UNITED TRUST BANK
AMERICA'S COMMUNITY LENDER

Shareholders:
The first quarter of 2023 was highlighted by the termination of the formal agreement between the bank and the Office of the Comptroller of the Currency (OCC), its chief regulator. This specific agreement had been in place since 2019, and the March 15, 2023, termination culminates a long period of curing the deficiencies in operations that had been noted since the original regulatory order from 2012. The termination of the agreement is the result of tremendous hard work by Management and the United Trust Bank team.

For the first quarter of 2023, we continued strong growth in our balance sheet as we ended the quarter with assets of $142.9M (million), up from $131.8M at December 31, 2022. Loan and deposit growth has continued to be robust for United Trust in early 2023, continuing the trend from 2022. We earned $74k (thousand) for the first quarter of 2023, significantly less than the $546k earned in the first quarter of 2022, as mortgage revenue has declined significantly and interest cost on funding has increased dramatically from a year ago. As we manage through the remainder of 2023, we hope to return to the profitability levels we saw in early 2022 as supported by our record earnings last year. Here are a few financial highlights from the first quarter of 2023:

- The end of quarter total assets of $142.9M far exceeded total assets of $84.7M one year ago on March 31, 2022. The significant asset growth in the past year has been primarily due to growth in our portfolio loans and deposits as noted below.
- Net income totaled $74k for the first quarter, down from $259k for the fourth quarter of 2022 because of the downturn in mortgage banking that began in mid-2022. However, United Trust Bank has now had 24 consecutive months of profitability, a significant contrast to the net losses recorded in years prior to 2021.
- Despite the turmoil in the mortgage industry, we still processed $85M in mortgage loans during the first quarter of 2023, only slightly down from the $92M for the fourth quarter of 2022. As reflective of the downturn in the industry, we had processed $215M in mortgage loans during the first quarter of 2022.
- To offset the loan production decline experienced with our Mortgage Loans Held for Sale, we achieved growth of $14.2M in portfolio loans during the first quarter of 2023 in our Community Bank. This followed growth of $30.0M, $13.6M and $18.6M in the prior three quarters, respectively. This growth has been fueled by a new program generating specific 1-4 Family Residential Portfolio Loans in the purchase segment of the business.
- Deposits continued to grow as they climbed to $96.1M at the end of the first quarter of 2023, up from $93.8M at the end of 2022 and $72.0M one year ago on March 31, 2022.

The deposit growth mentioned above is due in part to our very loyal customer base in our Palos Heights branch footprint. Our deposit growth this year has been highlighted by continued organic growth in both demand deposit accounts and time deposit accounts. Many existing and new customers have taken advantage of our very competitive deposit specials during this period of rising interest rates.

The new portfolio loan product line introduced in mid-2022 has produced significant benefits to the Community Bank as reflected in the growth mentioned above. These high margin loans are predominantly real estate backed and are deemed to be low risk loans for the bank. Concentration risk has been mitigated by participating out portions of many of these loans.

Our Mortgage team funded $553M in loan originations in 2022, along with $65M in brokered loans. As rates have increased dramatically since the second quarter of 2022, both United Trust Bank and the mortgage banking industry are seeing a deceleration in production and a dislocation of margins. However, our Mortgage Banking Team has responded to the challenge by taking bold actions to retain our market share and remain competitive in this tough market.

With all of the significant asset growth we have experienced, our Tier 1 Leverage Ratio as of March 31, 2023, of 9.23% declined from 10.59% at December 31, 2022 and 9.74% at the end of 2021. However, our growth was made possible by enhanced capital in 2022 through the $2.02M in earnings and capital raise of $2.40M. Our Total Risk Based Capital Ratio was 16.60% on March 31, 2023, also down from 18.07% at the end of 2022 and 20.06% at the end of 2021.

We adopted CECL, the new accounting standard for estimating loan losses, at the beginning of 2023 and provided $57k provision to the Allowance for Credit Losses during the first quarter. Despite the strong portfolio loan growth previously mentioned, we were able to maintain an Allowance for Credit Losses as a percentage of loans of 0.66% on March 31, 2023. Our Allowance for Credit Losses as a percentage of Loans is 0.71% when you take into account the reserves required with our purchased loans in our portfolio. We have had no loan charge offs during 2022 or 2023, and we continue to maintain excellent credit quality. Our Texas Ratio has continually and significantly declined since 2020, and at March 31, 2023 stood at 1.13%, down from 4.58% one year ago.

To summarize the performance at United Trust, here is a chart comparing our consolidated key operating ratios for the first quarter of 2023 to our annual performance in 2021 and 2022:

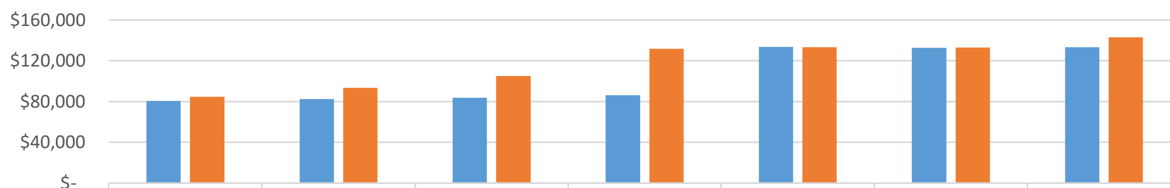
	1st Qtr 2023	Year 2022	Year 2021
Tier 1 Leverage (EOP)	9.23%	10.59%	9.74%
Total Risk Based Capital (EOP)	16.60%	18.07%	20.06%
Return on Assets (ROA)	0.22%	2.21%	2.40%
Return on Equity (ROE)	2.42%	20.29%	24.13%
ALLL (excluding LHFS)	0.66%	0.70%	1.04%
Texas Ratio	1.13%	1.15%	4.95%
Net Interest Margin	2.69%	3.36%	2.90%
Efficiency Ratio	96.40%	92.59%	94.80%
Liquidity Ratio (to Deposits)	18.85%	20.86%	28.96%

Additional support for our strong performance can also be found in the graphs and financial statements presented below. We believe that 2023 will bring even more success to United Trust and our customers. We appreciate you as a customer, and we will continue to strive to meet all your banking needs. We will also continue to increase the value to our shareholders, as our book value per share for United Bancorp, Inc. was $1.03 per share at March 31, 2023 and December 31, 2022, up from $0.81 per share at December 31, 2021.

Best Regards,

Charles K. Wagner,
President and CEO

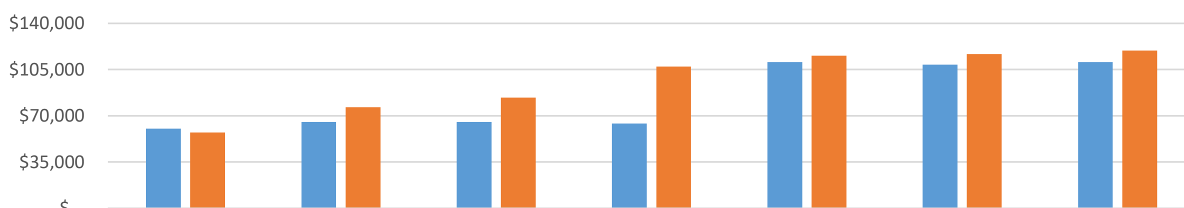
Total Assets



	Mar-22	Jun-22	Sep-22	Dec-22	Jan-23	23-Feb	23-Mar
Total Assets - Budget	$80,641	$82,523	$83,716	$86,271	$133,605	$132,795	$133,146
Total Assets - Actual	$84,726	$93,440	$104,884	$131,848	$133,372	$132,868	$142,917

Total Assets - Budget Total Assets - Actual

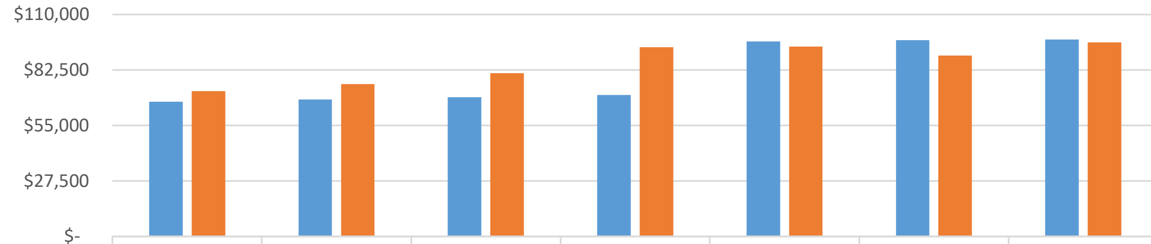
Total Loans



	Mar-22	Jun-22	Sep-22	Dec-22	Jan-23	23-Feb	23-Mar
Total Loans - Budget	$60,287	$65,255	$65,348	$64,054	$110,671	$108,717	$110,598
Total Loans - Actual	$57,300	$76,427	$83,654	$107,212	$115,500	$116,714	$119,367

Total Loans - Budget Total Loans - Actual

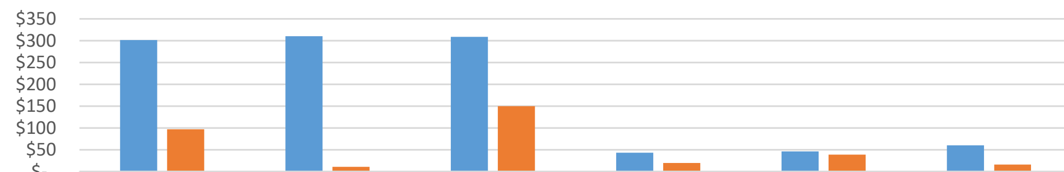
Total Deposits



	Mar-22	Jun-22	Sep-22	Dec-22	Jan-23	23-Feb	23-Mar
Total Deposits - Budget	$66,761	$67,899	$69,019	$70,088	$96,576	$97,234	$97,504
Total Deposits - Actual	$71,965	$75,476	$80,904	$93,810	$94,125	$89,674	$96,133

Total Deposits - Budget Total Deposits - Actual

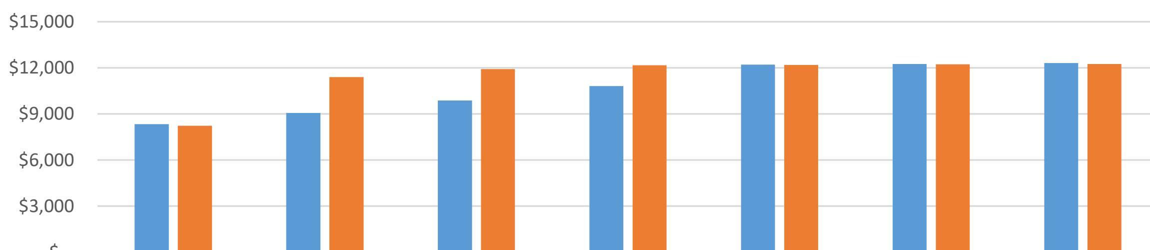
Total Earnings



	Oct-22	Nov-22	Dec-22	Jan-23	23-Feb	23-Mar
Current Earnings - Budget	$301	$310	$309	$43	$46	$60
Current Earnings - Actual	$97	$11	$150	$20	$39	$16

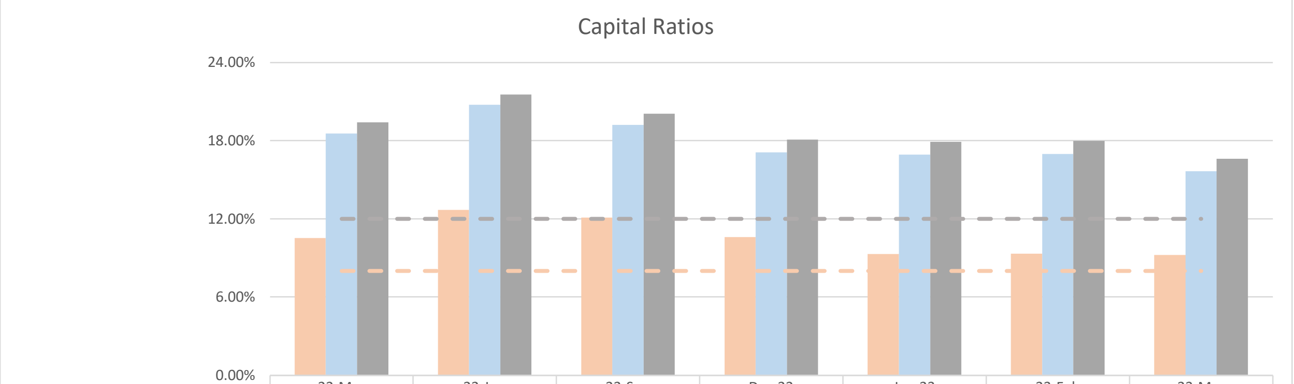
Current Earnings - Budget Current Earnings - Actual

Total Capital



	Mar-22	Jun-22	Sep-22	Dec-22	Jan-23	23-Feb	23-Mar
Total Capital - Budget	$8,335	$9,057	$9,885	$10,806	$12,210	$12,257	$12,317
Total Capital -Actual	$8,240	$11,405	$11,908	$12,167	$12,187	$12,226	$12,242

Total Capital - Budget Total Capital -Actual



	22-Mar	22-Jun	22-Sep	Dec-22	Jan-23	23-Feb	23-Mar
Actual Tier 1 Leverage Ratio	10.51%	12.67%	12.10%	10.59%	9.29%	9.33%	9.23%
Actual Tier 1 Capital Ratio	18.54%	20.74%	19.21%	17.10%	16.93%	16.98%	15.64%
Actual Total Risk Based	19.40%	21.53%	20.06%	18.07%	17.91%	17.98%	16.60%
OCC Leverage Ratio	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
OCC Total Risk Based	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%

United Trust Bank
Balance Sheet

	March 31, 2023	March 31, 2022
Assets		
Cash & Due	$ 18,207	$ 23,753
Securities		
Mortgage-Backed Securities	37	45
Gross Unrealized AFS G/L	-	-
Total Securities	$ 37	$ 45
Loans		
Commercial	1,676	957
Real Estate		
Commercial	11,776	12,736
Residential	95,852	22,207
Mortgage Loans HFS	6,482	20,775
Total Real Estate	$ 114,110	$ 55,719
Consumer	2,703	452
Nonaccrual Loans	148	179
Other Loans	730	(7)
Total Loans	$ 119,367	$ 57,300
Loan Loss Reserve	(750)	(379)
Net Loans and Leases	$ 118,617	$ 56,921
Fixed Assets	2,711	2,780
OREO	-	206
Equity Securities	1,445	185
Other Assets	1,901	836
Total Assets	**$ 142,917**	**$ 84,726**
Liabilities		
Demand Deposits	22,361	17,018
Interest Bearing Deposits		
NOW Accounts	1,798	2,202
Money Market Accounts	8,229	12,243
Savings	984	1,277
Time Deposits		
CD's > 250K	16,771	1,225
CD's 100K-250K	35,571	29,996
CDs < 100K	10,418	8,004
Total Time Deposits	$ 62,760	$ 39,225
Total Interest Bearing Deposits	$ 73,772	$ 54,947
Total Deposits	$ 96,133	$ 71,965
Borrowed Funds	33,100	1,600
Other Liabilities	1,443	2,921
Total Liabilities	**$ 130,676**	**$ 76,486**
Capital		
Common Stock	23,167	23,167
Undivided Profit	(11,000)	(15,474)
Current Earnings	74	546
Net Unrealized AFS G/L	-	-
Total Capital	**$ 12,241**	**$ 8,240**
Total Liabilities & Capital	**$ 142,917**	**$ 84,726**

United Trust Bank
Income Statement

	1st Quarter 2023	1st Quarter 2022
Interest Income		
Cash & Due	$ 168,833	$ 8,596
Securities		
Mortgage-Backed Securities	451	102
Loans		
Commercial	34,671	22,469
Real Estate	1,480,111	523,902
Consumer	41,122	5,651
Other Loans	-	(3,728)
Total Loans	$ 1,555,904	$ 548,294
Equity Securities	11,408	1,595
Total Interest Income	**$ 1,736,596**	**$ 558,589**
Interest Expense		
NOW Accounts	470	812
Money Market Accounts	54,840	9,712
Savings	240	272
Time Deposits	465,423	56,210
Total Deposits	$ 520,973	$ 67,006
Borrowed Funds	377,925	6,924
Total Interest Expense	**$ 898,900**	**$ 73,931**
Net Interest Income	$ 837,696	$ 484,658
Loan Loss Provision	56,799	29,822
Net Interest Income after Provision	**$ 780,898**	**$ 454,836**
Non-Interest Income		
Service Charges	10,709	5,920
Fee Income		
Loan Fees (Not in NIM)	-29,914	14,657
Brokered Fee Income	60,406	516,747
Gain on Sale Mortgage Loans	3,558,534	9,342,660
Other Fee Income	51,396	18,532
Total Fee Income	$ 3,640,422	$ 9,877,939
Other Income	6,640	22,331
Total Non-Interest Income	**$ 3,657,771**	**$ 9,906,189**
Non-Interest Expense		
Employee	2,556,905	6,447,484
Occupancy	124,765	247,657
Equipment Expense	123,467	214,952
Data Processing	79,137	57,979
Gain/Loss on sale of assets	0	0
Professional Fees	61,193	66,704
Marketing	846,996	1,946,235
Other Employee Expense	22,746	26,815
Loan Expense	384,217	595,066
Other Expense	132,866	170,616
Total Non-Interest Expense	**$ 4,332,292**	**$ 9,773,507**
Operating Income	106,376	587,518
Federal Tax	22,339	0
State Tax	9,574	41,250
Net Income	**$ 74,464**	**$ 546,268**

UNITED TRUST BANK
AMERICA'S COMMUNITY LENDER

Shareholders:
The fourth quarter of 2022 was highlighted by continued strong growth in our balance sheet as we ended the year with assets of $131.8 million, and our total loans exceeded $100 million for the first time ending the year at $107.2 million. We achieved record earnings of $2.02 million for 2022, up over the $1.55 million in 2021. The earnings this year were achieved despite the uncertainty in the economy we are experiencing. Here are a few highlights from the fourth quarter and year 2022:

- The end of year total assets of $131.8 million far exceeded total assets of $104.9 million on September 30, 2022 and our total of $76.6 million at the end of 2021. The significant asset growth in 2022 has been primarily due to growth in our portfolio loans and deposits as noted below.
- Net income totaled $259k for the fourth quarter, down from $503k for the third quarter of 2022 due to the downturn in mortgage banking due to rate increases that began in mid-2022. However, United Trust Bank has now had 21 consecutive months of profitability, and earned a record $2.02 million for 2022 due to very strong 1st and 2nd quarters this year.
- Despite the turmoil in the mortgage industry, we still processed $92 million in mortgage loans during the fourth quarter of 2022, but down from the $135 million in the third quarter. As reflective of the industry, we had processed $252 million in mortgage loans during the fourth quarter of 2021.
- To offset the loan production decline experienced with our Mortgage Loans Held for Sale, we achieved record growth of $30.0 million in portfolio loans during the fourth quarter of 2022 in our Community Bank. This followed growth of $13.6 million and $18.6 million the prior two quarters. This growth has been fueled by a new program generating specific 1-4 Family Residential Portfolio Loans in the purchase segment of the business.
- Deposits continued to grow as they climbed to $93.8 million at the end of 2022, up from $80.9 million at the end of September 2022 and $64.7 million at the end of 2021. The majority of the growth in the fourth quarter was from organic time deposit growth.
- The loan growth mentioned above has transpired into significant growth in net interest income this year as it increased from $1.61 million last year to $2.85 million in 2022.

The organic deposit growth mentioned above is a testament to our service to our local customer base in our Palos Heights branch footprint. Our deposit growth this year has been highlighted by over $7.4 million in demand deposit account growth. We have increased our time deposits by $9.3 million not including wholesale deposit growth. We have utilized that local deposit growth by expanding our loan offerings of prime jumbo mortgages.

Our Mortgage team funded $553 million in loan originations in 2022, along with $65 million in brokered loans. As rates have increased dramatically since the second quarter of 2022, both United Trust Bank and the mortgage banking industry are seeing a deceleration in production and a dislocation of margins. Our Mortgage Banking Team has taken steps to modify expenses and manage through this dislocation. Based on these moves, we expect a rebound in our mortgage business for 2023.

Our Tier 1 Leverage Ratio as of December 31, 2022, is at 10.59%, up from 9.74% at the end of 2021, even with all of the significant asset growth we experienced. We enhanced capital through the $2.02 million in earnings and raised $2.40 million in additional capital. Our Total Risk Based Capital Ratio was 18.07% at the end of 2022 compared to 20.06% at the end of 2021.

We provided a strong $200k provision to the Allowance for Loan Losses during the fourth quarter of 2022 for a year-to-date total provision of $344k. Despite the strong portfolio loan growth, we were able to maintain an Allowance for Loan Losses as a percentage of loans of 0.70% on December 31, 2022. Our Allowance for Loan Losses as a percentage of Loans ended 2021 at 1.04% prior to all the current year loan growth. We have had no loan charge offs during 2022, and we continue to maintain excellent credit quality. Our Texas Ratio has continually and significantly declined since 2020, and at December 31, 2022 stood at 1.15%, down from 4.95% one year ago.

To summarize the continued improved performance at United Trust, here is a chart comparing our consolidated key operating ratios for 2022 to our annual performance in 2021:

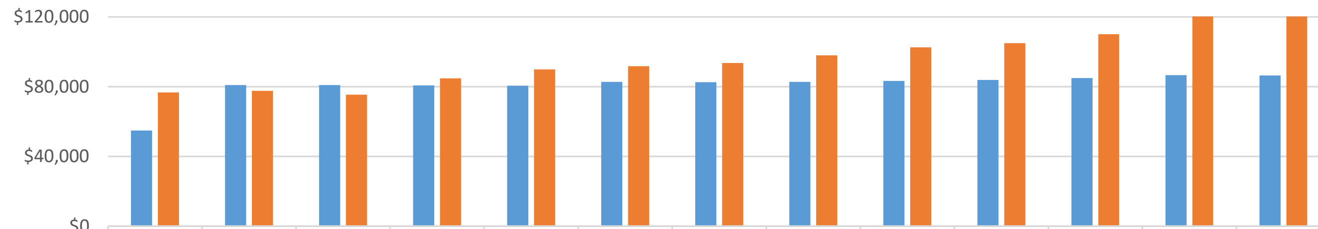
	4th Qtr 2022	**Year 2022**	**Year 2021**
Tier 1 Leverage (EOP)	10.59%	10.59%	9.74%
Total Risk Based Capital (EOP)	18.07%	18.07%	20.06%
Return on Assets (ROA)	0.91%	2.21%	2.40%
Return on Equity (ROE)	8.92%	20.29%	24.13%
ALLL (excluding LHFS)	0.70%	0.70%	1.04%
Net Interest Margin	3.20%	3.36%	2.90%
Efficiency Ratio	97.33%	92.59%	94.80%
Liquidity Ratio (Deposit & Borrowings)	16.62%	16.62%	28.44%

Additional support for our strong performance can also be found in the graphs and financial statements presented below. We believe that 2023 will bring even more success to United Trust and our customers. We appreciate you as a customer, and we will continue to strive to meet all your banking needs. We will also continue to increase the value to our shareholders, as our book value per share for United Bancorp, Inc. has increased to $1.03 per share at December 31, 2022, up from $0.81 per share at December 31, 2021.

Best Regards,

Charles K. Wagner,
President and CEO

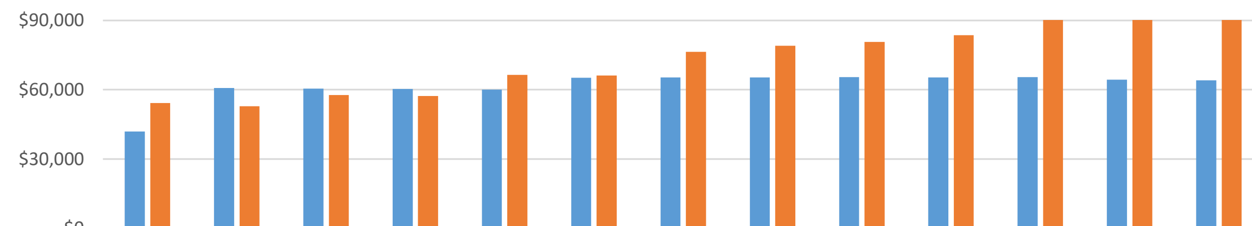
Total Assets



	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	22-Sep	Oct-22	Nov-22	Dec-22
Total Assets - Budget	$54,803	$80,931	$80,786	$80,641	$80,486	$82,604	$82,523	$82,644	$83,320	$83,716	$84,935	$86,500	$86,271
Total Assets - Actual	$76,559	$77,509	$75,265	$84,726	$89,780	$91,606	$93,440	$97,951	$102,521	$104,884	$109,950	$121,704	$131,848

Total Assets - Budget Total Assets - Actual

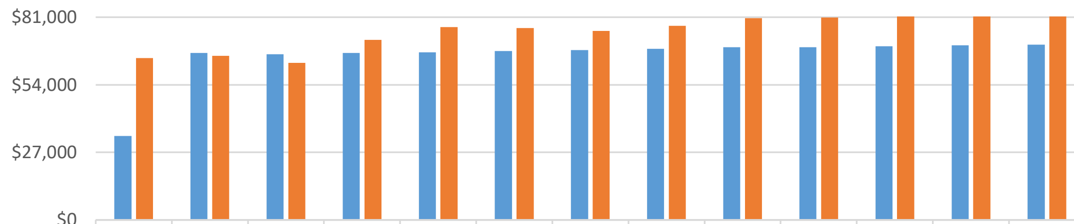
Total Loans



	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22
Total Loans - Budget	$41,830	$60,688	$60,467	$60,287	$60,096	$65,176	$65,255	$65,337	$65,413	$65,348	$65,417	$64,374	$64,054
Total Loans - Actual	$54,194	$52,793	$57,655	$57,300	$66,356	$66,185	$76,427	$79,002	$80,699	$83,654	$90,961	$98,831	$107,212

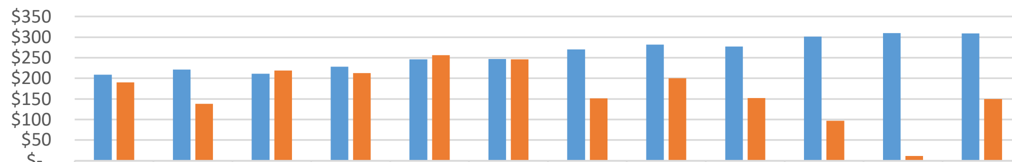
Total Loans - Budget Total Loans - Actual

Total Deposits



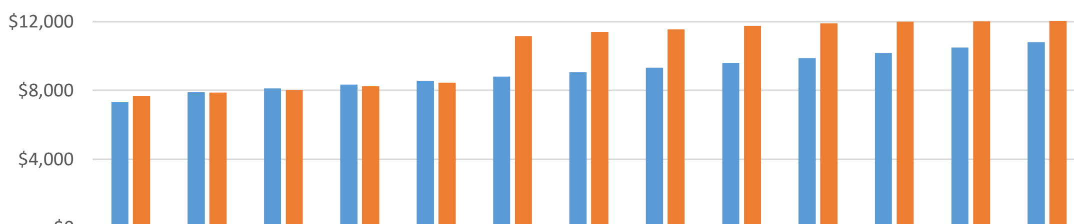
	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22
Total Deposits - Budget	$33,488	$66,740	$66,164	$66,761	$66,985	$67,423	$67,899	$68,314	$69,003	$69,019	$69,352	$69,802	$70,088
Total Deposits - Actual	$64,687	$65,573	$62,799	$71,965	$77,066	$76,724	$75,476	$77,559	$80,646	$80,904	$86,373	$91,756	$93,810

Total Earnings

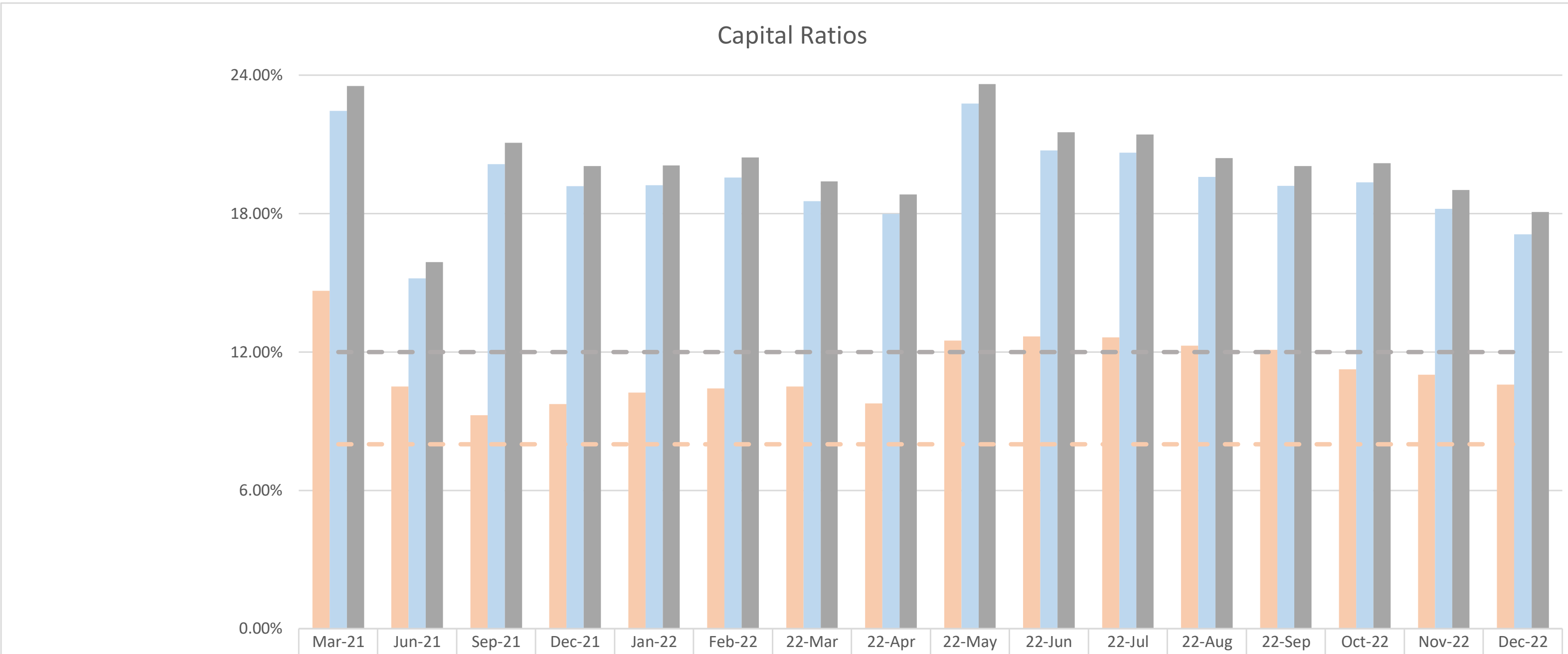


	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22
Current Earnings - Budget	$209	$221	$211	$228	$246	$247	$270	$282	$277	$301	$310	$309
Current Earnings - Actual	$190	$138	$219	$213	$256	$246	$151	$200	$152	$97	$11	$150

Total Capital



	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22
Total Capital - Budget	$7,340	$7,903	$8,124	$8,335	$8,564	$8,810	$9,057	$9,327	$9,609	$9,885	$10,186	$10,497	$10,806
Total Capital -Actual	$7,694	$7,884	$8,021	$8,240	$8,453	$11,159	$11,405	$11,556	$11,756	$11,908	$12,004	$12,017	$12,167



	Mar-21	Jun-21	Sep-21	Dec-21	Jan-22	Feb-22	22-Mar	22-Apr	22-May	22-Jun	22-Jul	22-Aug	22-Sep	Oct-22	Nov-22	Dec-22
Actual Tier 1 Leverage Ratio	14.65%	10.51%	9.26%	9.74%	10.24%	10.42%	10.51%	9.77%	12.50%	12.67%	12.63%	12.28%	12.10%	11.25%	11.02%	10.59%
Actual Tier 1 Capital Ratio	22.46%	15.20%	20.14%	19.19%	19.23%	19.57%	18.54%	17.99%	22.77%	20.74%	20.64%	19.59%	19.21%	19.36%	18.21%	17.10%
Actual Total Risk Based	23.53%	15.90%	21.07%	20.06%	20.09%	20.44%	19.40%	18.83%	23.62%	21.53%	21.43%	20.41%	20.06%	20.19%	19.02%	18.07%
OCC Leverage Ratio	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
OCC Total Risk Based	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%

United Trust Bank
Balance Sheet

	December 31, 2022	December 31, 2021
Assets		
Cash & Due	$ 19,646	$ 18,804
Securities		
Mortgage-Backed Securities	38	50
Gross Unrealized AFS G/L	-	-
Total Securities	$ 38	$ 50
Loans		
Commercial	1,789	1,002
Real Estate		
Commercial	11,828	13,153
Residential	744	18,542
Mortgage Loans HFS	8,489	20,673
Total Real Estate	$ 103,860	$ 52,368
Consumer	612	437
Nonaccrual Loans	145	184
Other Loans	805	203
Total Loans	$ 107,212	$ 54,194
Loan Loss Reserve	(693)	(349)
Net Loans and Leases	$ 106,519	$ 53,845
Fixed Assets	2,735	2,717
OREO	-	206
Equity Securities	1,175	185
Other Assets	1,735	751
Total Assets	**$ 131,848**	**$ 76,559**
Liabilities		
Demand Deposits	21,422	15,003
Interest Bearing Deposits		
NOW Accounts	1,904	2,186
Money Market Accounts	9,148	6,798
Savings	969	1,055
Time Deposits		
CD's > 250K	13,143	723
CD's 100K-250K	37,804	31,661
CDs < 100K	9,420	7,263
Total Time Deposits	$ 60,367	$ 45,062
Total Interest Bearing Deposits	$ 72,388	$ 49,685
Total Deposits	$ 93,810	$ 64,687
Borrowed Funds	24,621	1,600
Other Liabilities	1,251	2,577
Total Liabilities	**$ 119,681**	**$ 68,864**
Capital		
Common Stock	23,167	23,167
Undivided Profit	(13,024)	(17,022)
Current Earnings	2,024	1,549
Net Unrealized AFS G/L	-	-
Total Capital	**$ 12,167**	**$ 7,695**
Total Liabilities & Capital	**$ 131,848**	**$ 76,559**

United Trust Bank
Income Statement

	4th Quarter 2022	4th Quarter 2021	Year To Date 2022	Year To Date 2021
Interest Income				
Cash & Due	$ 164,650	$ 8,225	$ 298,852	$ 20,555
Securities				
Mortgage-Backed Securities	-186	109	352	514
Loans				
Commercial	37,495	21,554	123,352	80,441
Real Estate	1,184,427	521,722	3,371,028	1,728,698
Consumer	10,310	5,731	28,144	24,230
Other Loans	-	(5,214)	(3,728)	(15,837)
Total Loans	$ 1,232,232	$ 523,592	$ 3,518,796	$ 1,817,532
Equity Securities	5,138	1,783	9,951	6,194
Total Interest Income	**$ 1,401,834**	**$ 553,910**	**$ 3,827,951**	**$ 1,844,796**
Interest Expense				
NOW Accounts	641	835	3,440	3,217
Money Market Accounts	34,420	6,527	71,710	19,028
Savings	286	270	1216	1061
Time Deposits	279,416	58,361	503,425	194,286
Total Deposits	$ 314,763	$ 65,993	$ 579,791	$ 217,592
Borrowed Funds	248,140	5,275	395,070	17,559
Total Interest Expense	**$ 562,902**	**$ 71,269**	**$ 974,861**	**$ 235,151**
Net Interest Income	$ 838,932	$ 482,641	$ 2,853,090	$ 1,609,645
Loan Loss Provision	199,750	24,594	344,224	75,589
Net Interest Income after Provision	**$ 639,182**	**$ 458,047**	**$ 2,508,866**	**$ 1,534,055**
Non-Interest Income				
Service Charges	8,392	9,626	31,946	39,392
Fee Income				
Loan Fees (Not in NIM)	26,955	18,664	112,041	46,805
Brokered Fee Income	167,882	716,990	1,332,486	3,895,202
Gain on Sale Mortgage Loans	3,962,004	10,637,826	26,391,806	26,512,676
Other Fee Income	69,728	2,446	284,739	12,819
Total Fee Income	$ 4,226,569	$ 11,375,930	$ 28,121,070	$ 30,467,500
Other Income	47,533	21,995	135,888	61,930
Total Non-Interest Income	**$ 4,282,494**	**$ 11,407,547**	**$ 28,288,906**	**$ 30,568,824**
Non-Interest Expense				
Employee	2,496,586	7,977,922	17,184,112	21,384,839
Occupancy	257,061	256,508	1,039,256	835,100
Equipment Expense	172,268	257,426	849,337	728,135
Data Processing	71,719	52,508	268,360	194,871
Gain/Loss on sale of assets	0	7500	0	48380
Professional Fees	104,515	106,047	302,003	276,286
Marketing	1,311,417	1,783,197	6,625,007	4,446,164
Other Employee Expense	41,150	75,228	166,103	226,418
Loan Expense	394,347	598,838	2,006,557	1,812,340
Other Expense	137,578	161,791	553,157	601,752
Total Non-Interest Expense	**$ 4,986,640**	**$ 11,276,966**	**$ 28,993,891**	**$ 30,554,284**
Operating Income	(64,964)	588,628	1,803,880	1,548,595
Federal Tax	(360,326)	0	(360,326)	0
State Tax	36,733	0	140,984	0
Net Income	**$ 258,628**	**$ 588,628**	**$ 2,023,223**	**$ 1,548,595**

The third quarter of 2022 was highlighted by strong growth in our balance sheet as we exceeded $100 million in assets for the first time in the history of the bank. Additionally, we sustained a strong level of profitability in the third quarter established in the last half of 2021 and carried forward to the first half of 2022. This was achieved despite the uncertainty in the economy we are experiencing. Our team worked together this quarter to accomplish the noteworthy accomplishments below:

- Growth in Total Assets to $104.9 million at September 30, 2022. This compares to $93.4 million at the end of June 2022 and only $76.6 million at the end of 2021. The significant asset growth in 2022 has been primarily due to growth in our portfolio loans and deposits as noted below.
- Achieving consolidated net income of $503k for the third quarter of 2022 despite the downturn in Mortgage Banking due to recent rate increases. This compares to the $715k earned in the second quarter and the $546k earned during the first quarter of 2022. United Trust Bank has now had 18 consecutive months of profitability, and has earned $1.764 million year to date in 2022 compared to $960k for the first three quarters of 2021.
- Despite the turmoil in the Mortgage industry, we still processed $135 million in mortgage loans during the third quarter 2022, down from the $177 million last quarter. As reflective of the industry, we had processed $266 million in mortgage loans during the robust third quarter of 2021.
- To offset the decline experienced with our Mortgage Loans Held for Sale, we achieved significant growth of $13.6 million in portfolio loans during the third quarter in our Community Bank. This followed growth of $18.6 million in the second quarter. This growth has been fueled by a new program generating specific 1-4 Family Residential Portfolio Loans in the purchase segment of the business.
- Continued deposit growth as Deposits climbed to $80.9 million at September 30, 2022, up from $75.5 million at the end of June 2022 and $64.7 million at the end of 2021.
- Growth in net interest income from $485K in the first quarter of 2022 to $660k in the second quarter of 2022, and now $869k for the third quarter due to loan growth discussed above.

The portfolio loan and organic deposit growth mentioned above is a testament to our service to our local customer base in our Palos Heights branch footprint. Our deposit growth this year has been highlighted by over $8.0 million in DDA growth. We have supplemented that local growth by expanding our offerings of prime jumbo mortgages in our Southeast market.

Our Mortgage team funded $124 million in loan originations in the third quarter for the Bank, along with $11 million in brokered loans. As rates have increased dramatically since the second quarter of 2022, both United Trust Bank and the mortgage banking industry are seeing a deacceleration in production and a dislocation of margins. Our Mortgage Banking Team has taken steps to modify expenses and manage through this dislocation.

Our Tier 1 Leverage Ratio as of September 30, 2022 is at 12.10%, down from 12.67% at June 30, 2022 due only to the strong asset growth as discussed above. Likewise, our Total Risk Based Capital Ratio was 21.41% at the end of the third quarter, down from 23.67% at the end of the second quarter. Prior to this quarter, these ratios had consistently increased throughout 2021 and 2022 as we put more distance between our bank's capital ratios and the required minimum 8.00% Tier 1 Leverage Ratio and 12.00% Total Risk Based Capital Ratio.

We provided a strong $61k provision to the Allowance for Loan Losses during the third quarter of 2022 for a year-to-date total provision of $144k. Despite the strong portfolio loan growth, we were able to maintain an Allowance for Loan Losses as a percentage of loans of 0.72% at September 30, 2022. Our ratio at the end of the third quarter is actually 0.85% when also excluding pending Participation Loan sales. Our Allowance for Loan Losses as a percentage of Loans ended 2021 at 1.04% prior to all of the current year loan growth. We have had no loan charge offs during 2022, and we continue to maintain excellent credit quality. Our Texas ratio has continually and significantly declined since 2020, and at September 30, 2022 stood at 1.21%, down from 5.57% one year ago.

To summarize the continued improved performance at United Trust, here is a chart comparing our consolidated key operating ratios for 2022 to our annual performance in 2021:

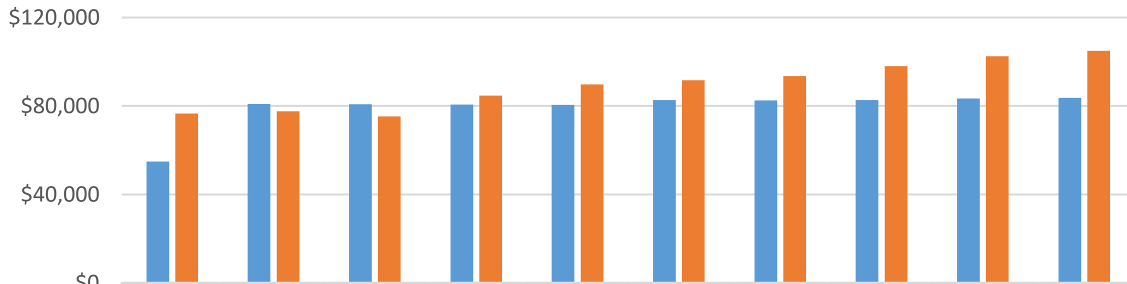
	3rd Qtr 2022	**YTD 2022**	**Year 2021**
Tier 1 Leverage (EOP)	12.10%	12.10%	9.74%
Total Risk Based Capital (EOP)	21.41%	21.41%	20.06%
Return on Assets (ROA)	1.81%	2.65%	2.40%
Return on Equity (ROE)	15.88%	24.21%	24.13%
ALLL (excluding LHFS)	0.72%	0.72%	1.04%
Net Interest Margin	3.68%	3.37%	2.90%
Efficiency Ratio	91.40%	92.26%	94.80%
Liquidity Ratio (Deposit & Borrowings)	18.91%	18.91%	28.44%

Additional support for our strong performance can also be found in the graphs and financial statements presented below. We believe that the remainder of 2022 will bring even more success to United Trust and our customers. We appreciate you as a customer, and we will continue to strive to meet all of your banking needs. We will also continue to increase the value to our shareholders, as our book value per share for United Bancorp, Inc. has increased to $1.00 per share at September 30, 2022, up from $0.81 per share at December 31, 2021.

Best Regards,

Charles K. Wagner,
President and CEO

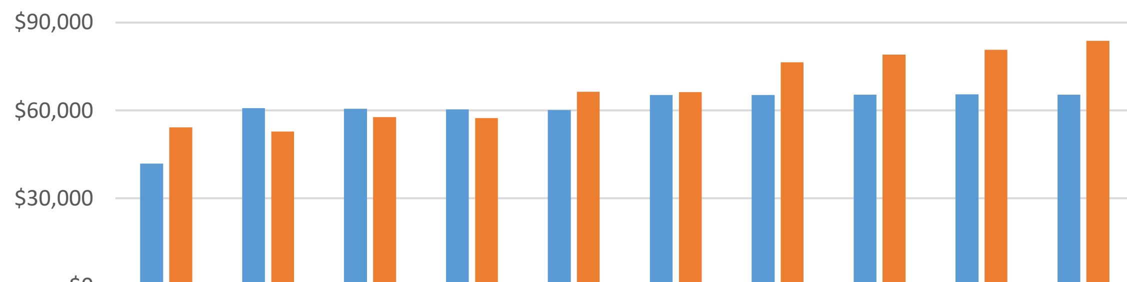
Total Assets



	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	22-Sep
Total Assets - Budget	$54,803	$80,931	$80,786	$80,641	$80,486	$82,604	$82,523	$82,644	$83,320	$83,716
Total Assets - Actual	$76,559	$77,509	$75,265	$84,726	$89,780	$91,606	$93,440	$97,951	$102,521	$104,884

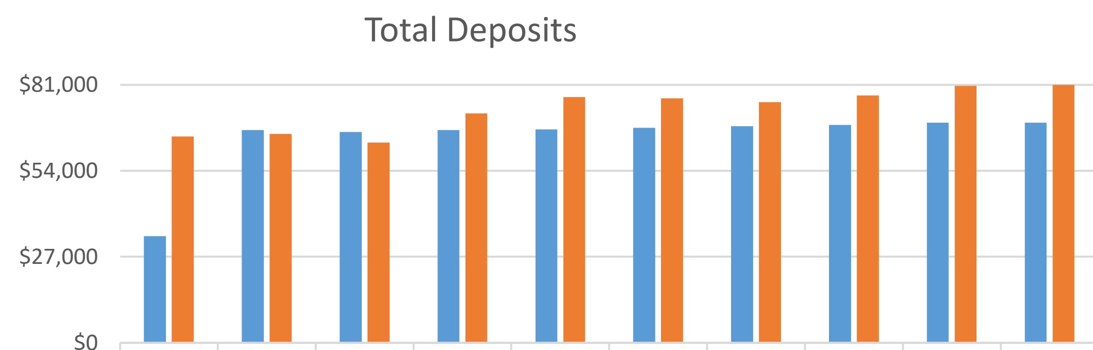
Total Assets - Budget   Total Assets - Actual

Total Loans



	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22
Total Loans - Budget	$41,830	$60,688	$60,467	$60,287	$60,096	$65,176	$65,255	$65,337	$65,413	$65,348
Total Loans - Actual	$54,194	$52,793	$57,655	$57,300	$66,356	$66,185	$76,427	$79,002	$80,699	$83,654

Total Loans - Budget   Total Loans - Actual

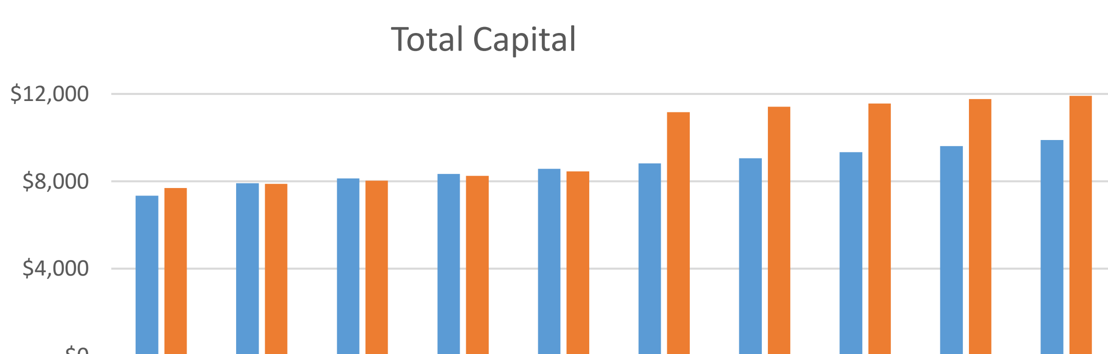


	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22
Total Deposits - Budget	$33,488	$66,740	$66,164	$66,761	$66,985	$67,423	$67,899	$68,314	$69,003	$69,019
Total Deposits - Actual	$64,687	$65,573	$62,799	$71,965	$77,066	$76,724	$75,476	$77,559	$80,646	$80,904

Total Deposits - Budget   Total Deposits - Actual

	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22
Current Earnings - Budget	$209	$221	$211	$228	$246	$247	$270	$282	$277
Current Earnings - Actual	$190	$138	$219	$213	$256	$246	$151	$200	$152

Current Earnings - Budget   Current Earnings - Actual



	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22
Total Capital - Budget	$7,340	$7,903	$8,124	$8,335	$8,564	$8,810	$9,057	$9,327	$9,609	$9,885
Total Capital -Actual	$7,694	$7,884	$8,021	$8,240	$8,453	$11,159	$11,405	$11,556	$11,756	$11,908

Total Capital - Budget   Total Capital -Actual

United Trust Bank
Balance Sheet

	September 30, 2022	September 30, 2021
Assets		
Cash & Due	17,170	30,136
Securities		
Mortgage-Backed Securities	41	53
Gross Unrealized AFS G/L	0	1
Total Securities	41	54
Loans		
Commercial	1684	752
Real Estate		
Commercial	11,911	14,075
Residential	54,598	15,547
Mortgage Loans HFS	14,937	15,430
Total Real Estate	81,446	45,052
Consumer	563	456
Nonaccrual Loans	140	177
Other Loans	(179)	(562)
Total Loans	83,654	45,875
Loan Loss Reserve	(493)	(330)
Net Loans and Leases	83,161	45,545
Fixed Assets	2,757	2,735
OREO	0	214
Equity Securities	455	185
Other Assets	1301	854
Total Assets	**104,884**	**79,722**
Liabilities		
Demand Deposits	23,006	13,240
Interest Bearing Deposits		
NOW Accounts	2,124	1,859
Money Market Accounts	10,217	6,362
Savings	1,214	1,044
Time Deposits		
CD's > 250K	3,425	3,722
CD's 100K-250K	32,146	34,995
CDs < 100K	8,774	6,347
Total Time Deposits	44,344	45,062
Total Interest Bearing Deposits	57,899	54,327
Total Deposits	80,904	67,567
Borrowed Funds	10,100	2,600
Other Liabilities	1,971	2,448
Total Liabilities	**92,976**	**72,617**
Capital		
Common Stock	23,167	23,167
Undivided Profit	(13,024)	(17,022)
Current Earnings	1764	960
Net Unrealized AFS G/L	0	1
Total Capital	**11,908**	**7,106**
Total Liabilities & Capital	**104,884**	**79,722**

United Trust Bank-Income Statement

	3rd Quarter 2022	3rd Quarter 2021	Year To Date 2022	Year To Date 2021
Interest Income				
Cash & Due	78,602	7,872	134,202	12,331
Securities				
Mortgage-Backed Securities	282	121	538	405
Loans				
Commercial	35,179	21,836	85,858	58,887
Real Estate	977,202	500,574	2,186,603	1,206,978
Consumer	6,480	5,949	17,835	18,499
Other Loans	-	(4,767)	(3,728)	(10,623)
Total Loans	1,018,861	523,592	2,286,568	1,273,741
Equity Securities	1,719	1,756	4,813	4,411
Total Interest Income	**1,099,465**	**533,341**	**2,426,117**	**1,290,886**
Interest Expense				
Interest Bearing Deposits				
NOW Accounts	977	855	2,799	2,382
Money Market Accounts	15,231	5,912	37,290	12,501
Savings	327	261	930	792
Time Deposits	100,598	53,981	224,008	135,923
Total Deposits	117,133	61,009	265,027	151,598
Borrowed Funds	113,218	5,052	146,930	12,285
Total Interest Expense	**230,351**	**66,063**	**411,959**	**163,883**
Net Interest Income	869,114	467,278	2,014,158	1,127,004
Loan Loss Provision	61,259	29,995	144,474	50,995
Net Interest Income after Provision	**807,855**	**437,283**	**1,869,684**	**1,076,009**
Non-Interest Income				
Service Charges	9,819	9,912	23,553	29,766
Fee Income				
Loan Fees (Not in NIM)	41,921	5,312	85,086	28,142
Brokered Fee Income	195,487	1,011,410	1,164,604	3,178,212
Gain on Sale Mortgage Loans	5,883,406	10,186,895	22,429,802	15,874,850
Other Fee Income	125,166	2,895	215,011	10,372
Total Fee Income	6,245,980	11,206,510	23,894,500	19,091,580
Other Income	39,583	21,621	88,355	39,935
Total Non-Interest Income	**6,295,382**	**11,238,045**	**24,006,412**	**19,161,277**
Non-Interest Expense				
Employee	3,873,512	7,498,104	14,687,527	13,406,916
Occupancy	281,460	264,049	782,195	578,592
Equipment Expense	207,858	236,963	677,069	470,709
Data Processing	66,688	54,219	196,641	142,363
Gain/Loss on sale of assets	0	21,350	0	40,880
Professional Fees	63,387	67,986	197,488	170,239
Marketing	1,429,428	1,902,522	5,313,590	2,662,967
Other Employee Expense	38,779	86,203	124,953	151,190
Loan Expense	498,102	684,249	1,612,209	1,213,502
Other Expense	95,801	206,677	415,579	439,961
Total Non-Interest Expense	**6,555,015**	**11,022,323**	**24,007,251**	**19,277,318**
Operating Income	548,222	653,005	1,868,845	959,967
Federal Tax	0	0	0	0
State Tax	45,000	0	104,250	0
Net Income	**503,222**	**653,005**	**1,764,595**	**959,967**

UNITED TRUST BANK
AMERICA'S COMMUNITY LENDER

The second quarter of 2022 saw United Trust Bank continue to sustain the strong level of profitability established in the last half of 2021 and carried forward to the first quarter of 2022. This was achieved despite the downturn in the economy we are starting to experience. Our team worked together this quarter to accomplish many noteworthy accomplishments including:

- Growth in Assets to $93.4 million at June 30, 2022. This compares to $76.6 million at the end of 2021 and $84.7 million at March 31, 2022. The solid asset growth has been primarily due to growth in portfolio loans and deposits as noted below.
- Achieving consolidated net income of $715k for the second quarter of 2022, up from the $546k earned during the first quarter of 2022 and the $407k earned during the second quarter of 2021. United Trust Bank has now had 15 consecutive months of profitability beginning in April 2021.
- Despite the turmoil in the Mortgage industry, we still processed $177 million in mortgage loans during the second quarter 2022, down from the $215 million last quarter, and down only 17% from the $207 million for the same period in 2021.
- Significant growth of $18.6 million in portfolio loans during the second quarter in our Community Bank. This growth has been fueled by a new program generating specific 1-4 Family Residential Portfolio Loans.
- Continued organic deposit growth as Deposits climbed to $75.5 million at June 30, 2022, up from the $64.7 million at the end of 2021 and $72.0 million at March 31, 2022.
- Growth in net interest income from $485K in the first quarter of 2022 to $660k in the second quarter of 2022 due to loan growth discussed above.

The portfolio loan and organic deposit growth mentioned above is a testament to our service to our local customer base in our Palos Heights branch footprint. We have supplemented that local growth by expanding our offerings of prime jumbo mortgages in our Southeast market. Our deposit customers love our Money Market and CD offerings, as evidenced by their solid growth.

Our Mortgage team funded $155 million in loan originations in the second quarter for the Bank, along with $22 million in brokered loans. As rates have increased dramatically during the second quarter of 2022, the industry has seen a 35.5% overall decline in originations from last year, but our team has continued to thrive as we have shifted product mix quickly and made necessary adjustments to our operating environment. With the proactive changes made, we are positioned to continue the top-notch service to our customers we have been known for. The increasing rates have, however, positively affected interest income for the period the Bank holds the loans.

Our Tier 1 Leverage Ratio as of June 30, 2022 is now 12.67%, up from 10.51% at March 31, 2022 due to strong second quarter earnings and a $2.45 million capital infusion to the Bank from a senior debt borrowing by our holding company. Likewise, our Total Risk Based Capital Ratio was 23.67% at the end of the second quarter, up from 19.40% at the end of the first quarter. These ratios have consistently increased throughout 2021 and 2022, as we put more distance between our bank's capital ratios and the required minimum 8.00% Tier 1 Leverage Ratio and 12.00% Total Risk Based Capital Ratio. Due to our strong earnings, we have bolstered our capital strength while continuing to grow the balance sheet.

We provided a strong $53k provision to the Allowance for Loan Losses during the second quarter of 2022 for a year-to-date total provision of $83k. Despite the strong portfolio loan growth, we were able to maintain an Allowance for Loan Losses as a percentage of loans of 0.78% at June 30, 2022. Our Allowance for Loan Losses as a percentage of Loans ended 2021 at 1.04%. (Both of these ratios exclude Loans Held for Sale---Our 6/30/22 ratio is 0.89% when also excluding pending Participations). We had no loan charge offs during the first or second quarter of 2022, and we continue to maintain excellent credit quality. Our Texas ratio has continually and significantly declined since 2020, and at June 30, 2022 stood at 4.28%, down from 8.04% one year ago.

To summarize the continued improved performance at United Trust, here is a chart comparing our consolidated key operating ratios for the two quarters of 2022 to our annual performance in 2021:

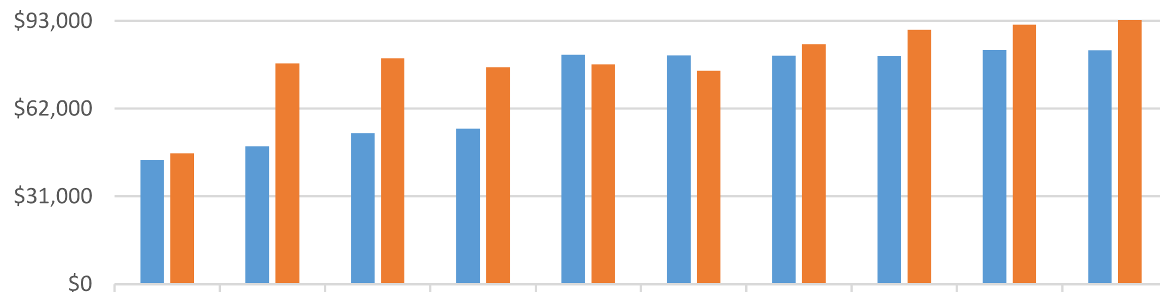
	2nd Qtr 2022	1st Qtr 2022	Year 2021
Tier 1 Leverage (EOP)	12.67%	10.51%	9.74%
Total Risk Based Capital (EOP)	23.67%	19.40%	20.06%
Return on Assets (ROA)	3.18%	2.80%	2.40%
Return on Equity (ROE)	29.41%	27.17%	24.13%
ALLL (excluding LHFS)	0.78%	1.04%	1.04%
Net Interest Margin	3.34%	2.78%	2.90%
Efficiency Ratio	90.70%	94.04%	94.80%
Liquidity Ratio (Deposit & Borrowings)	15.62%	32.35%	28.44%

Additional support for our strong performance can also be found in the graphs and financial statements presented below. We believe that the remainder of 2022 will bring even more success to United Trust and our customers. We appreciate you as a customer, and we will continue to strive to meet all of your banking needs. We will also continue to increase the value to our shareholders, as our book value per share for United Bancorp, Inc. has increased to $0.95 per share at June 30, 2022, up from $0.81 per share at December 31, 2021.

Best Regards,

Charles K. Wagner
President and CEO

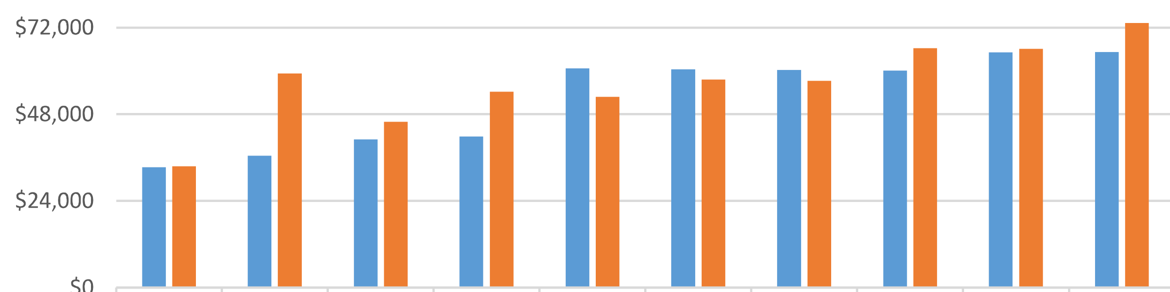
Total Assets



	Mar-21	Jun-21	Sep-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22
Total Assets - Budget	$43,883	$48,689	$53,283	$54,803	$80,931	$80,786	$80,641	$80,486	$82,604	$82,523
Total Assets - Actual	$46,137	$77,895	$79,722	$76,559	$77,509	$75,265	$84,726	$89,780	$91,606	$93,440

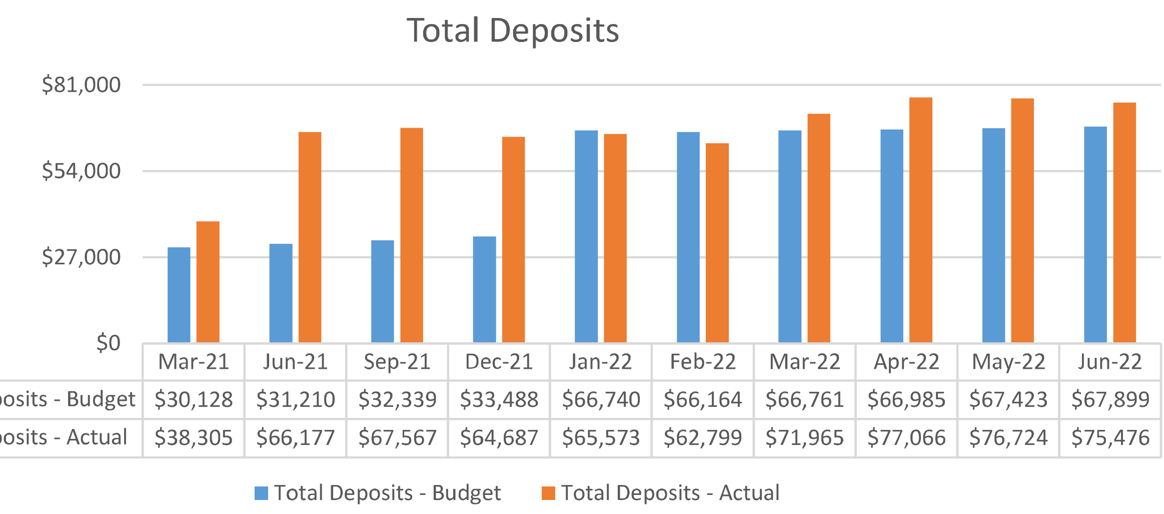
Total Assets - Budget   Total Assets - Actual

Total Loans

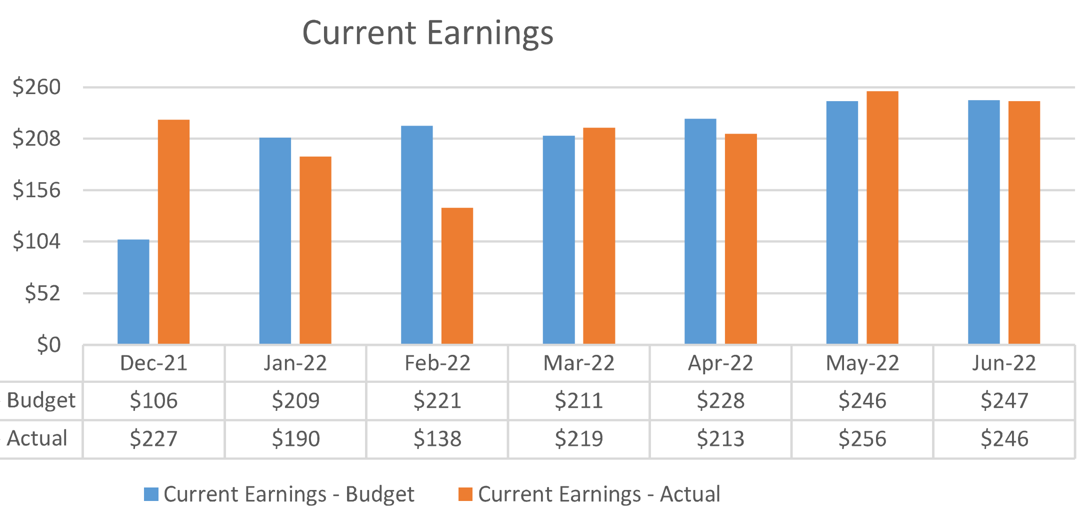


	Mar-21	Jun-21	Sep-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22
Total Loans - Budget	$33,302	$36,495	$41,000	$41,830	$60,688	$60,467	$60,287	$60,096	$65,176	$65,255
Total Loans - Actual	$33,565	$59,280	$45,875	$54,194	$52,793	$57,655	$57,300	$66,356	$66,185	$76,427

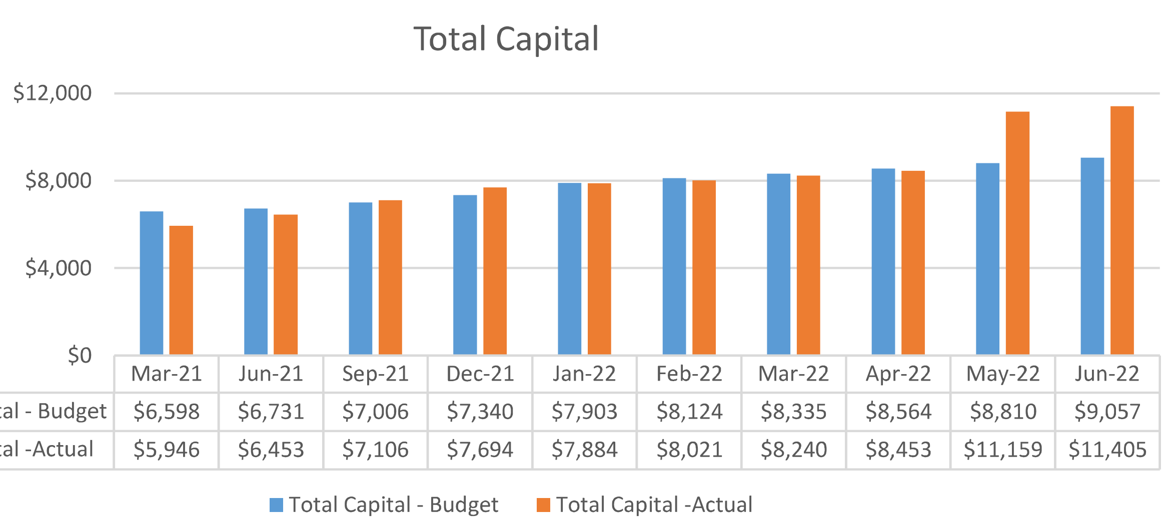
Total Loans - Budget   Total Loans - Actual



	Mar-21	Jun-21	Sep-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22
Total Deposits - Budget	$30,128	$31,210	$32,339	$33,488	$66,740	$66,164	$66,761	$66,985	$67,423	$67,899
Total Deposits - Actual	$38,305	$66,177	$67,567	$64,687	$65,573	$62,799	$71,965	$77,066	$76,724	$75,476



	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22
Current Earnings - Budget	$106	$209	$221	$211	$228	$246	$247
Current Earnings - Actual	$227	$190	$138	$219	$213	$256	$246



	Mar-21	Jun-21	Sep-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22
Total Capital - Budget	$6,598	$6,731	$7,006	$7,340	$7,903	$8,124	$8,335	$8,564	$8,810	$9,057
Total Capital -Actual	$5,946	$6,453	$7,106	$7,694	$7,884	$8,021	$8,240	$8,453	$11,159	$11,405

United Trust Bank
Balance Sheet

	June 30,2022	June 30, 2021
Assets		
Cash & Due	12,424	15,048
Securities		
Mortgage-Backed Securities	43	57
Other Securities	0	0
Gross Unrealized AFS G/L	0	1
Total Securities	43	58
Loans		
Commercial	1971	722
Real Estate		
Commercial	12,017	12,940
Residential	40,149	13,993
Mortgage Loans HFS	21,736	30,889
Total Real Estate	73,092	57,821
Consumer	469	459
Nonaccrual Loans	468	215
Other Loans	49	63
Total Loans	76,859	59,280
Loan Loss Reserve	-432	-300
Net Loans and Leases	76,427	58,980
Fixed Assets	2,778	2,601
OREO	0	302
Equity Securities	196	185
Other Assets	1572	720
Total Assets	**93,440**	**77,895**
Liabilities		
Demand Deposits	22,518	13,732
Interest Bearing Deposits		
NOW Accounts	2,987	2,152
Money Market Accounts	10,065	5,205
Savings	1,401	1,026
Time Deposits		
CD's > 250K	1,528	6,000
CD's 100K-250K	29,042	32,804
CDs < 100K	7,935	5,257
Total Time Deposits	38,506	44,062
Other Int. Bearing Deposits	0	0
Total Interest Bearing Deposits	52,959	31,072
Total Deposits	75,476	66,177
Fed Funds Purchased	0	0
Borrowed Funds		
Other Borrowed Funds	4,350	3,850
Other Liabilities	2,209	1,417
Total Liabilities	**82,035**	**71,443**
Capital		
Common Stock	23,167	23,167
Undivided Profit	-13,024	-17,022
Current Earnings	1261	307
Net Unrealized AFS G/L	0	1
Total Capital	**11,405**	**6,453**
Total Liabilities & Capital	**93,440**	**77,895**

United Trust Bank
Income Statement

	2nd Quarter 2022	2nd Quarter 2021	YTD June 2022	YTD June 2021
Interest Income				
Cash & Due	47,004	2,743	55,600	4,459
Securities				
Mortgage-Backed Securities	154	135	256	284
Loans				
Commercial	28,210	21,641	50,679	37,051
Real Estate	685,491	402,760	1,209,395	706,403
Consumer	5,704	6,535	11,355	12,550
Other Loans	0	-4,554	-3,728	-5,856
Total Loans	719,405	426,382	1,267,701	750,148
Equity Securities	1,499	1,315	3,094	2,656
Total Interest Income	**768,063**	**430,573**	**1,326,652**	**757,546**
Interest Expense				
Interest Bearing Deposits				
NOW Accounts	1,009	821	1,821	1,526
Money Market Accounts	12,348	3,708	22,059	6,590
Savings	331	267	603	531
Time Deposits	67,204	47,023	123,413	81,940
Total Deposits	80,892	51,819	147,896	90,587
Fed Funds Purchased	0	0	0	0
Borrowed Funds	0	0	0	0
Other Borrowed Funds	26,787	4,309	33,711	7,234
Total Interest Expense	**107,677**	**56,128**	**181,608**	**97,820**
Net Interest Income	660,386	374,445	1,145,044	659,726
Loan Loss Provision	53,393	15,000	83,215	21,000
Net Interest Income after Provision	**606,993**	**359,445**	**1,061,829**	**638,726**
Non-Interest Income				
Service Charges	7,815	6,016	13,734	19,854
Fee Income				
Loan Fees (Not in NIM)	28,507	-229,510	43,165	22,829
Brokered Fee Income	452,370	1,181,115	969,117	216,683
Gain on Sale Mortgage Loans	7,203,736	5,376,066	16,546,396	5,687,956
Other Fee Income	85,971	4,208	89,846	1,980,427
Total Fee Income	7,770,586	6,331,881	17,648,520	7,885,066
Other Income	26,442	8,609	48,772	18,313
Total Non-Interest Income	**7,804,841**	**6,346,504**	**17,711,030**	**7,923,231**
Non-Interest Expense				
Employee	4,366,531	4,424,363	10,814,015	5,908,812
Occupancy	253,078	219,405	500,735	314,543
Equipment Expense	254,260	154,457	469,211	233,745
Data Processing	71,975	57,455	129,954	88,144
Gain/Loss on sale of assets	0	19,530	0	19,530
Professional Fees	67,397	58,848	134,101	102,253
Marketing	1,937,927	730,827	3,884,162	760,445
Other Employee Expense	59,359	38,769	86,173	64,987
Loan Expense	519,041	443,066	1,114,107	529,253
Other Expense	149,162	152,212	319,778	233,284
Total Non-Interest Expense	**7,678,729**	**6,298,931**	**17,452,236**	**8,254,995**
Operating Income	733,105	407,017	1,320,623	306,962
Federal Tax	0	0	0	0
State Tax	18,000	0	59,250	0
Net Income	**715,105**	**407,017**	**1,261,373**	**306,962**

UNITED TRUST BANK
AMERICA'S COMMUNITY LENDER

The first quarter of 2022 saw United Trust Bank continue to sustain the strong level of profitability established in the last half of 2021. Our team worked together this quarter to accomplish many noteworthy accomplishments including:

- Growth in Assets from $76.6 million at the end of 2021 to $84.7 million at March 31, 2022.
- Achieving consolidated net income of $546k for the first quarter of 2022. This compares to a loss of $(100K) for the first quarter of 2021. United Trust Bank has now had 12 consecutive months of profitability beginning in April 2021.
- We processed $215 million in mortgage loans during the first quarter 2022, up over the $56 million for the same period in 2021.
- Growth of $3.0 million in portfolio loans during the first quarter out of our Community Bank.
- Organic deposit growth of $6.7 million during the first quarter from our branch operation.

The true winners this quarter, however, were our Banking and Mortgage customers who were the backbone of our success as an organization. We have many success stories of clients whom we assisted in meeting their goals, whether that be with their Savings account, Certificate of Deposit, new Mortgage Loan or other banking service.

Our Mortgage team funded $189 million in loan originations in the first quarter for the Bank, along with $26 million in brokered loans. Only a year ago, we were just starting the United Trust mortgage business. As rates have increased in 2022, the industry has seen a 30% decline in production from last year, but our team has continued to thrive as we have shifted product mix quickly and experiencing increased margins over last year. With the new product mix focus, we believe we can match or exceed last year's 2nd quarter volume. The increasing rates have also positively affected interest income for the period the Bank holds the loans. The Mortgage team has grown in size to 95 employees, and we now operate with 7 offices in 4 states.

The portfolio loan and organic deposit growth mentioned above is a testament to our service to our local customer base in our Palos Heights branch footprint. We have supplemented that local growth by expanding our offerings of prime jumbo mortgages in our Southeast market. Our deposit customers love our Money Market and CD offerings, as evidenced by their solid growth.

Our Tier 1 Leverage Ratio as of March 31, 2022 grew to 10.51% from the 9.74% at December 31, 2021. Likewise, our Total Risk Based Capital Ratio was 20.52% at the end of the first quarter, up over the 20.06% at the end of 2021. These ratios have consistently increased throughout 2021 and 2022, as we put more distance between our bank's capital ratios and the required minimum 8.00% Tier 1 Leverage Ratio and 12.00% Total Risk Based Capital Ratio. Due to our earnings, we have bolstered our capital strength while continuing to grow the balance sheet.

We provided strong provisions to the Allowance for Loan Losses during the first quarter of 2022 and, despite the strong portfolio loan growth, we were able to maintain an Allowance for Loan Losses as a percentage of loans of 1.04% at March 31, 2022. Our Allowance for Loan Losses as a percentage of Loans (excluding LHFS) also ended 2021 at 1.04%. We had no loan charge offs during the first quarter of 2022, and we continue to maintain excellent credit quality. Our Texas ratio has continually and significantly declined since 2020, and at March 31, 2022 stood at 4.58%, down from 9.09% on year ago.

To summarize the continued improved performance at United Trust, here is a chart comparing our consolidated key operating ratios for the first quarter of 2022 to our annual performance in 2021:

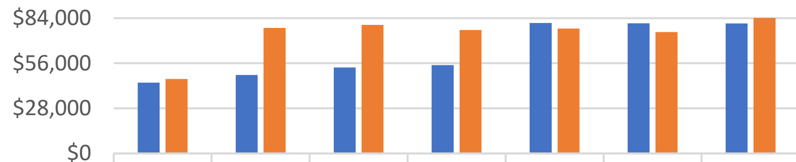
	1st Qtr 2022	Year 2021
Tier 1 Leverage (EOP)	10.51%	9.74%
Total Risk Based Capital (EOP)	20.52%	20.06%
Return on Assets (ROA)	2.80%	2.40%
Return on Equity (ROE)	27.17%	24.13%
ALLL (excluding.LHFS) (EOP)	1.04%	1.04%
Net Interest Margin	2.78%	2.90%
Efficiency Ratio	94.04%	94.80%
Liquidity Ratio (Deposit & Borrowings)	32.35%	28.44%

Additional support for our strong performance can also be found in the graphs and financial statements presented below. We believe that the remainder of 2022 will bring even more success to United Trust and our customers. We appreciate you as a customer, and we will continue to strive to meet all of your banking needs. We will also continue to increase the value to our shareholders.

Best Regards,

Charles K. Wagner
President and CEO

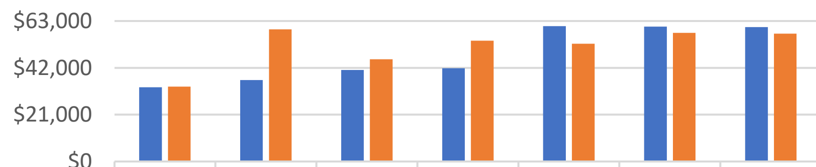
Total Assets



	Mar-21	Jun-21	Sep-21	Dec-21	22-Jan	Feb-22	Mar-22
Total Assets - Budget	$43,883	$48,689	$53,283	$54,803	$80,931	$80,786	$80,641
Total Assets - Actual	$46,137	$77,895	$79,722	$76,559	$77,509	$75,265	$84,726

Total Assets - Budget Total Assets - Actual

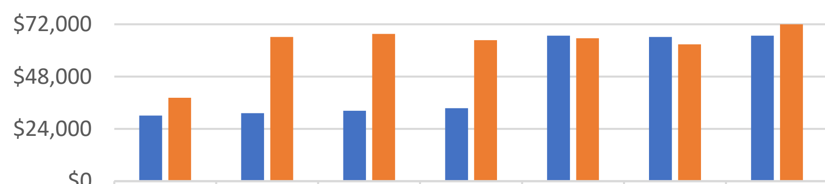
Total Loans



	Mar-21	Jun-21	Sep-21	Dec-21	22-Jan	Feb-22	22-Mar
Total Loans - Budget	$33,302	$36,495	$41,000	$41,830	$60,688	$60,467	60287
Total Loans - Actual	$33,565	$59,280	$45,875	$54,194	$52,793	$57,655	57300

Total Loans - Budget Total Loans - Actual

Total Deposits



	Mar-21	Jun-21	Sep-21	Dec-21	22-Jan	Feb-22	Mar-22
Total Deposits - Budget	$30,128	$31,210	$32,339	$33,488	$66,740	$66,164	$66,761
Total Deposits - Actual	$38,305	$66,177	$67,567	$64,687	$65,573	$62,799	$71,965

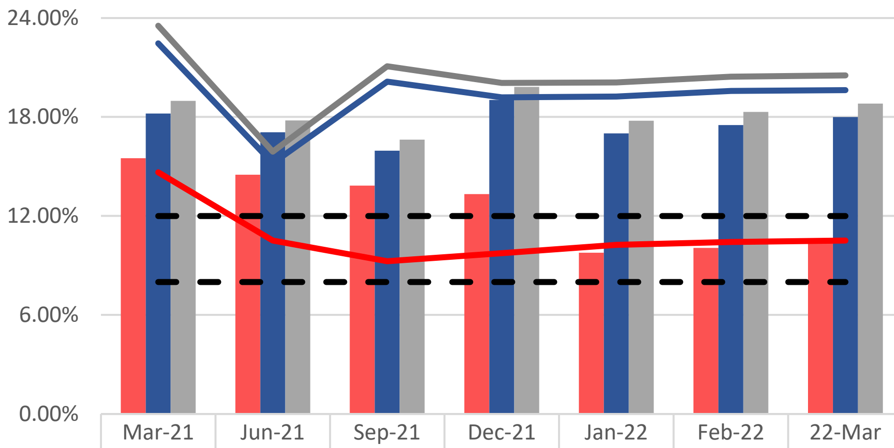
Total Deposits - Budget Total Deposits - Actual

Current Earnings

	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22
Current Earnings - Budget	$106	$209	$221	$211		
Current Earnings - Actual	$227	$190	$138	$219		

Current Earnings - Budget Current Earnings - Actual

Capital Ratios



	Mar-21	Jun-21	Sep-21	Dec-21	Jan-22	Feb-22	22-Mar
Budget Tier 1 Leverage Ratio	15.50%	14.50%	13.84%	13.32%	9.77%	10.06%	10.34%
Budget Tier 1 Capital Ratio	18.21%	17.07%	15.95%	19.03%	17.00%	17.51%	17.99%
Budget Total Risk Based	18.97%	17.79%	16.62%	19.82%	17.77%	18.30%	18.81%
OCC Leverage Ratio	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
OCC Total Risk Based	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%
Actual Tier 1 Leverage Ratio	14.65%	10.51%	9.26%	9.74%	10.24%	10.42%	10.51%
Actual Tier 1 Capital Ratio	22.46%	15.20%	20.14%	19.19%	19.23%	19.57%	19.62%
Actual Total Risk Based	23.53%	15.90%	21.07%	20.06%	20.09%	20.44%	20.52%

United Trust Bank
Balance Sheet

	Actual Mar '22	Actual Mar '21
Assets		
Cash & Due	23,753	9,398
Securities		
Mortgage-Backed Securities	45	59
Other Securities	0	0
Gross Unrealized AFS G/L	0	1
Total Securities	45	60
Loans		
Commercial	957	733
Real Estate		
Commercial	12,736	11,997
Residential	22,207	12,927
Mortgage Loans HFS	20,775	7,273
Total Real Estate	55,719	32,196
Consumer	452	467
Nonaccrual Loans	179	208
Other Loans	-7	-39
Total Loans	57,300	33,565
Loan Loss Reserve	-379	-285
Net Loans and Leases	56,921	33,280
Fixed Assets	2,780	2,477
OREO	206	322
Equity Securities	185	159
Other Assets	836	441
Total Assets	**84,726**	**46,137**
Liabilities		
Demand Deposits	17,018	7,233
Interest Bearing Deposits		
NOW Accounts	2,202	1,277
Money Market Accounts	12,243	3,098
Savings	1,277	1,084
Time Deposits		
CD's > 250K	1,225	453
CD's 100K-250K	29,996	20,194
CDs < 100K	8,004	4,965
Total Time Deposits	39,225	25,613
Other Int. Bearing Deposits	0	0
Total Interest Bearing Deposits	54,947	31,072
Total Deposits	71,965	38,305
Fed Funds Purchased	0	0
Borrowed Funds		
Other Borrowed Funds	1,600	1,600
Other Liabilities	2,921	286
Total Liabilities	**76,486**	**40,191**
Capital		
Common Stock	23,167	23,067
Undivided Profit	-15,474	-17,022
Current Earnings	546	-100
Net Unrealized AFS G/L	0	1
Total Capital	**8,240**	**5,946**
Total Liabilities & Capital	**84,726**	**46,137**

United Trust Bank
Income Statement

	Actual Jan '22-Mar '22	Actual Jan '21-Mar '21
Interest Income		
Cash & Due	8,596	1,716
Securities		
Mortgage-Backed Securities	102	149
Loans		
Commercial	22,469	15,410
Real Estate	523,902	303,644
Consumer	5,651	6,015
Other Loans	-3,728	-1,302
Total Loans	548,294	323,767
Equity Securities	1,595	1,340
Total Interest Income	**558,589**	**326,973**
Interest Expense		
Interest Bearing Deposits		
NOW Accounts	812	706
Money Market Accounts	9,712	2,882
Savings	272	264
Time Deposits	56,210	34,914
Total Deposits	67,006	38,766
Fed Funds Purchased	0	0
Borrowed Funds	0	0
Other Borrowed Funds	6,924	2,924
Total Interest Expense	**73,931**	**41,691**
Net Interest Income	484,658	285,281
Loan Loss Provision	29,822	6,000
Net Interest Income after Provision	**454,836**	**279,281**
Non-Interest Income		
Service Charges	5,920	13,838
Fee Income		
Loan Fees (Not in NIM)	14,657	12,624
Brokered Fee Income	516,747	985,687
Gain on Sale Mortgage Loans	9,342,660	72,175
Other Fee Income	3,874	242,984
Total Fee Income	9,877,939	1,553,184
Other Income	22,331	9,704
Total Non-Interest Income	**9,906,189**	**1,576,727**
Non-Interest Expense		
Employee	6,447,484	1,484,449
Occupancy	247,657	95,137
Equipment Expense	214,952	79,288
Data Processing	57,979	30,689
Gain/Loss on sale of assets	0	0
Professional Fees	66,704	43,405
Marketing	1,946,235	29,619
Other Employee Expense	26,815	26,218
Loan Expense	595,066	86,187
Other Expense	170,616	81,072
Total Non-Interest Expense	**9,773,507**	**1,956,064**
Operating Income	587,518	-100,056
Federal Tax	0	0
State Tax	41,250	0
Net Income	**546,268**	**-100,056**

UNITED BANCORP, INC.
AND SUBSIDIARY

CONSOLIDATED FINANCIAL REPORT

DECEMBER 31, 2021

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MAULDIN & JENKINS
CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
United Bancorp, Inc. and Subsidiary
Palos Heights, Illinois

We have audited the accompanying consolidated financial statements of United Bancorp, Inc. and Subsidiary (the Company), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, and the related consolidated statements of operations, comprehensive income (loss), changes in stockholders' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated statements referred to above present fairly, in all material respects, the financial position of United Bancorp, Inc. and Subsidiary as of December 31, 2021 and 2020, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the ***Auditor's Responsibilities for the Audit of the Financial Statements*** section of our report. We are required to be independent of United Bancorp, Inc. and Subsidiary and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about United Bancorp, Inc. and Subsidiary's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

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MEMBERS OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

In performing an audit in accordance with generally accepting auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of United Bancorp, Inc. and Subsidiary's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about United Bancorp, Inc. and Subsidiary's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Mauldin & Jenkins, LLC

Chattanooga, Tennessee
September 1, 2022

UNITED BANCORP, INC. AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS
December 31, 2021 and 2020

	2021	2020
ASSETS		
Cash and due from banks	$ 3,638,945	$ 1,274,628
Interest-bearing deposits at other financial institutions	15,164,956	10,240,304
Total cash and cash equivalents	18,803,901	11,514,932
Securities available for sale	50,927	65,691
Federal Home Loan Bank stock, at cost	184,500	158,625
Loans held for sale	20,901,881	-
Loans, net of allowance for loan losses	32,943,116	24,477,530
Premises and equipment, net	2,716,771	2,498,547
Foreclosed real estate	198,468	308,854
Accrued interest receivable	107,538	105,213
Other assets	658,217	97,322
Total assets	$ 76,565,319	$ 39,226,714
LIABILITIES AND STOCKHOLDERS' EQUITY		
Deposits:		
Noninterest-bearing demand deposits	$ 14,900,418	$ 11,364,360
Interest-bearing demand deposits	8,983,447	4,386,832
Savings	1,054,914	1,255,951
Time deposits	39,646,333	14,325,150
Total deposits	64,585,112	31,332,293
Advances from Federal Home Loan Bank	1,600,000	1,600,000
Accrued interest payable	21,796	14,415
Other liabilities	2,548,847	182,535
Total liabilities	68,755,755	33,129,243
Commitments and contingencies (Note 10)		
Stockholders' equity:		
Series B convertible preferred stock, no par value; 200 shares authorized; 10 shares issued and outstanding, liquidation preference $10,000 per share	100,000	100,000
Series C convertible preferred stock, no par value; 400 shares authorized; 70 shares issued and outstanding, liquidation preference $10,000 per share	700,000	700,000
Class A common stock, no par value; 19,965,000 shares authorized; 8,655,687 and 8,366,400 shares issued and outstanding as of 2021 and 2020, respectively	16,177,120	15,974,619
Additional paid-in capital	7,730,647	7,730,647
Accumulated deficit	(16,898,682)	(18,408,492)
Accumulated other comprehensive income	479	697
Total stockholders' equity	7,809,564	6,097,471
Total liabilities and stockholders' equity	$ 76,565,319	$ 39,226,714

The Notes to Consolidated Financial Statements are an integral part of these statements.

UNITED BANCORP, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF OPERATIONS
Years Ended December 31, 2021 and 2020

	2021	2020
INTEREST INCOME		
Interest and fees on loans	$ 1,864,338	$ 1,111,206
Interest on investment securities	6,707	13,701
Interest on deposits at other financial institutions	20,555	13,104
Total interest income	1,891,600	1,138,011
INTEREST EXPENSE	235,151	204,601
Net interest income	1,656,449	933,410
Provision for loan losses	75,589	19,000
Net interest income after provision for loan losses	1,580,860	914,410
NONINTEREST INCOME		
Service charges on deposit accounts	39,392	76,540
Mortgage banking income, net	2,759,943	280,637
Other fees and income	74,750	21,201
Total noninterest income	2,874,085	378,378
NONINTEREST EXPENSES		
Salaries and employee benefits	1,433,927	1,019,553
Occupancy	199,989	140,504
Depreciation	110,430	120,381
Data processing	153,019	97,205
Marketing and advertising	39,384	8,627
Professional fees	186,097	350,340
FDIC insurance and regulatory fees	150,240	85,202
Federal reserve and correspondent fees	37,015	26,450
Foreclosed real estate (income) expenses, net	88,978	(9,582)
Director's fees	26,300	21,300
Insurance	18,255	21,424
Other expenses	501,501	290,344
Total noninterest expenses	2,945,135	2,171,748
Income (loss) before income tax expense	1,509,810	(878,960)
Income tax expense	-	-
Net income (loss)	$ 1,509,810	$ (878,960)

The Notes to Consolidated Financial Statements are an integral part of these statements.

UNITED BANCORP, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
Years Ended December 31, 2021 and 2020

	2021	2020
Net income (loss)	$ 1,509,810	$ (878,960)
Other comprehensive income (loss):		
Changes in net unrealized gains (losses) on securities available for sale	(218)	677
Total other comprehensive income (loss)	(218)	677
Comprehensive income (loss)	$ 1,509,592	$ (878,283)

The Notes to Consolidated Financial Statements are an integral part of these statements.

UNITED BANCORP, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
Years Ended December 31, 2021 and 2020

	Total Stockholders' Equity	Preferred Stock	Common Stock	Additonal Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)
BALANCE, December 31, 2019	$ 2,835,516	$ 800,000	$ 11,834,381	$ 7,730,647	$ (17,529,532)	$ 20
Issuance of common stock, net	4,140,238	-	4,140,238	-	-	-
Net loss	(878,960)	-	-	-	(878,960)	-
Other comprehensive income	677	-	-	-	-	677
BALANCE, December 31, 2020	$ 6,097,471	$ 800,000	$ 15,974,619	$ 7,730,647	$ (18,408,492)	$ 697
Issuance of common stock, net	202,501	-	202,501	-	-	-
Net income	1,509,810	-	-	-	1,509,810	-
Other comprehensive loss	(218)	-	-	-	-	(218)
BALANCE, December 31, 2021	$ 7,809,564	$ 800,000	$ 16,177,120	$ 7,730,647	$ (16,898,682)	$ 479

The Notes to Consolidated Financial Statements are an integral part of these statements.

UNITED BANCORP, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended December 31, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	$ 1,509,810	$ (878,960)
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Depreciation	110,430	120,381
Provision for loan losses	75,589	19,000
Net amortization on securities	23	52
Loans held for sale	(20,901,881)	-
Net (gain) loss on sales and writedowns of foreclosed real estate	43,386	(132,283)
Change in operating assets and liabilities:		
Accrued interest receivable	(2,325)	(47,153)
Other assets	(560,895)	(33,212)
Accrued interest payable	7,381	(4,836)
Other liabilities	2,366,312	(52,697)
Net cash used in operating activities	(17,352,170)	(1,009,708)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net decrease in certificates of deposit at other financial institutions	-	248,000
Purchases of FHLB stock	(25,875)	-
Proceeds from sales, maturities and calls of securities	14,523	24,031
Net increase in loans	(8,541,175)	(6,547,754)
Purchases of premises and equipment	(328,654)	(22,396)
Proceeds from sales of foreclosed real estate	67,000	627,949
Net cash used in investing activities	(8,814,181)	(5,670,170)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from FHLB advances	-	1,600,000
Repayment of FHLB advances	-	(3,525,000)
Net increase in deposits	33,252,819	11,894,826
Proceeds from issuance of common stock, net	202,501	4,140,238
Net cash provided by financing activities	33,455,320	14,110,064
NET INCREASE IN CASH AND CASH EQUIVALENTS	7,288,969	7,430,186
CASH AND CASH EQUIVALENTS, beginning of year	11,514,932	4,084,746
CASH AND CASH EQUIVALENTS, end of year	$ 18,803,901	$ 11,514,932
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid during the year for interest	$ 227,770	$ 209,437

The Notes to Consolidated Financial Statements are an integral part of these statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

United Bancorp, Inc. (the Company) is a bank holding company whose principal activity is the ownership and management of its wholly-owned subsidiary, United Trust Bank (the Bank). The Bank is a community bank which provides a variety of financial services to individuals and corporate customers at its location in Palos Heights, Illinois. The Bank competes with other banking and financial institutions in its primary market communities for savings and time deposits and for commercial, mortgage, and home equity loans.

Basis of Presentation and Accounting Estimates

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary. Significant intercompany transactions and balances have been eliminated in consolidation.

In preparing the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the balance sheet, and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Material estimates that are particularly susceptible to significant change in the near term relate to the determination of the allowance for loan losses, foreclosed real estate, and the fair value of financial instruments.

The determination of the adequacy of the allowance for loan losses is based on estimates that are particularly susceptible to significant changes in the economic environment and market conditions. In connection with the determination of the estimated losses on loans, management obtains independent appraisals for significant collateral.

The Company's loans are generally secured by specific items of collateral including real property, consumer assets, and business assets. Although the Company has a diversified loan portfolio, a substantial portion of its debtors' ability to honor their contracts is dependent on local economic conditions.

While management uses available information to recognize losses on loans, further reductions in the carrying amounts of loans may be necessary based on changes in local economic conditions. In addition, regulatory agencies, as an integral part of their examination process, periodically review the estimated losses on loans. Such agencies may require the Bank to recognize additional losses based on their judgments about information available to them at the time of their examination. Because of these factors, it is reasonably possible that the estimated losses on loans may change materially in the near term. However, the amount of the change that is reasonably possible cannot be estimated.

The Company has evaluated all transactions, events, and circumstances for consideration or disclosure through September 1, 2022, the date these financial statements were available to be issued, and has reflected or disclosed those items within the consolidated financial statements and related footnotes as deemed appropriate.

Cash, Cash Equivalents and Cash Flows

For purposes of reporting cash flows, cash and cash equivalents includes cash on hand, cash items in process of collection, amounts due from banks, and interest-bearing deposits at other financial institutions. Cash flows from loans, certificates of deposit at other financial institutions, and deposits are reported net.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Securities

Certain debt securities that management has the positive intent and ability to hold to maturity are classified as "held to maturity" and recorded at amortized cost. Securities not classified as held to maturity are classified as "available for sale" and recorded at fair value, with unrealized gains and losses excluded from earnings and reported in other comprehensive income (loss). Purchase premiums and discounts are recognized in interest income using the interest method over the terms of the securities. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method.

The Company evaluates investment securities for other-than-temporary impairment using relevant accounting guidance specifying that (a) if the Company does not have the intent to sell a debt security prior to recovery and (b) it is more likely than not that it will not have to sell the debt security prior to recovery, the security would not be considered other-than-temporarily impaired unless there is a credit loss that has occurred in the security. If management does not intend to sell the security and it is more likely than not that they will not have to sell the security before recovery of the cost basis, management will recognize the credit component of an other-than-temporary impairment of a debt security in earnings and the remaining portion in other comprehensive income (loss).

Federal Home Loan Bank Stock

The Company, as a member of the Federal Home Loan Bank (FHLB) system, is required to maintain an investment in capital stock of FHLB. Based on redemption provisions of the FHLB, the stock has no quoted market value and is carried at cost. At its discretion, the FHLB may declare dividends on the stock. Management reviews for impairment based on the ultimate recoverability of the cost basis in the FHLB stock.

Loans Held for Sale

Mortgage loans originated and intended for sale in the secondary market are carried at the lower of aggregate cost or fair value, as determined by outstanding commitments from investors. Net unrealized losses, if any, are recorded as a valuation allowance and charged to earnings.

Loans

Loans that management has the intent and ability to hold for the foreseeable future or until maturity or pay-off are reported at their outstanding principal balances less deferred fees and costs of originated loans and the allowance for loan losses. Interest income is accrued on the outstanding principal balance. Loan origination fees, net of certain direct origination costs of consumer and installment loans, are recognized at the time the loan is placed on the books. Loan origination fees for all other loans are deferred and recognized as an adjustment of the yield over the life of the loan using the straight-line method without anticipating prepayments.

The accrual of interest on loans is discontinued when, in management's opinion, the borrower may be unable to meet payments as they become due, or at the time the loan is 90 days past due, unless the loan is well-secured and in the process of collection. Past due status is based on contractual terms of the loan. In all cases, loans are placed on nonaccrual or charged-off at an earlier date if collection of principal and interest is considered doubtful. All interest accrued but not collected for loans that are placed on nonaccrual or charged-off is reversed against interest income or charged to the allowance, unless management believes that the accrual of interest is recoverable through the liquidation of collateral. Interest income on nonaccrual loans is recognized on the cash basis, until the loans are returned to accrual status. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Allowance for Loan Losses

The allowance for loan losses is established as losses are estimated to have occurred through a provision for loan losses charged to expense. Loan losses are charged against the allowance when management believes the uncollectibility of a loan balance is confirmed. Confirmed losses are charged-off immediately. Subsequent recoveries, if any, are credited to the allowance.

The allowance is an amount that management believes will be adequate to absorb estimated losses relating to specifically identified loans, as well as probable credit losses inherent in the balance of the loan portfolio. The allowance for loan losses is evaluated on a regular basis by management and is based upon management's periodic review of the uncollectibility of loans in light of historical experience, the nature and volume of the loan portfolio, overall portfolio quality, review of specific problem loans, current economic conditions that may affect the borrower's ability to pay, estimated value of any underlying collateral, and prevailing economic conditions. This evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available. This evaluation does not include the effects of expected losses on specific loans or groups of loans that are related to future events or expected changes in economic conditions. While management uses the best information available to make its evaluation, future adjustments to the allowance may be necessary if there are significant changes in economic conditions. In addition, regulatory agencies, as an integral part of their examination process, periodically review the Bank's allowance for loan losses, and may require the Bank to make additions to the allowance based on their judgment about information available to them at the time of their examinations.

The allowance consists of specific, general, and unallocated components. The specific component relates to loans that are classified as impaired. For impaired loans, an allowance is established when the discounted cash flows, collateral value, or observable market price of the impaired loan is lower than the carrying value of that loan. The general component covers non-impaired loans and is based on historical loss experience adjusted for other qualitative factors. Other adjustments may be made to the allowance for pools of loans after an assessment of internal or external influences on credit quality that are not fully reflected in the historical loss or risk rating data. An unallocated component may be maintained to cover uncertainties that could affect management's estimate of probable losses. The unallocated component of the allowance reflects the margin of imprecision inherent in the underlying assumptions used in the methodologies for estimating specific and general losses in the portfolio.

A loan is impaired when, based on current information and events, it is probable that the Company will be unable to collect all amounts due according to the contractual terms of the loan agreement. Loans, for which the terms have been modified at the borrower's request, and for which the borrower is experiencing financial difficulties, are considered troubled debt restructurings and classified as impaired.

Factors considered by management in determining impairment include payment status, collateral value, and the probability of collecting scheduled principal and interest when due. Loans that experience insignificant payment delays and payment shortfalls are not generally classified as impaired. Impaired loans are measured by either the present value of expected future cash flows discounted at the loan's effective interest rate, the loan's obtainable market price, or the fair value of the collateral if the loan is collateral dependent. Interest on accruing impaired loans is recognized as long as such loans do not meet the criteria for nonaccrual status. Large groups of smaller balance homogeneous loans are collectively evaluated for impairment.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Troubled Debt Restructurings

The Company designates loan modifications as troubled debt restructurings (TDRs) when for economic and legal reasons related to the borrower's financial difficulties, it grants a concession to the borrower that it would not otherwise consider. TDRs can involve loans remaining on nonaccrual, moving to nonaccrual, or continuing on accrual status, depending on the individual facts and circumstances of the borrower. In circumstances where the TDR involves charging off a portion of the loan balance, the Company typically classifies these restructurings as nonaccrual.

In connection with restructurings, the decision to maintain a loan that has been restructured on accrual status is based on a current, well-documented credit evaluation of the borrower's financial condition and prospects for repayment under the modified terms. This evaluation includes consideration of the borrower's current capacity to pay, which among other things may include a review of the borrower's current financial statements, an analysis of global cash flow sufficient to pay all debt obligations, a debt to income analysis, and an evaluation of secondary sources of payment from the borrower and any guarantors. This evaluation also includes an evaluation of the borrower's current willingness to pay, which may include a review of past payment history, an evaluation of the borrower's willingness to provide information on a timely basis, and consideration of offers from the borrower to provide additional collateral or guarantor support. The credit evaluation also reflects consideration of the borrower's future capacity and willingness to pay, which may include evaluation of cash flow projections, consideration of the adequacy of collateral to cover all principal and interest, and trends indicating improving profitability and collectability of receivables.

Restructured nonaccrual loans may be returned to accrual status based on a current, well-documented credit evaluation of the borrower's financial condition and prospects for repayment under the modified terms. This evaluation must include consideration of the borrower's sustained historical repayment for a reasonable period, generally a minimum of six months, prior to the date on which the loan is returned to accrual status.

Premises and Equipment

Land is carried at cost. Premises and equipment are carried at cost less accumulated depreciation computed on the straight-line or the declining balance method over the estimated useful lives of the assets. Maintenance and repairs are expensed as incurred while major additions and improvements are capitalized. Gains and losses on dispositions are included in current operations.

	Years
Buildings and improvements	5-40
Furniture, fixtures and equipment	3-10

Transfers of Financial Assets

Transfers of financial assets are accounted for as sales when control over the assets has been surrendered. Control over transferred assets is deemed to be surrendered when (1) the assets have been isolated from the Company - put presumptively beyond the reach of the transferor and its creditors, even in bankruptcy or other receivership, (2) the transferee obtains the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred assets, and (3) the Company does not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity or the ability to unilaterally cause the holder to return specific assets.

Advertising Costs

Advertising costs are expensed as incurred. Advertising expense was $62,610 in 2021, and $4,293 in 2020.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreclosed Real Estate

Foreclosed real estate assets acquired through, or in lieu of, loan foreclosure are held for sale and are initially recorded at fair value less selling costs. Any write-down to fair value at the time of transfer to foreclosed real estate is charged to the allowance for loan losses. Subsequent to foreclosure, valuations are periodically performed by management and the assets are carried at the lower of carrying amount or fair value less costs to sell. Costs of improvements are capitalized, whereas costs relating to holding foreclosed real estate and subsequent write-downs to the value are expensed. There was no residential real estate where physical possession had been obtained included in foreclosed assets at December 31, 2021 and 2020.

Income Taxes

Income tax accounting guidance results in two components of income tax expense: current and deferred. Current income tax expense reflects taxes to be paid or refunded for the current period by applying the provisions of the enacted tax law to the taxable income or excess of deductions over revenues. The Company determines deferred income taxes using the liability (or balance sheet) method. Under this method, the net deferred tax asset or liability is based on the tax effects of the differences between the book and tax bases of assets and liabilities, and enacted changes in tax rates and laws are recognized in the period in which they occur.

Deferred income tax expense results from changes in deferred tax assets and liabilities between periods. Deferred tax assets are recognized if it is more likely than not, based on the technical merits, that the tax position will be realized or sustained upon examination. The term more likely than not means a likelihood of more than 50 percent; the terms examined and upon examination also include resolution of the related appeals or litigation processes, if any. A tax position that meets the more-likely-than-not recognition threshold is initially and subsequently measured as the largest amount of tax benefit that has a greater than 50 percent likelihood of being realized upon settlement with a taxing authority that has full knowledge of all relevant information. The determination of whether or not a tax position has met the more-likely-than-not recognition threshold considers the facts, circumstances, and information available at the reporting date and is subject to management’s judgment. Deferred tax assets may be reduced by deferred tax liabilities and a valuation allowance if, based on the weight of evidence available, it is more likely than not that some portion or all of a deferred tax asset will not be realized.

Comprehensive Income (Loss)

Accounting principles generally require that recognized revenue, expenses, gains, and losses be included in net income (loss). Although certain changes in assets and liabilities, such as unrealized gains and losses on available for sale securities, are reported as a separate component of the equity section of the consolidated balance sheet, such items, along with net income (loss), are components of comprehensive income (loss).

Fair Value of Assets and Liabilities

Fair values of assets and liabilities are estimates using relevant market information and other assumptions, as more fully disclosed in Note 13. Fair value estimates involve uncertainties and matters of significant judgment. Changes in assumptions or in market conditions could significantly affect the estimates.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

The Company recognizes revenue in accordance with Accounting Standards Codification 606 (collectively, "ASC 606"), which (1) creates a single framework for recognizing revenue from contracts with customers that fall within its scope, and (2) revises when it is appropriate to recognize a gain (loss) from the transfer of nonfinancial assets, such as foreclosed assets. The majority of the Company's revenues come from interest income and other sources, including loans, leases and securities that are outside the scope of ASC 606. The Company's services that fall within the scope of ASC 606 are presented within noninterest income and are recognized as revenue as the Company satisfies its obligation to the customer. Services within the scope of ASC 606 include service charges on deposit accounts, interchange income, and the sale of foreclosed assets. Refer to Note 14, Revenue from Contracts with Customers, for further discussion on the Company's accounting policies for revenue sources within the scope of ASC 606.

NOTE 2. MANAGEMENT'S PLAN

For the years ended December 31, 2021 and 2020, the Company reported net income of $1,509,810 and net loss of $878,960, respectively, and has an accumulated deficit of $16,898,682 at December 31, 2021. The allowance for loan losses of $348,795 at December 31, 2021 reflects management's estimate of probable losses in the loan portfolio. Additional allowances for loan losses may be required in the future related to routine regulatory examinations and/or changes in the real estate values of the Company's market area.

The Company's prior losses are primarily the result of significant provisions for loan losses, additional expenses related to foreclosed real estate, write-downs in value of foreclosed real estate, reductions in interest income related to the increase in non-performing assets, and decreases in earning assets as the Bank has decreased total assets to improve regulatory capital ratios. As of December 31, 2021 and 2020, the Bank has $191,868 and $243,621, respectively, in impaired loans and $198,468 and $308,854, respectively, of foreclosed real estate, all of which are subject to further write-downs if collateral values decline.

At December 31, 2021, the Bank was categorized as well capitalized and is operating under a formal regulatory agreement with its primary federal regulator.

The Bank entered into an agreement with the regulatory agencies which governs certain aspects of operations and will also affect activities for the foreseeable future. In December 2019, the Bank entered into a formal agreement with the Office of the Comptroller of the Currency (the OCC) pursuant to which the Bank has agreed with the OCC to take steps to improve the operations of the Bank. Concurrent to the issuance of the formal agreement, the consent order issued in August 2012 was terminated. The formal agreement requires the Bank to take corrective actions, consistent with sound banking practices to improve certain conditions and also requires the Bank to prepare and submit written plans and reports to the regulators.

Under the formal agreement the Bank shall:

- appoint a Compliance Committee;
- develop and maintain a three-year written capital plan;
- adopt, implement, and ensure adherence to a comprehensive liquidity risk management program;
- review, revise, and thereafter ensure adherence to the comprehensive Bank-specific Contingency Funding Plan;
- adopt, implement, and thereafter ensure Bank adherence to a written three-year strategic and business plan;
- adopt, implement, and thereafter ensure Bank adherence to a written consumer compliance program;
- revise and thereafter ensure Bank implementation and adherence to a written credit administration program designed to improve the Bank's loan portfolio management and ensure the Bank obtains and analyzes credit and collateral information sufficient to identify, monitor, and report the Bank's credit risk, properly account for loans, and assign accurate risk ratings in a timely manner; and
- develop, implement, and adhere to a comprehensive written information technology (IT) risk assessment and IT governance strategy.

NOTE 2. MANAGEMENT'S PLAN (Continued)

The Board of Directors and management are in the process of complying with the formal agreement. The Bank has made progress implementing these requirements, however the Bank has not been able to fully comply with all these requirements at December 31, 2021. The OCC is closely monitoring the Bank's progress and may impose additional and more stringent requirements if the Bank does not make satisfactory progress toward compliance with the formal agreement.

NOTE 3. SECURITIES

The amortized cost and fair value of securities with gross unrealized gains and losses at December 31, 2021 and 2020, are as follows:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Securities available for sale at December 31, 2021:				
Mortgage-backed securities	$50,448	$479	$ -	$50,927
	$50,448	$479	$ -	$50,927

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Securities available for sale at December 31, 2020:				
Mortgage-backed securities	$64,994	$697	$ -	$65,691
	$64,994	$697	$ -	$65,691

The scheduled maturities of securities available for sale at December 31, 2021, are shown below. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	Securities Available for Sale	
	Amortized Cost	Fair Value
Due in one year or less	$ -	$ -
Due from one to five years	50,448	50,927
Due from five to ten years	-	-
Due after ten years	-	-
	$50,448	$50,927

There were no sales of securities for the years ended December 31, 2021 and December 31, 2020.

There were no securities with unrealized losses at December 31, 2021 and December 31, 2020.

There were no securities or certificates of deposits pledged at December 31, 2021 and December 31, 2020.

NOTE 4. LOANS AND ALLOWANCE FOR LOAN LOSSES

Portfolio Segmentation

At December 31, 2021 and 2020, the Company's loans consist of the following:

	2021	2020
Commercial	$ 1,206,199	$ 810,397
Commercial real estate	10,972,985	9,636,150
Residential real estate	15,702,601	10,195,510
Home equity	4,999,308	3,744,760
Consumer and other	438,890	383,739
Total loans	33,319,983	24,770,556
Less - Allowance for loan losses	(348,795)	(278,597)
Deferred fees	(28,072)	(14,429)
Net loans	$32,943,116	$24,477,530

For purposes of the disclosures required pursuant to ASC Topic 310, the loan portfolio was disaggregated into segments and then further disaggregated into classes for certain disclosures. A portfolio segment is defined as the level at which an entity develops and documents a systematic method for determining its allowance for loan losses. There are three loan portfolio segments that include commercial, real estate, and consumer and other. A class is generally determined based on the initial measurement attribute, risk characteristic of the loan, and an entity's method for monitoring and assessing credit risk. Classes within the real estate portfolio segment include commercial mortgage, consumer mortgage, and home equity loans. Commercial loans are a class in itself. Consumer and other loans are a class in itself.

The following describe risk characteristics relevant to each of the portfolio segments:

Commercial: The commercial loan portfolio segment includes commercial, industrial, and agricultural loans. These loans include those loans to commercial customers for use in normal business operations to finance working capital needs, equipment purchases, or expansion projects. Loans are repaid by business cash flows. Collection risk in this portfolio is driven by the creditworthiness of the underlying borrower, particularly cash flows from the customers' business operations.

Real Estate: As discussed below, the Company offers various types of real estate loan products. All loans within this portfolio segment are particularly sensitive to the valuation of real estate:

- Commercial real estate loans include owner-occupied commercial real estate loans and loans secured by income producing properties. Owner-occupied commercial real estate loans to operating businesses are long-term financing of land and buildings. These loans are repaid by cash flow generated from the business operation. Real estate loans for income-producing properties such as apartment buildings, office and industrial buildings, and retail shopping centers are repaid from rent income derived from the properties.

- Residential real estate loans include real estate loans secured by one to four family first mortgage loans and second liens. These are repaid by various means such as a borrower's income, sale of the property, or rental income derived from the property.

- Home equity loans include open end real estate loans. These are repaid by various means such as a borrower's income, sale of the property, or rental income derived from the property.

Consumer and Other: The consumer and other loan portfolio segment includes direct consumer installment loans, overdrafts, other revolving credit loans, and educational loans. Loans in this portfolio are sensitive to unemployment and other key consumer economic measures.

NOTE 4. LOANS AND ALLOWANCE FOR LOAN LOSSES (Continued)

Credit Risk Management

The Company employs a credit risk management process with defined policies, accountability, and routine reporting to manage credit risk in the loan portfolio segments. Credit risk management is guided by credit policies that provide for a consistent and prudent approach to underwriting and approvals of credits. Within the Loan Policy, procedures exist that elevate the approval requirements as credits become larger and more complex. All loans are individually underwritten, risk-rated, approved, and monitored.

Responsibility and accountability for adherence to underwriting policies and accurate risk ratings lies in each portfolio segment. For the consumer portfolio segment, the risk management process focuses on managing customers who become delinquent in their payments. For the commercial and real estate portfolio segments, the risk management process focuses on underwriting new business and, on an ongoing basis, monitoring the credit of the portfolios, including a third party review of the largest credits on an annual basis or more frequently as needed. To ensure problem credits are identified on a timely basis, several specific portfolio reviews occur periodically to assess the larger adversely rated credits for proper risk rating and accrual status.

Credit quality and trends in the loan portfolio segments are measured and monitored regularly. Detailed reports, by product, collateral, and accrual status, are reviewed by the Loan Committee.

The allowance for loan losses is a valuation reserve allowance established through provisions for loan losses charged against income. The allowance for loan losses, which is evaluated quarterly, is maintained at a level that management deems sufficient to absorb probable losses inherent in the loan portfolio. Loans deemed to be uncollectible are charged against the allowance for loan losses, while recoveries of previously charged-off amounts are credited to the allowance for loan losses. The allowance for loan losses is comprised of specific valuation allowances for loans evaluated individually for impairment, general allocations for pools of homogeneous loans with similar risk characteristics and trends, and an unallocated component that reflects the margin of imprecision inherent in the underlying assumptions used in the methodologies for estimating specific and general losses in the portfolio.

The allowance for loan losses related to specific loans is based on management's estimate of potential losses on impaired loans as determined by (1) the present value of expected future cash flows; (2) the fair value of collateral if the loan is determined to be collateral dependent; or (3) the loan's observable market price. The Company's homogeneous loan pools include commercial loans, commercial real estate loans, residential real estate loans, home equity loans, and consumer and other loans. The general allocations to these loan pools are based on the historical loss rates for specific loan types and the internal risk grade, if applicable, adjusted for both internal and external qualitative risk factors.

The qualitative factors considered by management include, among other factors, (1) changes in local and national economic conditions; (2) changes in asset quality; (3) changes in loan portfolio volume; (4) the composition and concentrations of credit; (5) the impact of competition on loan structuring and pricing; (6) the impact of interest rate changes on portfolio risk; and (7) effectiveness of the Company's loan policies, procedures, and internal controls. The total allowance established for each homogeneous loan pool represents the product of the historical loss ratio, adjusted for qualitative factors, and the total dollar amount of the loans in the pool.

NOTE 4. LOANS AND ALLOWANCE FOR LOAN LOSSES (Continued)

Credit Risk Management (Continued)

The following tables detail activity in the allowance for loan losses by portfolio segment for the years ended December 31, 2021 and 2020. Allocation of a portion of the allowance to one category of loans does not preclude its availability to absorb losses in other categories.

Allowance for loan losses December 31, 2021:	Commercial	Commercial Real Estate	Residential Real Estate	Home Equity	Consumer and Other	Total
Balance, beginning of year	$ 8,638	$ 116,838	$ 105,524	$ 39,753	$ 7,844	$ 278,597
Provision (recovery) charged to operating expense	3,174	1,177	49,731	10,142	11,365	75,589
Recoveries of loans charged off	-	-	-	-	-	-
Loans charged off	-	-	-	-	(5,391)	(5,391)
Balance, end of year	$ 11,812	$ 118,015	$ 155,255	$ 49,895	$ 13,818	$ 348,795
Ending balance – individually evaluated for impairment	$ -	$ -	$ -	$ -	$ -	$ -
Ending balance – collectively evaluated for impairment	$ 11,812	$ 118,015	$ 155,255	$ 49,895	$ 13,818	$ 348,795
Loans:						
Ending balance – individually evaluated for impairment	$ -	$ 191,868	$ -	$ -	$ -	$ 191,868
Ending balance – collectively evaluated for impairment	$1,206,199	$10,781,117	$15,702,601	$4,999,308	$438,890	$33,128,115

Allowance for loan losses December 31, 2020:	Commercial	Commercial Real Estate	Residential Real Estate	Home Equity	Consumer and Other	Total
Balance, beginning of year	$ -	$ 112,803	$ 90,360	$ 14,859	$ 41,575	$ 259,597
Provision (recovery) charged to operating expense	8,638	4,035	15,164	24,894	(33,731)	19,000
Recoveries of loans charged off	-	-	-	-	4,233	4,233
Loans charged off	-	-	-	-	(4,233)	(4,233)
Balance, end of year	$ 8,638	$ 116,838	$ 105,524	$ 39,753	$ 7,844	$ 278,597
Ending balance – individually evaluated for impairment	$ -	$ -	$ -	$ -	$ -	$ -
Ending balance – collectively evaluated for impairment	$ 8,638	$ 116,838	$ 105,524	$ 39,753	$ 7,844	$ 278,597
Loans:						
Ending balance – individually evaluated for impairment	$ -	$ 200,879	$ 42,742	$ -	$ -	$ 243,621
Ending balance – collectively evaluated for impairment	$ 810,397	$9,435,271	$10,152,768	$3,744,760	$383,739	$24,526,935

NOTE 4. LOANS AND ALLOWANCE FOR LOAN LOSSES (Continued)

Credit Risk Management (Continued)

A description of the general characteristics of the risk grades used by the Company is as follows:

Pass: Loans in this risk category involve borrowers of acceptable-to-strong credit quality and risk who have the apparent ability to satisfy their loan obligations. Loans in this risk grade would possess sufficient mitigating factors, such as adequate collateral or strong guarantors possessing the capacity to repay the debt if required, for any weakness that may exist.

Special Mention: Loans in this risk grade are the equivalent of the regulatory definition of "Other Assets Especially Mentioned" classification. Loans in this category possess some credit deficiency or potential weakness, which requires a high level of management attention. Potential weaknesses include declining trends in operating earnings and cash flows and/or reliance on the secondary source of repayment. If left uncorrected, these potential weaknesses may result in noticeable deterioration of the repayment prospects for the asset or in the Company's credit position.

Substandard: Loans in this risk grade are inadequately protected by the borrower's current financial condition and payment capability or of the collateral pledged, if any. Loans so classified have a well-defined weakness or weaknesses that jeopardize the orderly repayment of debt. They are characterized by the distinct possibility that the Company will sustain some loss if the deficiencies are not corrected.

Doubtful: Loans in this risk grade have all the weaknesses inherent in those classified as substandard, with the added characteristic that the weaknesses make collection or orderly repayment in full, on the basis of current existing facts, conditions and values, highly questionable and improbable. Possibility of loss is extremely high, but because of certain important and reasonably specific factors that may work to the advantage and strengthening of the exposure, its classification as an estimate loss is deferred until its more exact status may be determined.

Uncollectible: Loans in this risk grade are considered to be non-collectible and of such little value that their continuance as assets is not warranted. This does not mean the loan has absolutely no recovery value, but rather it is neither practical nor desirable to defer writing off the loan, even though partial recovery may be obtained in the future. Charge-offs against the allowance for loan losses are taken in the period in which the loan becomes uncollectible. Consequently, the Company typically does not maintain a recorded investment in loans within this category.

The following tables summarize the risk category of the Company's loan portfolio based upon the most recent analysis performed as of December 31, 2021 and 2020:

December 31, 2021:	Commercial	Commercial Real Estate	Residential Real Estate	Home Equity	Consumer and Other	Total
Pass	$1,206,199	$10,539,281	$15,702,601	$4,999,308	$438,890	$32,886,279
Special mention	-	241,836	-	-	-	241,836
Substandard	-	191,868	-	-	-	191,868
Total	$1,206,199	$10,972,985	$15,702,601	$4,999,308	$438,890	$33,319,983

December 31, 2020:	Commercial	Commercial Real Estate	Residential Real Estate	Home Equity	Consumer and Other	Total
Pass	$ 810,397	$8,770,719	$10,152,768	$3,744,760	$383,739	$23,862,383
Special mention	-	474,134	-	-	-	474,134
Substandard	-	391,297	42,742	-	-	434,039
Total	$ 810,397	$9,636,150	$10,195,510	$3,744,760	$383,739	$24,770,556

NOTE 4. LOANS AND ALLOWANCE FOR LOAN LOSSES (Continued)

Past Due Loans

A loan is considered past due if any required principal and interest payments have not been received as of the date such payments were required to be made under the terms of the loan agreement. Generally, management places loans on nonaccrual when there is a clear indication that the borrower's cash flow may not be sufficient to meet payments as they become due, which is generally when a loan is 90 days past due. The following tables present the aging of the recorded investment in loans as of December 31, 2021 and 2020:

	December 31, 2021					
	30-89 Days Past Due and Accruing	Past Due 90 Days or More and Accruing	Nonaccrual	Total Past Due	Current Loans	Total Loans
Commercial	$ -	$ -	$ -	$ -	$ 1,206,199	$ 1,206,199
Commercial real estate	-	-	191,868	191,868	10,781,117	10,972,985
Residential real estate	-	-	-	-	15,702,601	15,702,601
Home equity	-	-	30,672	30,672	4,968,636	4,999,308
Consumer and other	-	-	-	-	438,890	438,890
Total	$ -	$ -	$222,540	$222,540	$33,097,443	$33,319,983

	December 31, 2020					
	30-89 Days Past Due and Accruing	Past Due 90 Days or More and Accruing	Nonaccrual	Total Past Due	Current Loans	Total Loans
Commercial	$ -	$ -	$ -	$ -	$ 810,397	$ 810,397
Commercial real estate	-	-	200,879	200,879	9,435,271	9,636,150
Residential real estate	-	-	42,742	42,742	10,152,768	10,195,510
Home equity	-	-	-	-	3,744,760	3,744,760
Consumer and other	-	-	-	-	383,739	383,739
Total	$ -	$ -	$243,621	$243,621	$24,526,935	$24,770,556

Impaired Loans

A loan held for investment is considered impaired when, based on current information and events, it is probable that the Company will be unable to collect all amounts due (both principal and interest) according to the terms of the loan agreement. The following tables detail impaired loans, by portfolio class as of December 31, 2021 and 2020:

	As of December 31, 2021			For the Year Ended December 31, 2021	
	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized
Impaired loans without a valuation allowance:					
Commercial	$ -	$ -	$ -	$ -	$ -
Commercial real estate	191,868	357,497	-	196,374	-
Residential real estate	-	-	-	-	-
Home equity	-	-	-	-	-
Consumer and other	-	-	-	-	-
Total	191,868	357,497	-	196,374	-

NOTE 4. LOANS AND ALLOWANCE FOR LOAN LOSSES (Continued)

Impaired Loans (Continued)

	As of December 31, 2021			For the Year Ended December 31, 2021	
	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized
Impaired loans with a valuation allowance:					
Commercial	-	-	-	-	-
Commercial real estate	-	-	-	-	-
Residential real estate	-	-	-	-	-
Home equity	-	-	-	-	-
Consumer and other	-	-	-	-	-
Total	-	-	-	-	-
Total impaired loans	$191,868	$357,497	$ -	$196,374	$ -

	As of December 31, 2020			For the Year Ended December 31, 2020	
	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized
Impaired loans without a valuation allowance:					
Commercial	$ -	$ -	$ -	$ -	$ -
Commercial real estate	200,879	363,128	-	284,209	-
Residential real estate	42,742	42,742	-	42,742	-
Home equity	-	-	-	-	-
Consumer and other	-	-	-	-	-
Total	243,621	405,870	-	326,951	-
Impaired loans with a valuation allowance:					
Commercial	-	-	-	-	-
Commercial real estate	-	-	-	-	-
Residential real estate	-	-	-	-	-
Home equity	-	-	-	-	-
Consumer and other	-	-	-	-	-
Total	-	-	-	-	-
Total impaired loans	$243,621	$405,870	$ -	$326,951	$ -

NOTE 4. LOANS AND ALLOWANCE FOR LOAN LOSSES (Continued)

Troubled Debt Restructurings

At December 31, 2021 and 2020, impaired loans included loans that were classified as TDRs. The restructuring of a loan is considered a TDR if both (i) the borrower is experiencing financial difficulties and (ii) the Company has granted a concession.

In assessing whether or not a borrower is experiencing financial difficulties, the Company considers information currently available regarding the financial condition of the borrower. This information includes, but is not limited to, whether (i) the debtor is currently in payment default on any of its debt; (ii) a payment default is probable in the foreseeable future without the modification; (iii) the debtor has declared or is in the process of declaring bankruptcy; and (iv) the debtor's projected cash flow is sufficient to satisfy contractual payments due under the original terms of the loan without a modification.

The Company considers all aspects of the modification to loan terms to determine whether or not a concession has been granted to the borrower. Key factors considered by the Company include the debtor's ability to access funds at a market rate for debt with similar risk characteristics, the significance of the modification relative to unpaid principal balance or collateral value of the debt, and the significance of a delay in the timing of payments relative to the original contractual terms of the loan.

The most common concessions granted by the Company generally include one or more modifications to the terms of the debt, such as (i) a reduction in the interest rate for the remaining life of the debt, (ii) an extension of the maturity date at an interest rate lower than the current market rate for new debt with similar risk, (iii) a temporary period of interest-only payments, and (iv) a reduction in the contractual payment amount for either a short period or remaining term of the loan. Of the nonaccrual loans at December 31, 2021 and 2020, none met the criteria for restructured. A loan is placed back on accrual status when both principal and interest are current and it is probable that management will be able to collect all amounts due (both principal and interest) according to the terms of the loan agreement.

There were no loans modified as a TDR during the years ended December 31, 2021 and 2020.

During the years ended December 31, 2021 and 2020, there were no loans modified as troubled debt restructurings for which there was a subsequent payment default during the year.

The Company has no additional commitments to lend additional funds to any of the related debtors whose terms have been modified in a TDR.

Related Party Loans

In the normal course of business, the Company has granted loans to certain related parties, including to directors, executive officers and principal shareholders of the Company, on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other borrowers. There were no related party loans outstanding at December 31, 2021 and 2020.

NOTE 5. FORECLOSED REAL ESTATE

A summary of foreclosed assets are presented as follows:

	2021	2020
Beginning balance	$ 308,854	$ 804,520
Sales	(67,000)	(627,949)
Gain on sales	-	48,239
Writedowns	(48,380)	(18,600)
Change in foreclosed real estate valuation allowance	4,994	102,644
Ending balance	$ 198,468	$ 308,854

NOTE 5. FORECLOSED REAL ESTATE (Continued)

Operating expenses associated with foreclosed real estate were $40,598 and $55,057 in 2021 and 2020, respectively. Rental income associated with foreclosed real estate was $0 and $35,000 in 2021 and 2020, respectively.

NOTE 6. PREMISES AND EQUIPMENT

A summary of premises and equipment at December 31, 2021 and 2020, is as follows:

	2021	2020
Land	$ 800,000	$ 800,000
Buildings and improvements	3,113,729	2,834,473
Furniture, fixtures and equipment	1,584,026	1,534,627
	5,497,755	5,169,100
Accumulated depreciation	(2,780,984)	(2,670,553)
	$ 2,716,771	$ 2,498,547

Depreciation expense was $110,430 and $120,381 for the years ended December 31, 2021 and 2020, respectively.

The remaining maturities of lease receivables as of December 31, 2021 are as follows:

	Operating Leases
2022	$31,310
2023	32,275
2024	23,800
2025	-
2026	-
Thereafter	-
Total minimum lease payments	$87,385

NOTE 7. DEPOSITS

The aggregate amount of time deposits in denominations of $250,000 or more at December 31, 2021 and 2020, was approximately $1,722,000 and $700,000, respectively.

At December 31, 2021, the scheduled maturities of time deposits are as follows:

2022	$14,729,406
2023	18,770,067
2024	4,417,873
2025	1,032,961
2026	696,026
	$39,646,333

The Company held related party deposits of approximately $1,073,000 at December 31, 2021 and approximately $315,000 at December 31, 2020. The Company held deposits for two depositors totaling $7,613,805 at December 31, 2021. The Company held deposits for one depositor totaling $4,067,220 at December 31, 2020.

NOTE 8. INCOME TAXES

Income taxes consist of the following:

	Years Ended December 31, 2021	2020
Current	$ -	$ -
Deferred	(316,529)	(266,138)
Change in valuation allowance	316,529	266,138
Income tax expense	$ -	$ -

Income tax differs from the amounts computed by applying the federal statutory income tax rate to loss before income taxes. A reconciliation of the differences is as follows:

	Years Ended December 31, 2021	2020
Income tax benefit at federal statutory tax rate	$ 317,060	$(184,582)
State income tax benefit	-	(64,561)
Other	(531)	(16,995)
Change in valuation allowance	(316,529)	266,138
Income tax expense	$ -	$ -

Components of deferred tax assets and liabilities included in the consolidated balance sheet are as follows:

	December 31, 2021	2020
Deferred tax assets:		
Net operating loss carryforward	$ 785,411	$1,682,376
Mortgage reserve	640,444	-
Depreciation	16,116	75,022
Other	2,420	23,556
	1,444,390	1,780,954
Deferred tax liabilities:		
Allowance for loan losses	23,109	43,144
Net deferred taxes assets before valuation allowance	1,421,281	1,737,810
Valuation allowance	(1,421,281)	(1,737,810)
Net deferred taxes	$ -	$ -

The Company had a net operating loss carryforward for federal and state income taxes of approximately $2,575,118 and $5,902,039, respectively, as of December 31, 2021 and 2020. If unused, the federal net operating loss carryforward will expire beginning in 2021.

The federal and state income tax returns of the Company for 2019, 2020, and 2021 are subject to examination, generally for three years after they were filed.

At December 31, 2021, the Company has Federal and state net operating (NOL) carryforwards of $1,838,439 out of $2,575,118 limited by Internal Revenue Code (IRC) Section 382 due to a prior ownership shift of 50% or more. IRC Section 382 subjects NOLs created prior to the ownership shift to an annual limitation.

NOTE 8. INCOME TAXES (Continued)

The annual limitation for the Company is scheduled in the following table:

2022	$ 386,886
2023	329,598
2024	74,797
2025	74,797
2026	74,797
2027	74,797
2028	74,797
2029	74,797
2030	74,797
Beyond	598,376
	$1,838,439

NOTE 9. ADVANCES FROM FEDERAL HOME LOAN BANK

Federal Home Loan Bank advances consist of the following:

	2021	2020
Federal Home Loan Bank advance with principal and interest payable monthly at a fixed rate of 0.65% due in September 2023	$ 250,000	$ 50,000
Federal Home Loan Bank advance with principal and interest payable monthly at a fixed rate of 0.96% due in September 2023	250,000	250,000
Federal Home Loan Bank advance with principal and interest payable monthly at a fixed rate of 0.93% due in September 2023	300,000	300,000
Federal Home Loan Bank advance with principal and interest payable monthly at a fixed rate of 0.61% due in September 2024	800,000	800,000
	$1,600,000	$1,600,000

Advances from the Federal Home Loan Bank are secured by Federal Home Loan Bank stock of $184,500 and certain qualifying loans of approximately $3,403,000 as of December 31, 2021.

Contractual maturities of Federal Home Loan Bank advances as of December 31, 2021 are as follows:

2023	$ 800,000
2024	800,000
	$1,600,000

NOTE 10. COMMITMENTS AND CONTINGENCIES

Loan Commitments

The Company is a party to financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit and standby letters of credit. Such commitments involve, to varying degrees, elements of credit risk and interest rate risk in excess of the amount recognized in the consolidated balance sheets. The majority of all commitments to extend credit and standby letters of credit are variable rate instruments.

NOTE 10. COMMITMENTS AND CONTINGENCIES (Continued)

Loan Commitments (Continued)

The Company's exposure to credit loss is represented by the contractual amount of those instruments. The Company uses the same credit policies in making commitments as it does for on-balance sheet instruments. A summary of the Company's commitments is as follows:

	2021	2020
Commitments to extend credit	$6,020,000	$ 958,000
Financial standby letters of credit	-	80,000
	$6,020,000	$1,038,000

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The amount of collateral obtained, if deemed necessary by the Company upon extension of credit, is based on management's credit evaluation of the customer. Collateral held varies, but may include accounts receivable, inventory, property and equipment, residential real estate, and income-producing commercial properties.

Standby letters of credit are conditional commitments issued by the Company to guarantee the performance of a customer to a third party. Those letters of credit are primarily issued to support public and private borrowing arrangements. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loans to customers. Collateral held varies and is required in instances which the Company deems necessary.

At December 31, 2021 and 2020, the carrying amount of liabilities related to the Company's obligation to perform under standby letters of credit was insignificant. The Company has not been required to perform on any standby letters of credit, and the Company has not incurred any losses on financial standby letters of credit for the years ended December 31, 2021 and 2020.

Contingencies

In the normal course of business, the Company is involved in various legal proceedings. In the opinion of management, any liability resulting from such proceedings would not have a material effect on the Company's consolidated financial statements.

Data Processing

During 2015, the Company entered into an agreement with an off-site company to provide data processing and report services.

Total data and item processing expense for the years ended December 31, 2021 and 2020 amounted to approximately $195,000 and $97,000, respectively.

NOTE 11. CONCENTRATIONS OF CREDIT RISK

The Company originates primarily commercial, residential, and consumer loans to customers in Palos Heights, Illinois and surrounding areas. The ability of the majority of the Company's customers to honor their contractual loan obligations is dependent on the economy in this area.

NOTE 11. CONCENTRATIONS OF CREDIT RISK (Continued)

Thirty-three percent of the Company's loan portfolio is concentrated in commercial real estate loans. Additionally, forty-seven percent of the Company's loan portfolio is concentrated in residential real estate loans. These loans are secured by real estate in the Company's primary market area. The ultimate collectability of the loan portfolio and recovery of the carrying amount of foreclosed real estate is susceptible to changes in real estate conditions in the Company's primary market area. The other concentrations of credit by type of loan are set forth in Note 4.

NOTE 12. STOCKHOLDERS' EQUITY AND REGULATORY CAPITAL MATTERS

Banks and bank holding companies are subject to regulatory capital requirements administered by federal banking agencies. Capital adequacy guidelines and, additionally for banks, prompt corrective action regulations, involve quantitative measures of assets, liabilities, and certain off balance sheet items calculated under regulatory accounting practices. Capital amounts and classifications are also subject to qualitative judgements by regulators. Failure to meet capital requirements can initiate regulatory action. The net unrealized gain or loss on available for sale securities is not included in computing regulatory capital. Management believes as of December 31, 2021, the Company and Bank meet all capital adequacy requirements to which they are subject.

Prompt corrective action regulations provide five classifications: well capitalized, adequately capitalized, undercapitalized, significantly undercapitalized, and critically undercapitalized, although these terms are not used to represent overall financial condition. If adequately capitalized, regulatory approval is required to accept brokered deposits. If undercapitalized, capital distributions are limited, as is asset growth and expansion, and capital restoration plans are required. At year-end 2021 and 2020, the most recent regulatory notifications categorized the Bank as well capitalized under the regulatory framework for prompt corrective action. There are no conditions or events since that notification that management believes have changed the institution's category.

As of December 31, 2021 and 2020, the most recent notifications from the Bank's primary regulator categorized the Bank as well-capitalized under the regulatory framework for prompt corrective action. There are no conditions or events that management believes have changed the Bank's category.

The Bank's actual capital amounts and ratios as of December 31, 2021 and 2020, are presented in the following table:

	Actual		For Capital Adequacy Purposes		To Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
As of December 31, 2021:						
Total capital (to risk-weighted assets)	$8,044	20.06%	$3,208	8.0%	$4,010	10.0%
Tier I capital (to risk-weighted assets)	7,695	19.19%	2,406	6.0%	3,208	8.0%
Common equity Tier I capital (to risk-weighted assets)	7,695	19.19%	1,804	4.5%	2,606	6.5%
Tier I capital (to average assets)	7,695	9.74%	6,715	8.5%	6,715	8.5%

NOTE 12. STOCKHOLDERS' EQUITY AND REGULATORY CAPITAL MATTERS (Continued)

	Actual		For Capital Adequacy Purposes		To Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
As of December 31, 2020:						
Total capital (to risk-weighted assets)	$5,897	27.23%	$1,727	8.0%	$2,159	10.0%
Tier I capital (to risk-weighted assets)	5,627	25.99%	1,295	6.0%	1,727	8.0%
Common equity Tier I capital (to risk-weighted assets)	5,627	25.99%	972	4.5%	1,403	6.5%
Tier I capital (to average assets)	5,627	14.41%	1,562	4.0%	1,953	5.0%

Dividend Restrictions – The Company's principal source of funds for dividend payments is dividends received from the Bank. Banking regulations limit the amount of dividends that may be paid without prior approval of regulatory agencies. As of December 31, 2021, no amount of retained earnings (deficit) is available to pay dividends without prior regulatory approval.

Authorized Shares of Common and Preferred Stock – The Company's articles of incorporation authorize 20,000 shares of Series B Common Stock, 12,750 shares of Series A Preferred Stock, and 11,650 shares of an undesignated series of Preferred Stock. There were no shares outstanding for any of these classes of stock at December 31, 2021 and 2020.

NOTE 13. FAIR VALUE OF ASSETS AND LIABILITIES

Determination of Fair Value

The Company uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. In accordance with ASC Topic 820, the fair value of a financial instrument is 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. Fair value is best determined based upon quoted market prices. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument.

The fair value guidance provides a consistent definition of fair value, which focuses on exit price in an orderly transaction between market participants at the measurement date under current market conditions. If there has been a significant decrease in the volume and level of activity for the asset or liability, a change in valuation technique or the use of multiple valuation techniques may be appropriate. In such instances, determining the price at which willing market participants would transact at the measurement date under current market conditions depends on the facts and circumstances and requires the use of significant judgment. The fair value is a reasonable point within the range that is most representative of fair value under current market conditions.

NOTE 13. FAIR VALUE OF ASSETS AND LIABILITIES (Continued)

Fair Value Hierarchy

In accordance with this guidance, the Company groups its financial assets and financial liabilities generally measured at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value.

Level 1 - Valuation is based on quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 1 assets and liabilities generally include debt and equity securities that are traded in an active exchange market. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 - Valuation is based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The valuation may be based on 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 asset or liability.

Level 3 - Valuation is based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which determination of fair value requires significant management judgment or estimation.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The following methods and assumptions were used by the Company in estimating fair value disclosures for financial instruments:

Securities: The fair values for securities are determined by quoted market prices, if available (Level 1). For securities where quoted prices are not available, fair values are calculated based on matrix pricing which is a mathematical technique widely used in the industry to value debt securities without relying exclusively on quoted prices for the specific securities' relationship to other benchmark quoted securities (Level 2). For securities where quoted prices or market prices of similar securities are not available, fair values are calculated using discounted cash flows or other market indicators (Level 3). Discounted cash flows are calculated using estimates of current market rates for each type of security.

Loans held for sale: The estimated fair value of loans held for sale is based on independent third party quoted prices.

Assets and Liabilities Measured at Fair Value on a Recurring Basis

The tables below present the recorded amount of assets measured at fair value on a recurring basis.

	Balance as of December 31, 2021	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Securities available for sale:				
Mortgage-backed securities	$ 50,927	$ -	$ 50,927	$ -
Loans held for sale	20,901,881	-	20,901,881	-
	$20,952,808	$ -	$20,952,808	$ -

NOTE 13. FAIR VALUE OF ASSETS AND LIABILITIES (Continued)

	Balance as of December 31, 2020	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Securities available for sale:				
Mortgage-backed securities	$ 65,691	$ -	$ 65,691	$ -
	$ 65,691	$ -	$ 65,691	$ -

The Company has no assets or liabilities whose fair values are measured on a recurring basis using Level 3 inputs.

Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis

Certain assets and liabilities are measured at fair value on a nonrecurring basis, which means the assets and liabilities are not measured at fair value on an ongoing basis but are subject to fair value adjustments in certain circumstances (for example, when there is evidence of impairment). The tables below present information about assets and liabilities on the consolidated balance sheet at December 31, 2021 and 2020, for which a nonrecurring change in fair value was recorded.

	Balance as of December 31, 2021	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Impaired loans	$ -	$ -	$ -	$ -
Foreclosed real estate	198,468	-	-	198,468

	Balance as of December 31, 2020	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Impaired loans	$ -	$ -	$ -	$ -
Foreclosed real estate	308,854	-	-	308,854

Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis (Continued)

Impaired Loans: Loans considered impaired under ASC 310-10-35, "Receivables", are loans for which, based on current information and events, it is probable that the Bank will be unable to collect all principal and interest payments due in accordance with the contractual terms of the loan agreement. Impaired loans can be measured based on the present value of expected payments using the loan's original effective rate as the discount rate, the loan's observable market price, or the fair value of the collateral less selling costs if the loan is collateral dependent. The fair value of impaired loans was primarily measured based on the value of the collateral securing these loans. Impaired loans are classified within Level 3 of the fair value hierarchy. Collateral may be real estate and/or business assets including equipment, inventory, and/or accounts receivable. The Bank determines the value of the collateral based on independent appraisals performed by qualified licensed appraisers. These appraisals may utilize a single valuation approach or a combination of approaches including comparable sales and the income approach. Appraised values are discounted for costs to sell and may be discounted further based on management's historical knowledge, changes in market conditions from the date of the most recent appraisal, and/or management's expertise and knowledge of the customer and the customer's business. Such discounts by management are subjective and are typically significant unobservable inputs for determining fair value. Impaired loans are reviewed and evaluated on at least a quarterly basis for additional impairment and adjusted accordingly, based on the same factors discussed above.

NOTE 13. FAIR VALUE OF ASSETS AND LIABILITIES (Continued)

Foreclosed Real Estate: Foreclosed real estate, consisting of properties obtained through foreclosure or in satisfaction of loans, are initially recorded at fair value less estimated costs to sell upon transfer of the loans to other real estate. Subsequently, other real estate is carried at the lower of carrying value or fair value less costs to sell. Fair values are generally based on third party appraisals of the property and are classified within Level 3 of the fair value hierarchy. The appraisals are sometimes further discounted based on management's historical knowledge, changes in market conditions from the date of the most recent appraisal, and/or management's expertise and knowledge of the customer and the customer's business. Such discounts are typically significant unobservable inputs for determining fair value. In cases where the carrying amount exceeds the fair value, less estimated costs to sell, a loss is recognized in noninterest expenses.

For Level 3 assets measured at fair value on a nonrecurring basis as of December 31, 2021 and 2020, the significant unobservable inputs used in the fair value measurements are presented below.

	Carrying Amount	Valuation Technique	Significant Other Unobservable Inputs	Range of Input
Nonrecurring – 2021:				
Impaired loans	$ -	Appraisal	Appraisal discounts	6-10%
Foreclosed real estate	198,468	Appraisal	Appraisal discounts	6-10%
Nonrecurring – 2020:				
Impaired loans	$ -	Appraisal	Appraisal discounts	6-10%
Foreclosed real estate	308,854	Appraisal	Appraisal discounts	6-10%

NOTE 14. REVENUE FROM CONTRACTS WITH CUSTOMERS

All of the Company's revenue from contracts with customers in the scope of ASC 606 is recognized within noninterest income. The following table presents the Company's sources of noninterest income for the twelve months ended December 31, 2021 and 2020. Items outside the scope of ASC 606 are noted as such.

	2021	2020
Noninterest Income		
Service charges on deposit accounts	$ 39,392	$ 76,540
Mortgage banking income, net (A)	2,759,943	280,637
Other fees and income	74,750	21,201
	$2,874,085	$378,378

(A) Item outside the scope of ASC 606

The following is a discussion of key revenues within the scope of ASC Topic 606:

Service Charges on Deposit Accounts: Revenue from service charges on deposit accounts is earned through cash management, overdraft, non-sufficient funds, and other deposit-related services. Revenue is recognized for these services either over time, corresponding with deposit accounts' monthly cycle, or at a point in time for transaction-related services and fees. Payment for service charges on deposit accounts is primarily received immediately or in the following month through a direct charge to customers' accounts.

Other Fees and Income: Other operating income primarily consist of revenues generated from wire transfer fees, ATM fees, safe deposit box rentals, and consumer credit and debit card fees. Wire transfer and ATM fees are recognized concurrently with the delivery of service on a daily basis as transactions occur. Safe deposit box rental income is recognized on a monthly basis as the Company's performance obligation for these services is satisfied. This category also includes interchange fees from consumer credit and debit cards processed by card association networks, as well as merchant discounts and other card-related services. Interchange rates are generally set by the credit card associations and based on purchase volumes and other factors. Interchange fees and merchant discounts are recognized concurrently with the delivery of service on a daily basis as transactions occur. Payment is typically received immediately or in the following month.

NOTE 15. PARENT ONLY FINANCIAL STATEMENTS

Condensed Balance Sheets
December 31, 2021 and 2020

	2021	2020
Assets		
Cash	$ 102,391	$ 466,155
Investment in subsidiary	7,694,358	5,627,931
Other assets	12,815	3,385
	$7,809,564	$6,097,471
Liabilities and stockholders' equity		
Stockholders' equity	$7,809,564	$6,097,471
	$7,809,564	$6,097,471

Condensed Statements of Operations
Years Ended December 31, 2021 and 2020

	2021	2020
Expenses	$ 38,835	$ 45,381
Loss before income taxes and equity in undistributed loss of subsidiary	(38,835)	(45,381)
Income tax expense	-	-
Loss before undistributed income (loss) of subsidiary	(38,835)	(45,381)
Equity in undistributed income (loss) of subsidiary	1,548,645	(833,579)
Net income (loss)	$ 1,509,810	$ (878,960)

INDEPENDENT AUDITOR'S REPORT

ON SUPPLEMENTARY INFORMATION

To the Board of Directors
United Bancorp, Inc. and Subsidiary
Palos Heights, Illinois

We have audited the consolidated financial statements of United Bancorp, Inc. and Subsidiary as of and for the year ended December 31, 2021, and have issued our report thereon dated September 1, 2022, which expressed an unmodified opinion on those consolidated financial statements, appears on pages 1 and 2.

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Mauldin & Jenkins, LLC

Chattanooga, Tennessee
September 1, 2022

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UNITED BANCORP, INC. AND SUBSIDIARY

CONSOLIDATING BALANCE SHEET
December 31, 2021

	United Bancorp, Inc.	United Trust Bank	Eliminations	Consolidated
ASSETS				
Cash and due from banks	$ 102,391	$ 3,638,945	$ 102,391	$ 3,638,945
Interest-bearing deposits at other financial institutions	-	15,164,956	-	15,164,956
Total cash and cash equivalents	102,391	18,803,901	102,391	18,803,901
Securities available for sale	-	50,927	-	50,927
Federal Home Loan Bank stock, at cost	-	184,500	-	184,500
Loans held for sale	-	20,901,881	-	20,901,881
Loans, net of allowance for loan losses	-	32,943,116	-	32,943,116
Premises and equipment, net	-	2,716,771	-	2,716,771
Foreclosed real estate	-	198,468	-	198,468
Investment in subsidiary	7,694,358	-	7,694,358	-
Accrued interest receivable	-	107,538	-	107,538
Other assets	12,815	645,402	-	658,217
Total assets	$ 7,809,564	$ 76,552,504	$ 7,796,749	$ 76,565,319
LIABILITIES AND STOCKHOLDERS' EQUITY				
Deposits:				
Noninterest-bearing demand deposits	$ -	$ 15,002,809	$ 102,391	$ 14,900,418
Interest-bearing demand deposits	-	8,983,447	-	8,983,447
Savings	-	1,054,914	-	1,054,914
Time deposits	-	39,646,333	-	39,646,333
Total deposits	-	64,687,503	102,391	64,585,112
Advances from Federal Home Loan Bank	-	1,600,000	-	1,600,000
Accrued interest payble	-	21,796	-	21,796
Other liabilities	-	2,548,847	-	2,548,847
Total liabilities	-	68,858,146	102,391	68,755,755
Stockholders' equity:				
Preferred stock	800,000	-	-	800,000
Common stock	16,177,120	23,167,393	23,167,393	16,177,120
Additional paid-in capital	7,730,647	-	-	7,730,647
Accumulated deficit	(16,898,682)	(15,473,514)	(15,473,514)	(16,898,682)
Accumulated other comprehensive income	479	479	479	479
Total stockholders' equity	7,809,564	7,694,358	7,694,358	7,809,564
Total liabilities and stockholders' equity	$ 7,809,564	$ 76,552,504	$ 7,796,749	$ 76,565,319

UNITED BANCORP, INC. AND SUBSIDIARY

CONSOLIDATING STATEMENT OF OPERATIONS
Year Ended December 31, 2021

	United Bancorp, Inc.	United Trust Bank	Eliminations	Consolidated
INTEREST INCOME				
Interest and fees on loans	$ -	$ 1,864,338	$ -	$ 1,864,338
Interest on investment securities	-	6,707	-	6,707
Interest on deposits at other financial institutions	-	20,555	-	20,555
Total interest income	-	1,891,600	-	1,891,600
INTEREST EXPENSE	-	235,151	-	235,151
Net interest income	-	1,656,449	-	1,656,449
Provision for loan losses	-	75,589	-	75,589
Net interest income after provision for loan losses	-	1,580,860	-	1,580,860
NONINTEREST INCOME				
Service charges on deposit accounts	-	39,392	-	39,392
Income from subsidiary	1,548,645	-	1,548,645	-
Mortgage banking income, net	-	2,759,943	-	2,759,943
Other fees and income	-	74,750	-	74,750
Total noninterest income	1,548,645	2,874,085	1,548,645	2,874,085
NONINTEREST EXPENSES				
Salaries and employee benefits	-	1,433,927	-	1,433,927
Occupancy	-	199,989	-	199,989
Depreciation	-	110,430	-	110,430
Data processing	-	153,019	-	153,019
Marketing and advertising	-	39,384	-	39,384
Professional fees	-	186,097	-	186,097
FDIC insurance and regulatory fees	-	150,240	-	150,240
Federal reserve and correspondent fees	-	37,015	-	37,015
Foreclosed real estate expenses, net	-	88,978	-	88,978
Director's fees	-	26,300	-	26,300
Insurance	-	18,255	-	18,255
Other expenses	38,835	462,666	-	501,501
Total noninterest expenses	38,835	2,906,300	-	2,945,135
Income before for income tax expense	1,509,810	1,548,645	1,548,645	1,509,810
Income tax expense	-	-	-	-
Net income	$ 1,509,810	$ 1,548,645	$ 1,548,645	$ 1,509,810