, Inc.
Condensed Consolidated Statements of Comprehensive Income (Loss)
Three and Nine Months Ended September 30, 2024 and 2023
(In thousands, except per share data)
(Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Net income	$ 1,820	$ 2,392	$ 5,553	$ 6,560
Net realized (gain) loss included in net income, net of taxes (benefits) of $0, $ 0, $24, and $ 0	—	—	92	—
Unrealized holding gain (losses) on securities during the period, net of tax (benefit) of $1,080, ($1,940), $62 and ($2,043) for each respective period	4,061	(7,298)	228	(7,684)
Comprehensive income (loss)	$ 5,881	$ (4,906)	$ 5,873	$ (1,124)

See Notes to Condensed Consolidated Financial Statements

Table of Contents

United Bancorp, Inc.
Consolidated Statements of Stockholders' Equity
Three and Nine Months Ended September 30, 2024 and 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, 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
Balance July 1, 2024	$ 6,188	$ 26,219	$ (5,362)	$ 44,771	$ (11,219)	$ 60,597
Net income	—	—	—	1,820	—	1,820
Other comprehensive income	—	—	—	—	4,061	4,061
Cash dividends - $0.1775 per share	—	—	—	(1,060)	—	(1,060)
Deferred compensation plan activity	—	(42)	42	—	—	—
Resticted stock issued	15	(15)	—	—	—	—
Expense/shares repurchase related to share-based compensation plans	—	42	—	—	—	42
Balance, September 30, 2024	$ 6,203	$ 26,204	$ (5,320)	$ 45,531	$ (7,158)	$ 65,460

	Common Stock	Additional Paid-in Capital	Treasury Stock and Deferred Compensation	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
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
Balance, January 1, 2024	$ 6,064	$ 25,913	$ (4,924)	$ 44,018	$ (7,478)	$ 63,593
Net income	—	—	—	5,553	—	5,553
Other comprehensive income	—	—	—	—	320	320
Cash dividends - $0.675 per share	—	—	—	(4,040)	—	(4,040)
Deferred compensation plan activity	—	(291)	291	—	—	—
Repurchase of common stock	—	—	(687)	—	—	(687)
Resticted stock issued	139	(139)	—	—	—	—
Expense/shares repurchase related to share-based compensation plans	—	721	—	—	—	721
Balance, September 30, 2024	$ 6,203	$ 26,204	$ (5,320)	$ 45,531	$ (7,158)	$ 65,460

See Notes to Condensed Consolidated Financial Statements

United Bancorp, Inc.
Condensed Consolidated Statements of Cash Flows
Nine Months Ended September 30, 2024 and 2023
(In thousands except per share data)
(Unaudited)

	Nine months ended September 30, 2024	2023
Operating Activities		
Net income	$ 5,553	$ 6,560
Items not requiring (providing) cash		
Accretion of premiums and discounts on securities, net	329	271
Amortization of intangible asset	100	113
Depreciation and amortization	802	744
Expense related to share based compensation plans	721	586
Provision for (reversal of) credit loss expense and unfunded commitments	174	(300)
Increase in value of bank-owned life insurance	(327)	(320)
Gain on sale of loans	(363)	(8)
Proceeds from sale of loans held for sale	11,700	396
Originations of loans held for sale	(11,337)	(404)
Loss on sale of available-for-sale securities	116	—
Loss on sale or write down of foreclosed assets	7	62
Amortization of debt instrument costs	45	46
Net change in accrued interest receivable and other assets	(579)	(1,227)
Net change in accrued expenses and other liabilities	422	229
Net cash provided by operating activities	7,363	6,748
Investing Activities		
Securities available for sale:		
Maturities, prepayments and calls	10,040	2,275
Sales	27,431	—
Purchases	(44,911)	(19,329)
Net change in loans	8,452	(5,524)
Purchase of FHLB stock	(47)	(3,149)
Redemption of Federal Home Loan Bank Stock	—	1,669
Purchases of premises and equipment	(10,210)	(952)
Proceeds from sale of foreclosed and fixed assets	42	16
Net cash provided by (used in) investing activities	(9,203)	(24,994)
Financing Activities		
Net change in deposits	(5,640)	(21,901)
Net change in securities sold under repurchase agreements	9,342	10,478
Proceeds from Federal Home Loan Bank advances	—	75,000
Repurchase of common stock	(687)	(733)
Finance lease payments	(127)	—
Cash dividends paid on common stock	(4,040)	(3,786)
Net (used in) cash provided by financing activities	(1,152)	59,058
Increase (Decrease) in Cash and Cash Equivalents	(2,992)	40,812
Cash and Cash Equivalents, Beginning of Period	40,770	30,080
Cash and Cash Equivalents, End of Period	$ 37,778	$ 70,892
Supplemental Cash Flows Information		
Interest paid on deposits and borrowings	$ 10,979	$ 7,604
Federal income taxes paid	$ —	$ —
Supplemental Disclosure of Non-Cash Investing and Financing Activities		
Transfers from loans to foreclosed assets held for sale	$ 53	$ 13

See Notes to Condensed Consolidated Financial Statements

United Bancorp, Inc.
Notes to Condensed Consolidated Financial Statements
(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, 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, 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, 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, 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, commercial and installment loans. Substantially all loans are secured by specific items of collateral including business assets, consumer assets and real estate. Commercial 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.

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

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).

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.

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

Accrued interest receivable on available-for-sale debt securities totaled $2.5 million and $2.7 million at September 30, 2024 and December 31, 2023, respectively 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 and $1.1 million at September 30, 2024 and December 31, 2023, respectively and was reported in the line item accrued interest receivable on the 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 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.

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

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 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.

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

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

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

Earnings Per Share

Earnings per share (EPS) were computed as follows:

	Three Months Ended September 30, 2024		
	Net Income (In thousands)	Weighted-Average Shares	Per Share Amount
Net income	$ 1,820		
Less allocated earnings on non-vested restricted stock	(35)		
Less allocated dividends on non-vested restricted stock	(52)		
Net income allocated to common stockholders	1,733		
		5,621,393	
Basic and diluted earnings per share			$ 0.31

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

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

	Nine Months Ended September 30, 2024		
	Net Income (In thousands)	Weighted - Average Shares	Per Share Amount
Net income	$ 5,553		
Less allocated earnings on non-vested restricted stock	(191)		
Less allocated dividends on non-vested restricted stock	(61)		
Net income allocated to common stockholders	5,301		
		5,584,250	
Basic and diluted earnings per share			$ 0.95

	Nine Months Ended September 30, 2023		
	Net Income (In thousands)	Weighted-Average Shares	Per Share Amount
Net income	$ 6,560		
Less allocated earnings on non-vested restricted stock	(111)		
Less 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

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. 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 2020.

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	Fair Value
Available-for-sale Securities:				
September 30, 2024:				
U.S. government agencies	$ 17,500	$ —	$ (111)	$ 17,389
State and municipal obligations	212,222	1,080	(6,438)	206,864
Subordinated notes	28,956	—	(3,048)	25,908
Total debt securities	$ 258,678	$ 1,080	$ (9,597)	$ 250,161

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

	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
State and municipal obligations	177,670	2,264	(5,742)	174,192
Subordinated note	29,013	—	(4,713)	24,300
Total debt securities	$ 251,683	$ 2,264	$ (11,187)	$ 242,760

The amortized cost and fair value of available-for-sale securities at September 30, 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	$ 5,000	$ 4,993
One to five years	17,556	17,310
Five to ten years	27,067	24,021
Over ten years	209,055	203,837
Totals	$ 258,678	$ 250,161

The carrying value of securities pledged as collateral, to secure public deposits and for other purposes, was $78.6 million and $72.8 million at September 30, 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 September 30, 2024 was $153.4 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.

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.

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

The following tables show the Company's investments' gross unrealized losses and fair value, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position at September 30, 2024:

Description of Securities	September 30, 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	$ —	$ —	$ 17,389	$ (111)	$ 17,389	$ (111)
State and municipal obligations	58,886	(603)	51,247	(5,835)	110,133	(6,438)
Subordinated notes	—	—	25,908	(3,048)	25,908	(3,048)
Total temporarily impaired securities	$ 58,886	$ (603)	$ 94,544	$ (8,994)	$ 153,430	$ (9,597)

Description of Securities	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)					
US government agencies	$ —	$ —	$ 44,268	$ (732)	$ 44,268	$ (732)
State and municipal obligations	3,365	(12)	51,163	(5,730)	54,528	(5,742)
Subordinated notes	3,717	(799)	20,583	(3,914)	24,300	(4,713)
Total temporarily impaired securities	$ 7,082	$ (811)	$ 116,014	$ (10,376)	$ 123,096	$ (11,187)

The unrealized losses on the Company's 129 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 credit losses at September 30, 2024.

The Company recorded a loss of approximately $116,000 for the nine month ended September 30, 2024. The Company sold $20.3 million in securities for a loss of $228,000 and sold $7.2 million in securities for a gain of $112,000. The Company wanted to rebalance a portion of its security portfolio during the first half of 2024. There were no sales of investment securities for the three and nine months ended September 30, 2023.

Note 3: Loans and Allowance for Credit Losses

Categories of loans include:

	September 30, 2024	December 31, 2023
	(In thousands)	
Commercial and Industrial	$ 96,508	$ 91,294
Commercial real estate	277,664	291,859
Residential real estate	91,277	93,364
Consumer loans	9,555	6,719
Total gross loans	475,004	483,236
Less allowance for credit losses	(4,002)	(3,918)
Total loans	$ 471,002	$ 479,318

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

The amount of deferred loan fees at September 30, 2024 was $51 and $41 at December 31, 2023. 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, 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.

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

Allowance for Credit Losses and Recorded Investment in Loans
As of and for the three and nine month periods ended September 30, 2024

	Commercial and Industrial	Commercial Real Estate	Residential *(in thousands)*	Consumer	Total
Allowance for credit losses:					
Balance, July 1, 2024	$ 628	$ 1,413	$ 1,813	$ 135	$ 3,989
Provision (credit) for credit loss exposure	50	(23)	(12)	54	69
Losses charged off	—	—	(10)	(49)	(59)
Recoveries	—	—	—	3	3
Balance, September 30, 2024	$ 678	$ 1,390	$ 1,791	$ 143	$ 4,002
Balance, January 1, 2024	$ 573	$ 1,408	$ 1,843	$ 94	$ 3,918
Provision (credit) for credit loss exposure	179	(18)	(35)	178	304
Losses charged off	(75)	—	(17)	(151)	(243)
Recoveries	1	—	—	22	23
Balance, September 30, 2024	$ 678	$ 1,390	$ 1,791	$ 143	$ 4,002
Allocation:					
Ending balance: individually evaluated for credit losses	$ 50	$ —	$ —	$ —	$ 50
Ending balance: collectively evaluated for credit losses	$ 628	$ 1,390	$ 1,791	$ 143	$ 3,952
Loans:					
Ending balance: individually evaluated for credit losses	$ 57	$ 16	$ 212	$ —	$ 285
Ending balance: collectively evaluated for credit losses	$ 96,451	$ 277,648	$ 91,065	$ 9,555	$ 474,719

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

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

	Commercial and Industrial	Commercial Real Estate	Residential (in thousands)	Consumer	Total
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

Allowance for Loan Losses and Recorded Investment in Loans
As of December 31, 2023

	Commercial and Industrial	Commercial Real Estate	Residential (In thousands)	Consumer	Total
Allowance for loan 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	$ 482,910

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

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, 2024 (in thousands):

September 30, 2024	2024	2023	2022	2021	2020	Prior	Revolving Loans Amortized Cost Basis	Revolving Loans Converted to Term	Total
Commercial and industrial									
Risk Rating									
Pass	$ 17,535	$ 18,935	$ 12,266	$ 9,186	$ 10,948	$ 8,950	$ 17,366	$ —	$ 95,186
Special Mention	—	—	26	—	—	141	1,098	—	1,265
Substandard	—	57	—	—	—	—	—	—	57
Doubtful	—	—	—	—	—	—	—	—	—
Total	$ 17,535	$ 18,992	$ 12,292	$ 9,186	$ 10,948	$ 9,091	$ 18,464	$ —	$ 96,508
Commercial and industrial									
Current period gross charge-offs	$ —	$ 75	$ —	$ —	$ —	$ —	$ —	$ —	$ 75
Commercial real estate									
Risk Rating									
Pass	$ 6,370	$ 37,586	$ 33,615	$ 46,897	$ 31,918	$ 70,720	$ 42,097	$ —	$ 269,203
Special Mention	—	—	324	242	—	7,879	—	—	8,445
Substandard	—	—	—	—	—	16	—	—	16
Doubtful	—	—	—	—	—	—	—	—	—
Total	$ 6,370	$ 37,586	$ 33,939	$ 47,139	$ 31,918	$ 78,615	$ 42,097	$ —	$ 277,664
Commercial real estate									
Current period gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Total									
Pass	$ 23,905	$ 56,522	$ 45,881	$ 56,083	$ 42,866	$ 79,670	$ 59,463	$ —	$ 364,390
Special Mention	—	—	350	242	—	8,020	1,098	—	9,710
Substandard	—	56	—	—	—	16	—	—	72
Doubtful	—	—	—	—	—	—	—	—	—
Total	$ 23,905	$ 52,578	$ 46,231	$ 56,325	$ 42,866	$ 87,706	$ 60,561	$ —	$ 374,172
Current period gross charge-offs	$ —	$ 75	$ —	$ —	$ —	$ —	$ —	$ —	$ 75

Table of Contents

United Bancorp, Inc.
Notes to Condensed Consolidated Financial Statements
(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, 2024	2024	2023	2022	2021	2020	Prior	Revolving Loans Amortized Cost Basis	Revolving Loans Converted to Term	Total
Residential Real Estate									
Payment Performance									
Performing	$ 6,409	$ 11,032	$ 17,316	$ 15,458	$ 17,620	$ 23,140	$ —	$ —	$ 90,975
Nonperforming	—	24	—	—	—	278	—	—	302
Total	$ 6,409	$ 11,056	$ 17,316	$ 15,458	$ 17,620	$ 23,418	$ —	$ —	$ 91,277
Residential real estate									
Current period gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ 17	$ —	$ —	$ 17
Consumer									
Payment Performance									
Performing	$ 4,936	$ 1,931	$ 933	$ 395	$ 324	$ 994	$ 37	$ —	$ 9,550
Nonperforming	—	5	—	—	—	—	—	—	5
Total	$ 4,936	$ 1,936	$ 933	$ 395	$ 324	$ 994	$ 37	$ —	$ 9,555
Consumer									
Current period gross charge-offs	$ 101	$ 50	$ —	$ —	$ —	$ —	$ —	$ —	$ 151
Total									
Payment Performance									
Performing	$ 11,345	$ 12,963	$ 18,249	$ 15,853	$ 17,944	$ 24,136	$ 37	$ —	$ 99,337
Nonperforming	—	29	—	—	—	278	—	—	208
Total	$ 11,345	$ 12,992	$ 18,249	$ 15,853	$ 17,944	$ 24,414	$ 37	$ —	$ 100,834
Current period gross charge-offs	$ 101	$ 50	$ —	$ —	$ —	$ 17	$ —	$ —	$ 168

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

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 December 31, 2023 (in thousands):

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	$ 14,749	$ 13,067	$ 14,042	$ 6,017	$ 5,420	$ 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	$ 61,878	$ 50,763	$ 32,579	$ 65,077	$ 71,293	$ —	$ 383,153
Current period gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —

United Bancorp, Inc.
Notes to Condensed Consolidated Financial Statements
(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:

December 31, 2023	2023	2022	2021	2020	2019	Prior	Cost Basis	Revolving Loans Amortized to Term	Revolving Loans Converted Total
Residential Real Estate									
Payment Performance									
Performing	$ 12,036	$ 18,297	$ 16,343	$ 19,476	$ 5,687	$ 21,046	$ —	$ —	$ 92,885
Nonperforming	—	—	—	38	—	441	—	—	479
Total	$ 12,036	$ 18,297	$ 16,343	$ 19,514	$ 5,687	$ 21,487	$ —	$ —	$ 93,364
Residential real estate									
Current period gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Consumer									
Payment Performance									
Performing	$ 2,484	$ 1,396	$ 674	$ 456	$ 385	$ 953	$ 371	$ —	$ 6,719
Nonperforming	—	—	—	—	—	—	—	—	—
Total	$ 2,484	$ 1,396	$ 674	$ 456	$ 385	$ 953	$ 371	$ —	$ 6,719
Consumer									
Current period gross charge-offs	$ 138	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ 138
Total									
Payment Performance									
Performing	$ 14,520	$ 19,693	$ 17,017	$ 19,932	$ 6,072	$ 21,999	$ 371	$ —	$ 99,604
Nonperforming	—	—	—	38	—	441	—	—	479
Total	$ 14,520	$ 19,693	$ 17,017	$ 19,970	$ 6,072	$ 22,440	$ 371	$ —	$ 100,083
Current period gross charge-offs	$ 138	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ 138

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 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.

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

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, 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
				(In thousands)			
Commercial and Industrial	$ —	$ 44	$ 168	$ 57	$ 269	$ 96,239	$ 96,508
Commercial real estate	—	—	242	16	258	277,406	277,664
Residential	98	48	—	302	448	90,829	91,277
Consumer	8	17	—	5	30	9,525	9,555
Total	$ 106	$ 109	$ 410	$ 380	$ 1,005	$ 473,999	$ 475,004

As of September 30, 2024 $410,000 in loans greter than 90 days past due and still accruing interest are supported by a 100% government gurantee.

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 Industrial	$ 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

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, 2024:

	Nonaccrual with no ACL	Nonaccrual with ACL	Total Nonaccrual	Loans Past Due Over 90 Days Still Accruing	Total Nonperforming
			(In thousands)		
Commercial and Industrial	$ —	$ 57	$ 57	$ 168	$ 225
Commercial real estate	16	—	16	242	258
Residential	302	—	302	—	302
Consumer	5	—	5	—	5
Total	$ 323	$ 57	$ 380	$ 410	$ 790

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

The Company recognized approximately $0 and $19,000 interest income on nonaccrual loans during the three and nine month periods ended September 30, 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 recognized approximately $0 and $13,000 interest income on nonaccrual loans during the three and nine months periods ended December 31, 2023.

Occasionally, the Bank modifies loans to borrowers in financial distress by providing term extension, other-than-significant payment delay or interest rate reduction. In some cases, the Bank provides multiple types of concessions on one loan. Typically, one type of concession, such as an interest rate reduction, is granted initially. If the borrower continues to experience financial difficulty, another concession, such as term extension, may be granted.

For the three and nine months ended September 30, 2024 and 2023, the Bank did not grant any loan modifications to borrowers experiencing financial difficulty.

As of September 30, 2024 and December 31, 2023, the Bank has not initiated formal proceedings on any loans that have not been transferred into foreclosed assets.

Note 4: Benefit Plans

Pension expense includes the following:

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
		(In thousands)		
Service cost	$ 81	$ 76	$ 243	$ 228
Interest cost	81	78	243	234
Expected return on assets	(156)	(133)	(468)	(399)
Amortization (accretion) of prior service cost and net loss	(22)	(10)	(66)	(30)
Pension expense	$ (16)	$ 11	$ (48)	$ 33

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

United Bancorp, Inc.
Notes to Condensed Consolidated Financial Statements
(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, 2024	December 31, 2023
	(In thousands)	
Commercial loans unused lines of credit	$ 74,869	$ 93,773
Commitment to originate loans	73,393	91,710
Consumer open end lines of credit	35,412	37,024
Standby lines of credit	136	136

Allowance for Credit Losses on Off-Balance Sheet Commitments

The following table present the activity in the allowance for credit losses related to off-balance sheet commitments, that is included in interest payable and other liabilities on the consolidated balance sheets of financial condition for the three and nine months ended September 30, 2024 and 2023.

	September 30, 2024
Balance – December 31, 2023	$ 224
Provision for (reversal of) credit losses	(130)
Balance – June 30, 2024	$ 94
Provision for (reversal of) credit losses	—
Balance – September 30, 2024	$ 94

	September 30, 2023
Balance – December 31, 2022	$ —
Impact of adopting ASC 326	224
Provision for (reversal of) credit losses	—
Balance – June 30, 2023	$ 224
Provision for (reversal of) credit losses	—
Balance – September 30, 2023	$ 224

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

Note 6: Accumulated Other Comprehensive Income (Loss)

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

	September 30, 2024	December 31, 2023
	(In thousands)	
Net unrealized loss on securities available-for-sale	$ (8,517)	$ (8,922)
Net unrealized loss for unfunded status of defined benefit plan liability	(543)	(543)
	(9,060)	(9,465)
Less: Tax effect	1,902	1,987
Net-of-tax amount	$ (7,158)	$ (7,478)

The changes in accumulated other comprehensive Income (loss) by componend shown of net of tax and parenthesis indicating debits as of September 30, 2024 and 2023.

	Three months ended September 30, 2024			Three months ended September 30, 2023		
(In thousands)	Net unrealized (Loss) Gain on Available For Sale Securities	Defined Benefit Plan	Total	Net unrealized (Loss) Gain on Available For Sale Securities	Defined Benefit Plan	Total
Beginning balance	$ (10,790)	$ (429)	$ (11,219)	$ (9,063)	$ (559)	$ (9,722)
Other comprehensivbe income (loss) before reclassification	4,061	—	4,061	(7,298)	—	(7,298)
Amounts reclassified from accumulated other comprehensive gain (loss)	—	—	—	—	—	—
Net current -period other comprehensive income (loss)	—	—	—	—	—	—
Ending balance	$ (6,729)	$ (429)	$ (7,158)	$ (16,361)	$ (659)	$ (17,020)

	Nine months ended September 30, 2024			Nine months ended September 30, 2023		
(In thousands)	Net unrealized (Loss) Gain on Available For Sale Securities	Defined Benefit Plan	Total	Net unrealized (Loss) Gain on Available For Sale Securities	Defined Benefit Plan	Total
Beginning balance	$ (7,049)	$ (429)	$ (7,478)	$ (8,677)	$ (659)	$ (9,336)
Other comprehensivbe income (loss) before reclassification	228	—	228	(7,684)	—	(7,684)
Amounts reclassified from accumulated other comprehensive gain (loss)	92	—	92	—	—	—
Net current -period other comprehensive income (loss)	—	—	—	—	—	—
Ending balance	$ (6,729)	$ (429)	$ (7,158)	$ (16,361)	$ (659)	$ (17,020)

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

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

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, 2024 and December 31, 2023:

		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)
		(In thousands)		
September 30, 2024				
U.S. government agencies	$ 17,389	$ —	$ 17,389	$ —
Subordinated notes	25,908	—	25,908	—
State and municipal obligations	206,864	—	206,864	—
December 31, 2023				
U.S. government agencies	$ 44,268	$ —	$ 44,268	$ —
Subordinated notes	24,300	—	24,300	—
State and municipal obligations	174,192	—	174,192	—

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

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 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 discounts and estimates are developed by the Company's Chief Lender by comparison to historical results.

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.

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

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, 2024 and December 31, 2023.

		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)
	(In thousands)			
September 30, 2024				
Collateral dependent loans	$ 50	$ —	$ —	$ 50
Foreclosed assets held for sale	120	—	—	120
December 31, 2023				
Collateral dependent loans	$ —	$ —	$ —	$ —
Foreclosed assets held for sale	3,273	—	—	3,273

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 9/30/24	Valuation Technique	Unobservable Inputs	Range
	(In thousands)			
Collateral-dependent loans	$ 50	Market comparable properties	Comparability adjustments	5% – 10 %
Foreclosed assets held for sale	120	Market comparable properties	Marketability discount	10% – 35 %

	Fair Value at 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	3,273	Market comparable properties	Marketability discount	10% – 35%

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

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

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		
	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, 2024:				
Financial assets				
Cash and cash equivalents	$ 37,778	$ 37,778	$ —	$ —
Loans, net of allowance	471,002	—	—	452,077
Federal Home Loan Bank stock	4,026	—	4,026	—
Accrued interest receivable	3,846	—	3,846	—
Financial liabilities				
Deposits	$ 615,819	$ —	$ 617,542	$ —
Securities sold under agreements to repurchase	36,123	—	36,123	—
Subordinated debentures	23,832	—	21,749	—
Advance Federal Home Loan Bank	75,000	—	75,836	—
Interest payable	587	—	587	—

		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	—

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

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, 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.

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, 2024 and December 31, 2023.

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

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, 2024	Overnight and Continuous	Up to 30 Days	30-90 Days	Greater than 90 Days	Total
Repurchase Agreements					
State and municipal obligations	$ 36,123	$ —	$ —	$ —	$ 36,123
Total	$ 36,123	$ —	$ —	$ —	$ 36,123

December 31, 2023	Overnight and Continuous	Up to 30 Days	30-90 Days	Greater than 90 Days	Total
Repurchase Agreements					
State and municipal obligations	$ 26,781	$ —	$ —	$ —	$ 26,781
Total	$ 26,781	$ —	$ —	$ —	$ 26,781

These borrowings were collateralized with state and municipal obligations with a carrying value of $49.0 million at September 30, 2024 and $41.1 million at 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 and December 31, 2022 (in thousands):

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

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

	Nine Months Ended September 30, 2024			Year Ended December 31, 2023		
	Gross Intangible Assets	Accumulated Amortization	Net Intangible Assets	Gross Intangible Assets	Accumulated Amortization	Net Intangible Assets
Core deposit intangibles	$ 1,041	881	160	1,041	781	260

The estimated aggregate future amortization expense remaining as of September 30, 2024 is as follows (in thousands):

2024	33
2025	127

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

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, 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, 2024 and December 31, 2023, advances from the Federal Home Loan Bank were $75 million.

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

Note 11: Premises and Equipment

Major classifications of premises and equipment, stated at cost, are as follows:

	September 30, 2024	December 31, 2023
	(In thousands)	
Land, buildings and improvements	$ 32,484	$ 22,927
Furniture and equipment	16,075	15,398
Computer software	2,648	2,546
	51,207	40,871
Less accumulated depreciation	(26,688)	(25,887)
Net premises and equipment	$ 24,519	$ 14,984

Depreciation and amortization charged to operations was $802,000 for the nine month ended September 30, 2024 and $744,000 for the nine months ended September 30, 2023.

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

The following discusses the consolidated financial condition of the Company as of September 30, 2024, as compared to December 31, 2023, and the results of consolidated operations for the three and nine months ended September 30, 2024, compared to the same period in 2023. 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 $0.31 and net income of $1,820,000 for the three months ended September 30, 2024. For the first nine months of the current year, UBCP reported diluted earnings per share of $0.95 and net income of $5,553,000.

We are happy to report on the solid earnings and, overall, stable performance of United Bancorp, Inc. (UBCP) for the third quarter ended September 30, 2024 and year to date. For the quarter, our Company produced net income and diluted earnings per share results of $1,820,000 and $0.31, which were respective decreases of $573,000 and $0.11 from the results achieved for the third quarter of the previous year. But, on a linked-quarter basis, net income and diluted earnings per share respectively increased by $81,000, or 4.6%, and $0.01, or 3.3%, over the same levels achieved the prior quarter. For the first nine months of 2024, UBCP produced net income and diluted earnings per share of $5,553,000 and $0.95, which were respective decreases of $1,007,000 and $0.20 compared to the results achieved for the same period in 2023. As we navigated the first nine months of 2024, our Company, like most companies operating in the financial services industry, are fighting the battle of both net interest margin compression and limited or decreasing growth as interest rates remained elevated and economic activity was sluggish. As we started the current year, the interest rate forecast by most economists and the financial markets indicated that we could expect up to seven rate cuts throughout the year, which, overall, was projected to be favorable for our industry as it would help control funding costs. As we progressed through the first nine months of the current year and ended the third quarter, interest rates have been higher for longer than anticipated, with the potential of fewer rate cuts this year. Although the Federal Open Market Committee of the Federal Reserve (FOMC) did finally cut the target for the Federal Funds Rate (FFR) by fifty-basis points toward the end of the most recently ended quarter, monetary policy is still more restrictive than forecast at the beginning of the year as of September 30, 2024 and is creating challenges for our industry by putting pressure on the net interest margins and bottom-line performances of many financial institutions. In addition, it has also been challenging for many financial institutions to grow their balance sheets and optimally leverage their capital as economic activity has been relatively weak overall; thus, having a negative impact on loan demand and growth in loans outstanding, which has been in the low to mid-single digits for many financial institutions in the current year. Our Company is not immune from these challenges influenced by current monetary policy and macroeconomic trends as seen in our performance for the current quarter and year-to-date in 2024 in comparison to the same periods in the previous year, which were some of the highest performing periods in our Company's history. Regardless of these challenges and all things considered at present, we are generally satisfied with the current performance of our Company. We believe that these challenges will be short-lived and will be overcome as we execute on some of our strategic objectives and get a return on current capital investments over the course of the next twelve to twenty-four months, which should lead to higher levels of growth and improved performance in future periods.

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

At September 30, 2024 and as previously mentioned, in the presently uncertain economic environment in which we are operating, it has been a challenge to profitably leverage our balance sheet and, accordingly, UBCP has only achieved marginal growth in assets in the current year. As of September 30, 2024, our Company's total average assets were $826.2 million, an increase of $19.0 million, or 2.4%, year-over-year. For this same period, our Company's average loans increased by $20.4 million, or 4.4%, to a level of $480.8 million. Also, as of the most recently ended quarter, our Company saw an increase in its average investment securities of $13.4 million, or 5.5%, over the previous year to a level of $259.3 million. With this marginally higher level of earning assets and our loans outstanding continuing to reprice in a higher interest rate environment, we were able to increase the total level of total interest income that our Company generated by $2.3 million, or 8.5%, for the first nine months of the current year relative to last year. But, this year-over-year increase in total interest income was more than offset by the increase in total interest expense experienced by UBCP. At September 30, 2024, our Company's total interest expense increased year-over-year by $3.2 million, or 40.7%, even though average total deposits decreased by ($19.6) million, or (3.1%), as of the most recently ended quarter. 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 2023 for the entirety of this year. Relating to the change in the mix of our retail funding, lower cost demand and savings balances decreased by ($40.6) million, or (8.3%), while higher cost time balances increased by $28.4 million or 20.4%. Accordingly, year-over-year, the level of net interest income that we achieved declined by ($880,000), or (4.6%), to a level of $18.5 million and our net interest margin declined by 13 basis points from 3.63% to 3.50%. During the third quarter of 2024, our Company was able to better control the level of decline of its net interest margin experiencing a decrease on a linked quarter basis of four basis points. We are optimistic that we will be able to overcome this trend in the coming quarters as the monetary policy of the Federal Open Market Committee (FOMC) becomes less restrictive and, hopefully, helps us lower our overall funding costs. Lastly relating to our retail deposit base and of significance our Company does not have any brokered deposits and total uninsured deposits as of September 30, 2024 totaled 18.4% of total deposits, which are both very low compared to industry standards and strongly indicative of our Company's focus on building strong relationships with long-term, core deposits.

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 September 30, 2024, our Company's total nonaccrual loans and loans past due 30 plus days were $1.0 million, or 0.21% of gross loans, which is up from last year by $295,000 but, down on a linked-quarter basis by $142,000 or 2 basis points. Also, as of the most recently ended quarter, United Bancorp, Inc.'s (UBCP) nonperforming assets to total assets was a very respectable 0.46%, a 1 basis point increase from last year and the same level as last quarter. Further highlighting the overall strength of our loan portfolio, our Company had net loans charged off of (excluding overdrafts of $141,000), which annualized is (0.04%) of average loans and primarily related to a single relationship. With some of the economic uncertainty and macroeconomic trends at present, our Company had a provision for credit loss expense of $69,000 for the quarter and $174,000 year-to-date (versus a negative provision for credit loss expense the previous year for each period), which are respective increases of $223,000 for the quarter and $474,000 year-over-year. For the quarter-end and nine months ended September 30, 2024, this year-over-year increase in the provision for credit loss expense caused a decrease in our Company's diluted earnings per share for the quarter of $0.03 and for the year of approximately $0.07. With the increased provision for credit loss expense in the current year and continued solid credit quality-related metrics, our Company's total allowance for credit losses to total loans of 0.84% and its total allowance for credit losses to nonaccrual loans 1,053% as of September 30, 2024. Overall, we firmly believe that we are presently well reserved with very strong coverage. In addition, our Company remains very well capitalized by industry standards seeing its tangible shareholders equity increase year-over-year by $13.0 million, or 25.2%, to a level of $64.6 million (up by $4.9, or 8.3%, on a linked-quarter basis) and its tangible book value per share increase by $2.07, or 23.6% (up $0.80, or 7.9%, on a linked-quarter basis), to a level of $10.84 at the most recently ended quarter. Also, as of September 30, 2024, UBCP's equity to assets increased by 1.48% year-over-year to a level of 7.94.

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

United Bancorp, Inc. (UBCP), like most banking organizations, has felt the pressure of operating in an environment wherein monetary policy has driven interest rates higher for a longer duration than many of us anticipated which has created different challenges for us and most banks. Fortunately, we are hopeful that the unwinding of the restrictive monetary policy that began toward the end of this most recent quarter by the Federal Open Market Committee (FOMC) will help alleviate some of this pressure in the coming quarters; especially, relating to our cost of deposit pricing and the impact that it has had on our net interest margin, among other things. Overall, we are very happy with the solid financial performance that our Company achieved during the third quarter and first nine months of 2024. As previously mentioned, even though UBCP experienced solid year-over-year growth in the level of total interest income that it generated for the first nine months ended September 30, 2024, our Company experienced a greater increase in the total interest expense that it incurred, which caused the aforementioned decline in our net interest income. Fortunately for our Company, taking the $75.0 million advance from the Federal Home Loan Bank (FHLB) toward the end of the first quarter of last year, to this point, has helped us to somewhat mitigate this decline in our net interest income by affording us the ability to be more selective in the pricing of our offering rates on our interest-bearing depository products while maintaining adequate levels of liquidity. With a present net interest margin of 3.50% as of September 30, 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 while continuing with a focus of prudently growing our Company and remaining relevant in a very challenging and competitive environment. Regarding the noninterest income-side of the noninterest margin, some fee generating services and lines of business continue to be under attack by both regulatory and political authorities, which has ultimately put pressure on the level of noninterest income that our Company is able to realize. Accordingly (and, instead of dwelling on this negative reality), UBCP is looking to find new alternatives to generate 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. In this area, year-over-year, our Company has experienced an increase of $355,000 on the net realized gain on the sale of loans and we anticipate the level of income to grow in this business-line as we further scale this revenue generating function, which has a tremendous level of positive operating leverage at present. 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 produce 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 of growing its total assets to a level of $1.0 billion or greater) is the development of our newest banking center, which is currently under construction in the highly favorable market of Wheeling, West Virginia and should be completed for opening in the third quarter of 2025. Our Company already has many solid customer relationships in this coveted marketplace and we firmly believe 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 already has and will continue to lead to additional expense or overhead for our 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 industry are currently facing, we strongly feel that now is the time for our Company to focus on enhancing and expanding existing lines of business and growing new lines of business thus, achieving the organic growth that will lead to the continued and future 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 first nine months of 2024, we, once again, paid both our regular cash dividend, which increased by $0.03 to a level of $0.5250, and a special cash dividend of $0.15 for a total payout of $0.6750 in the current year. This is an increase for the quarter and the year of $0.01, or 6.0%, and $0.03, or 4.7%, respectively. This total dividend payout level for the current year produces a near-industry leading total dividend yield of 6.4%. This total dividend yield is based on our third quarter cash dividend on a forward basis, plus the special dividend (which combined total $0.86) and our quarter-end fair market value of $13.13. On a year-over-year basis as of September 30, 2024, the fair market value of our Company's stock was up $1.58, or 13.7%, from the prior year and our Company's market price to tangible book value was 121%, which compares favorably to our peer group.

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

Considering that we continue to operate in a concerning economic and challenging industry-related environment, we are very pleased with our 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 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 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 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 they will help us fulfil our intermediate and longer-term goals and produce above industry average earnings and overall performance. As previously mentioned, 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. We are truly excited about our Company's direction and the potential that it brings.

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.

United Bancorp, Inc.
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, 2024, gross loans were $475.0 million, compared to $483.2 million at December 31, 2023, a decrease of $8.2 million after offsetting repayments for the period. The overall decrease in the loan portfolio was comprised of a $9.0 million decrease in commercial and commercial real estate loans and a $2.1 million decrease in residential real estate lending and a $2.8 million increase in installment loans since December 31, 2023.

Commercial and commercial real estate loans comprised 78.8% of total loans at September 30, 2024, compared to 79.3% at December 31, 2023. Commercial and commercial real estate loans have decreased $8.2 million, or 1.7% since 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 2.0% of total loans at September 30, 2024 and 1.4% at 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 $2.8 million since December 31, 2023.

Residential real estate loans were 19.2% of total loans at September 30, 2024 and 19.3% at December 31, 2023, representing a decrease of $2.0 million or 2.2% since December 31, 2023. At September 30, 2024, the Company did not hold any loans for sale.

As of September 30, 2024, the Company considered its concentration of credit risk to be acceptable. The highest concentrations are in 1st Lien 1-4 Family with $117.5 million of loans outstanding, or 24.8% of total loan outstanding at September 30, 2024, and Owner Occupied Non Farm/Non Residential with loans outstanding of $97.6 million of 20.6% of loans outstanding. The following table presents additional detail regarding the Company's largest loan concentration as of September 30, 2024 and December 31, 2023.

	September 30, 2024		December 31, 2023	
Account Type	**Outstanding**	**Percent**	**Outstanding**	**Percent**
	(Dollars, in thousands)			
1st Lien 1-4 Family	$ 117,486	24.8 %	$ 120,903	25.0 %
Owner Occupied Non Farm/Non Residential	97,642	20.6 %	101,542	21.0 %
Commercial & Industrial	96,508	20.4 %	91,294	18.9 %
Other Non Farm/Non Residential	88,998	19.0 %	94,894	19.6 %

The allowance for credit losses totaled $4.0 million at September 30, 2024, which represented 0.84% of total loans. The allowance for loan losses at December 31, 2023, or was $3.9 million or 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 estimated credit losses associated with the loan portfolio. Net loan charge-offs (exclusive of overdrafts net charge-offs of $80,000) for the nine months ended September 30, 2024 were approximately $141,000. Net loans charged off (exclusive of overdrafts net charge-offs $82,000) was ($22,000) for the nine months ended September 30, 2023.

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, 2024 increased approximately $7.4 million from December 31, 2023 totals.

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

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 certificates of deposits. For the period ended September 30, 2024, total deposits decreased approximately $5.6 million, or less than 1.0% from December 31, 2023 totals. In addition to the decrease in deposits for the nine months ended September 30, 2024, the Company has also experienced a shift of deposits from interest bearing and savings to certificate of deposits during the nine months ended September 30, 2024.

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.

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 $9.3 million from December 31, 2023 totals. At September 30, 2024, the Company has $75 million of fixed rate advances that mature over the next 2 to 4 years. Refer to footnote 10 for further information.

Results of Operations for the Nine Months Ended September 30, 2024 and 2023

Net Income

For the nine months ended September 30, 2024 the Company reported net earnings of $5,553,000, compared to $6,560,000 for the nine months ended September 30, 2023. On a per share basis, the Company's diluted earnings were $0.95 for the nine months ended September 30, 2024 and $1.15 for the nine months ended September 30, 2023.

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 decreased 4.5%, or $878,000 for the nine months ended September 30, 2024 compared to the same period in 2023. The increase is mainly attributable to an increase in the overall fuding costs for the Company.

Provision for (Reversal of) Credit Loss Expense – Loans and Off Balance Sheet Commitments

Net loans charged-off for the nine months ended September 30, 2024, excluding overdrafts, was $141,000. Considering the level of charge-offs and a slight increase in the projection of unemployment in our loan credit loss reserve modeling system, the Company recorded a provision for credit losses of $304,000 for the nine months ended September 30, 2024. During the nine months ended September 30, 2024, the Company recorded a reversal of credit loss expense – off balance sheet commitments of $130,000 due to reduction in outstanding commitments. Giving strong consideration to our overall solid credit related metrics at September 30, 2023, 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 during the nine months ended September 30, 2023.

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.

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

Noninterest income for the nine months ended September 30, 2024 as compared to the same period in 2023 increased $240,000 or 7.9%. The net realized gain on sale of loans increased $355,000 for the nine months ended September 30, 2024. This was offset by a net realized loss on the sale of available-for-sale securities of $116,000 for the same period.

Noninterest Expense

The Company saw its noninterest expense increase by $275,000 or 1.7% year-over-year. Our Company was able to successfully apply and be approved for an Employee Retention Credit (ERC) in the first quarter which helped to offset the general increase due to inflation during 2024.

Federal Income Taxes

The (credit) provision for federal income taxes was ($41,000) for the nine months ended September 30, 2024, compared to a provision of $339,000 for the same period in 2023. The credit for federal income taxes is a result of the increased level of non taxable income year period over period.

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

Net Income

For the three months ended September 30, 2024 the Company reported net earnings of $1,820,000, compared to $2,392,000 for the three months ended September 30, 2023. On a per share basis, the Company's diluted earnings were $0.31 for the three months ended September 30, 2024 and $0.42 for 2023.

Net Interest Income

Net interest income decreased 6.5%, or $427,000, for the three months ended September 30, 2024 compared to the same period in 2023. This decrease was mainly driven by an increase in the Company's cost of funds for the three months ended September 30, 2024.

Provision for (Reversal of) Credit Loss Expense – Loans and Off Balance Sheet Commitments

Net loans charged-off for the three months ended September 30, 2024, excluding overdrafts, was $141,000. Considering the level of charge-offs and a slight increase in the projection of unemployment in our loan loss reserve modeling system, the Company recorded a provision for credit loss expense - loans of $69,000 for the three months ended September 30, 2024. Giving strong consideration to our overall solid credit related metrics as of September 30, 2023 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.

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, 2024 as compared to the same period in 2023 increased $253,000 or 26.2%. The net realized gain on sale of loans increased $167,000 for the three months ended September 30, 2024.

Noninterest Expense

The Company saw its noninterest expense increase by $296,000 or 5.7% year-over-year. Salaries increased $277,000 for the three months ended compared to the same period in 2023. This increase was mainly driven by inflationary pressure in the work force during 2023 and 2024.

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

Federal Income Taxes

The (credit) provision for federal income taxes was ($64,000) for the three months ended September 30, 2024, compared to a provision of $58,000 for the same period in 2023. The credit for federal income taxes is a result of the increased level of non taxable income period year period.

Capital Resources

Internal capital growth, through the retention of earnings, is the primary means of maintaining capital adequacy for the Company. Stockholders' equity totaled $65.5 million at September 30, 2024, compared to $63.6 million at December 31, 2023, a $1.9 million increase.

Total stockholders' equity in relation to total assets was 7.94% at September 30, 2024 and 7.76% at 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.

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	13.37 %
Tier 1 capital ratio	13.37 %
Total capital ratio	14.07 %
Leverage ratio	9.53 %

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

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

While the stock market has continued to remain robust through the third quarter of 2024, certain indicators suggest that there could be looming trouble in the national and global economies related to increased fiscal deficits and the need for additional borrowing by the U.S. government to fund both its operations and to service its existing debt. In addition, data supplied by the Federal Reserve continues to show a systematic decline in consumer confidence in the U.S. since the beginning of 2024. Some of the basis for the current consumer sentiment is related to pressure on home values, primarily in the sunbelt states, as well as increasing concern over job security. While personal consumption has remained relatively strong on a national basis through August of 2024, many economists warn that a significant reduction in consumer spending may become a factor going into fiscal year 2025.

With respect specifically to the third quarter of 2024, the Federal Reserve has indicated that economic activity was little changed in nearly all Federal Reserve Districts. Most Districts reported declining manufacturing activity, with activity in the banking sector remaining generally steady to up slightly, and loan demand was mixed, with some Districts noting an improvement in the outlook due to the decline in interest rates. Reports on consumer spending were mixed. While housing market activity has generally held up, with home values largely holding steady, inventory continued to expand in much of the nation. Nationally, commercial real estate markets were generally flat.

According to the Federal Reserve, inflation has continued to moderate during the third quarter of 2024. However, the prices of some food staples, such as eggs and dairy, have increased more sharply in some regions, and acute pressures from rising insurance and healthcare costs are being felt by some consumers. The principal mechanism used by the Federal Reserve to combat rising inflation involves increasing interest rates, and it is management's opinion is that movements in interest rates affect the Company's financial condition and results of operations more acutely in the short term than changes in the rate of inflation. 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 for the remainder of 2024 and into 2025. 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.

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, 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 were no changes in the Company’s internal controls over financial reporting that occurred during the Company’s fiscal quarter ended September 30, 2024 that have materially affected, or are reasonably likely to materially affect the Company’s internal controls over financial reporting.

United Bancorp, Inc.
Part II – Other Information

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 7/1/2024 to 7/31/2024	—	—	—	—
Month #2 8/1/2024 to 8/31/2024	—	—	—	—
Month #3 9/1/2024 to 9/30/2024	—	—	—	—

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.

ITEM 3. Defaults Upon Senior Securities

Not applicable.

ITEM 4. Mine Safety Disclosures

Not applicable.

ITEM 5. Other Information

During the most recently completed fiscal quarter, no director or officer of the Company adopted or terminated:

(1) Any contract, instruction or written plan for the purchase or sale of securities of the registrant intended to satisfy the affirmative defense conditions of SEC Rule 10b5–1(c) (a "Rule 10b5–1 trading arrangement"); or
(2) Any "non–Rule 10b5–1 trading arrangement" as defined in paragraph (c) of Item 408 of SEC Regulation S-K.

Table of Contents

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.

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, 2024	By: /s/Scott A. Everson Scott A. Everson President and Chief Executive Officer
Date: November 13, 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) 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) 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, 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, 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, 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, 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, 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, 2024