

UNITED BANCORP INC /OH/
Form 10-Q
May 15, 2009

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2009

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES AND EXCHANGE ACT

For the transition period from _____ to _____

Commission File Number: 0-16540

UNITED BANCORP, INC.
(Exact name of registrant as specified in its charter)

Ohio
(State or other jurisdiction of
incorporation or organization)

34-1405357
(IRS Employer Identification No.)

201 South Fourth Street, Martins Ferry, Ohio 43935-0010
(Address of principal executive offices)

(740) 633-0445
(Registrant's telephone number, including area code)

N/A
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definition of “accelerated filer”, “large accelerated filer,” and “small reporting company” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer Smaller Reporting Company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act)

Yes No

Indicate the number of shares outstanding of the issuer’s classes of common stock as of the latest practicable date: As of May 1, 2009, 4,610,731 shares of the Company’s common stock, \$1.00 par value, were issued and outstanding.

United Bancorp, Inc.

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ITEM 1. Financial Statements

United Bancorp, Inc.

Condensed Consolidated Balance Sheets

(In thousands, except share data)

| | March 31, 2009 (Unaudited) | December 31, 2008 |
|--|----------------------------------|-------------------------|
| Assets | | |
| Cash and due from banks | \$ 4,062 | \$ 5,605 |
| Interest-bearing demand deposits | 11,731 | 6,684 |
| Federal funds sold | — | 19,180 |
| Cash and cash equivalents | 15,793 | 31,469 |
| Certificates of deposit in other financial institutions | 16,084 | — |
| Available-for-sale securities | 133,100 | 129,416 |
| Held-to-maturity securities | 15,696 | 15,687 |
| Loans, net of allowance for loan losses of \$3,001 and \$2,770 at March 31, 2009 and December 31, 2008, respectively | 233,415 | 235,448 |
| Premises and equipment | 8,538 | 8,466 |
| Federal Home Loan Bank stock | 4,810 | 4,810 |
| Foreclosed assets held for sale, net | 1,637 | 1,407 |
| Intangible assets | 737 | 775 |
| Accrued interest receivable | 2,741 | 3,037 |
| Bank-owned life insurance | 9,744 | 9,653 |
| Other assets | 1,924 | 1,636 |
| Total assets | \$ 444,219 | \$ 441,804 |
| Liabilities and Stockholders' Equity | | |
| Liabilities | | |
| Deposits | | |
| Demand | \$ 138,627 | \$ 142,434 |
| Savings | 42,672 | 40,309 |
| Time | 165,444 | 164,302 |
| Total deposits | 346,743 | 347,045 |
| Short-term borrowings | 12,428 | 7,809 |
| Federal Home Loan Bank advances | 43,590 | 43,745 |
| Subordinated debentures | 4,000 | 4,000 |
| Interest payable and other liabilities | 3,392 | 5,301 |
| Total liabilities | 410,153 | 407,900 |
| Commitments and Contingencies | | |
| Stockholders' Equity | | |
| Preferred stock, no par value, authorized 2,000,000 shares; no shares issued | — | — |
| Common stock, \$1 par value; authorized 10,000,000 shares; issued 5,190,304 shares | 5,190 | 5,190 |
| Additional paid-in capital | 25,042 | 25,656 |
| Retained earnings | 10,657 | 9,856 |
| Stock held by deferred compensation plan; 148,980 and 132,906 shares at March 31, 2009 and December 31, 2008, respectively | (1,429) | (1,300) |
| Unearned ESOP compensation | (2,704) | (2,718) |

| | | |
|---|------------|------------|
| Accumulated other comprehensive loss | (1,052) | (1,094) |
| Treasury stock, at cost | | |
| March 31, 2009 – 146,954 shares, December 31, 2008 – 164,442 shares | (1,638) | (1,686) |
| Total stockholders' equity | 34,066 | 33,904 |
| Total liabilities and stockholders' equity | \$ 444,219 | \$ 441,804 |

See Notes to Condensed Consolidated Financial Statements

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United Bancorp, Inc.

Condensed Consolidated Statements of Income
For the Three Months Ended March 31, 2009 and 2008
(In thousands, except per share data)
(Unaudited)

| | 2009 | 2008 |
|---|----------|----------|
| Interest and Dividend Income | | |
| Loans | \$ 4,021 | \$ 4,340 |
| Securities | | |
| Taxable | 1,311 | 1,774 |
| Tax-exempt | 433 | 447 |
| Federal funds sold | 7 | 1 |
| Dividends on Federal Home Loan Bank and other stock | 141 | 98 |
| Total interest and dividend income | 5,913 | 6,660 |
| Interest Expense | | |
| Deposits | 1,582 | 2,416 |
| Federal funds purchased and repurchase agreements | 8 | 94 |
| Borrowings | 484 | 633 |
| Total interest expense | 2,074 | 3,143 |
| Net Interest Income | 3,839 | 3,517 |
| Provision for Loan Losses | 324 | 168 |
| Net Interest Income After Provision for Loan Losses | 3,515 | 3,349 |
| Noninterest Income | | |
| Customer service fees | 512 | 491 |
| Net gains on loan sales | 13 | 14 |
| Gain on sale of foreclosed real estate | 43 | 3 |
| Other | 221 | 248 |
| Total noninterest income | 789 | 756 |
| Noninterest Expense | | |
| Salaries and employee benefits | 1,622 | 1,479 |
| Net occupancy expense | 399 | 320 |
| Professional fees | 227 | 190 |
| Insurance | 133 | 103 |
| Franchise and other taxes | 124 | 120 |
| Advertising | 93 | 95 |
| Printing and office supplies | 81 | 65 |
| Amortization of intangible asset | 38 | — |
| Provision for losses on foreclosed real estate | — | 155 |
| Other | 592 | 450 |
| Total noninterest expense | 3,309 | 2,977 |
| Income Before Federal Income Taxes | 995 | 1,128 |
| Provision for Federal Income Taxes | 194 | 225 |
| Net Income | \$ 801 | \$ 903 |
| Basic Earnings Per Share | \$ 0.17 | \$ 0.20 |

| | | | | |
|----------------------------|----|------|----|------|
| Diluted Earnings Per Share | \$ | 0.17 | \$ | 0.20 |
| Dividends per share | \$ | 0.14 | \$ | 0.13 |

See Notes to Condensed Consolidated Financial Statements

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United Bancorp, Inc.

Condensed Consolidated Statements of Comprehensive Income
For the Three Months Ended March 31, 2009 and 2008

(In thousands)

(Unaudited)

| | 2009 | 2008 |
|---|------------|----------|
| Net Income | \$ 801 | \$ 903 |
| Other comprehensive income, net of related tax effects: | | |
| Unrealized holding gains on securities during the period, net of taxes of \$22 and \$461 in 2009 and 2008, respectively | 42 | 894 |
| Comprehensive Income | \$ 843 | \$ 1,797 |
| Accumulated Other Comprehensive (Loss) Income | \$ (1,052) | \$ 394 |

See Notes to Condensed Consolidated Financial Statements

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United Bancorp, Inc.

Condensed Consolidated Statements of Cash Flows
For the Three Months Ended March 31, 2009 and 2008

(In thousands)

(Unaudited)

| | 2009 | 2008 |
|---|----------|----------|
| Operating Activities | | |
| Net income | \$ 801 | \$ 903 |
| Items not requiring (providing) cash | | |
| Depreciation and amortization | 174 | 134 |
| Amortization of intangible asset | 38 | — |
| Provision for loan losses | 324 | 168 |
| Provision for losses on foreclosed real estate | — | 155 |
| Amortization of premiums and discounts on securities, net | 23 | 20 |
| Gain on sale of loans | (13) | (14) |
| Increase in value of bank-owned life insurance | (91) | (55) |
| Amortization of mortgage servicing rights | 14 | 21 |
| Gain on sale of foreclosed real estate | (43) | (3) |
| Net change in accrued interest receivable and other assets | 405 | (1,095) |
| Net change in accrued expenses and other liabilities | (2,292) | 617 |
| Net cash (used in) provided by operating activities | (660) | 851 |
| Investing Activities | | |
| Securities available for sale: | | |
| Maturities, prepayments and calls | 23,499 | 34,149 |
| Purchases | (27,151) | (26,453) |
| Net change in loans | 1,286 | 587 |
| Purchase of certificates of deposit in other financial institutions | (16,084) | — |
| Proceeds from sale of real estate owned | 163 | 3 |
| Purchases of premises and equipment | (210) | (140) |
| Net cash (used in) provided by investing activities | (18,497) | 8,146 |

See Notes to Condensed Consolidated Financial Statements

United Bancorp, Inc.

Condensed Consolidated Statements of Cash Flows (continued)
 For the Three Months Ended March 31, 2009 and 2008
 (In thousands)
 (Unaudited)

| | 2009 | 2008 |
|---|------------------|------------------|
| Financing Activities | | |
| Net change in deposits | \$ (302) | \$ 4,778 |
| Net change in short-term borrowings | 4,619 | (10,572) |
| Net change in long-term debt | (155) | 324 |
| Cash dividends paid | (704) | (649) |
| Proceeds from purchase of shares by Dividend Reinvestment Plan | 112 | 99 |
| Shares purchased for deferred compensation plan | — | 102 |
| Treasury stock purchases | (89) | (57) |
| Net cash provided by (used in) financing activities | 3,481 | (5,975) |
| (Decrease) Increase in Cash and Cash Equivalents | (15,676) | 3,022 |
| Cash and Cash Equivalents, Beginning of Period | 31,469 | 12,324 |
| Cash and Cash Equivalents, End of Period | \$ 15,793 | \$ 15,346 |
| Supplemental Cash Flows Information | | |
| Interest paid on deposits and borrowings | \$ 2,112 | \$ 3,289 |
| Supplemental Disclosure of Non-Cash Investing and Financing Activities | | |
| Transfers from loans to real estate and other repossessed assets | \$ 436 | \$ 131 |
| Recognition of mortgage servicing rights | \$ — | \$ 26 |
| Unrealized gains on securities designated as available for sale, net of related tax effects | \$ 42 | \$ 894 |
| Recognition of liability related to adoption of EITF Issue 06-4 on split dollar life insurance policies | \$ — | \$ 1,005 |

See Notes to Condensed Consolidated Financial Statements

United Bancorp, Inc.

Notes to Condensed Consolidated Financial Statements
For the Three Months Ended March 31, 2009 and 2008

Note 1: Summary of Significant Accounting Policies

These interim financial statements are prepared without audit and reflect all adjustments which, in the opinion of management, are necessary to present fairly the financial position of United Bancorp, Inc. (“Company”) at March 31, 2009, and its results of operations and cash flows for the three month periods presented. All such adjustments are normal and recurring in nature. The accompanying condensed consolidated financial statements have been prepared in accordance with the instructions for Form 10-Q and, therefore, do not purport to contain all the necessary financial disclosures required by accounting principles generally accepted in the United States of America that might otherwise be necessary in the circumstances and should be read in conjunction with the Company’s consolidated financial statements and related notes for the year ended December 31, 2008 included in its Annual Report on Form 10-K. Reference is made to the accounting policies of the Company described in the Notes to the Consolidated Financial Statements contained in its Annual Report on Form 10-K. The results of operations for the three months ended March 31, 2009, are not necessarily indicative of the results to be expected for the full year. The condensed consolidated balance sheet of the Company as of December 31, 2008 has been derived from the audited consolidated balance sheet of the Company as of that date.

Principles of Consolidation

The consolidated financial statements include the accounts of United Bancorp, Inc. (“United” or “the Company”) and its wholly-owned subsidiary, The Citizens Savings Bank of Martins Ferry, Ohio (“the Bank” or “Citizens”). The Company operates in two divisions, The Community Bank, a division of The Citizens Savings Bank and The Citizens Bank, a division of The Citizens Savings Bank. All intercompany transactions and balances have been eliminated in consolidation.

On September 19, 2008, Citizens acquired from the Federal Deposit Insurance Corporation (“FDIC”) the deposits of three banking offices of a failed institution in Belmont County, Ohio. Deposits acquired totaled approximately \$39.3 million. These acquired deposits included approximately \$9.0 million of brokered deposits that were originated by the prior financial institution. Immediately after the acquisition, the Company lowered the interest rates on these brokered deposits and as anticipated these deposit accounts were closed by December 31, 2008.

Nature of Operations

The Company’s revenues, operating income, and assets are almost exclusively derived from banking. Accordingly, all of the Company’s banking operations are considered by management to be aggregated in one reportable operating segment. Customers are mainly located in Athens, Belmont, Carroll, Fairfield, Harrison, Hocking, Jefferson, and Tuscarawas Counties and the surrounding localities in northeastern, east-central and southeastern Ohio, and include a wide range of individuals, businesses and other organizations. The Citizens Bank division conducts its business through its main office in Martins Ferry, Ohio and twelve branches in Bridgeport, Colerain, Dellroy, Dillonvale, Dover, Jewett, New Philadelphia, St. Clairsville East, Saint Clairsville West, Sherrodsville, Strasburg, and Tiltonsville, Ohio. The Community Bank division conducts its business through its main office in Lancaster, Ohio and seven offices in Amesville, Glouster, Lancaster, and Nelsonville, Ohio. The Company’s primary deposit products are checking, savings, and term certificate accounts, and its primary lending products are residential mortgage, commercial, and installment loans. Substantially all loans are secured by specific items of collateral including business assets, consumer assets and real estate and are not considered “sub prime” type loans.

United Bancorp, Inc.

Notes to Condensed Consolidated Financial Statements
For the Three Months Ended March 31, 2009 and 2008

Commercial loans are expected to be repaid from cash flow from operations of businesses. Real estate loans are secured by both residential and commercial real estate. Net interest income is affected by the relative amount of interest-earning assets and interest-bearing liabilities and the interest received or paid on these balances. The level of interest rates paid or received by the Company can be significantly influenced by a number of environmental factors, such as governmental monetary policy, that are outside of management's control.

Use of Estimates

To prepare financial statements in conformity with accounting principles generally accepted in the United States of America, management makes estimates and assumptions based on available information. These estimates and assumptions affect the amounts reported in the financial statements and the disclosures provided and future results could differ. The allowance for loan losses and fair values of financial instruments are particularly subject to change.

Allowance for Loan Losses

The allowance for loan losses is a valuation allowance for probable incurred credit losses, increased by the provision for loan losses and decreased by charge-offs less recoveries. Management estimates the allowance balance required based on past loan loss experience, the nature and volume of the portfolio, information about specific borrower situations and estimated collateral values, economic conditions and other factors. Allocations of the allowance may be made for specific loans, but the entire allowance is available for any loan that, in management's judgment, should be charged-off. Loan losses are charged against the allowance when management believes the uncollectibility of a loan balance is confirmed. The Company accounts for impaired loans in accordance with Statement of Financial Accounting Standards ("SFAS") No. 114, "Accounting for Creditors for Impairment of a Loan." SFAS 114 requires that impaired loans be measured based upon the present value of expected future cash flows discounted at the loan's effective interest rate or, as an alternative, at the loan's observable market price or fair value of the collateral. A loan is defined under SFAS No. 114 as impaired when, based on current information and events, it is probable that a creditor will be unable to collect all amounts due according to the contractual terms of the loan agreement. In applying the provisions of SFAS No. 114, the Company considers its investment in one-to-four family residential loans and consumer installment loans to be homogenous and therefore excluded from separate identification for evaluation of impairment. With respect to the Company's investment in nonresidential and multi-family residential real estate loans, and its evaluation of impairment thereof, such loans are generally collateral dependent and, as a result, are carried as a practical expedient at the fair value of the collateral.

Collateral dependent loans which are more than ninety days delinquent are considered to constitute more than a minimum delay in repayment and are evaluated for impairment under SFAS No. 114 at that time.

United Bancorp, Inc.

Notes to Condensed Consolidated Financial Statements
For the Three Months Ended March 31, 2009 and 2008

Earnings Per Share

Basic earnings per common share is computed based upon the weighted-average number of common shares outstanding during the period, less shares in the ESOP which are unallocated and not committed to be released. At March 31, 2009 and 2008, the ESOP held 283,635 and 307,274 unallocated shares, respectively, which were not included in weighted-average common shares outstanding. Diluted earnings per common share include the dilutive effect of additional potential common shares issuable under the Company's stock option plans.

| | Three months ended March 31, | |
|--|---------------------------------|-----------|
| | 2009 | 2008 |
| Basic | | |
| Net income (In thousands) | \$ 801 | \$ 903 |
| Weighted average common shares outstanding | 4,600,174 | 4,572,057 |
| Basic earnings per common share | \$ 0.17 | \$ 0.20 |
| Diluted | | |
| Net income (In thousands) | \$ 801 | \$ 903 |
| Weighted average common shares outstanding for basic earnings per common share | 4,600,174 | 4,572,057 |
| Add: Dilutive effects of assumed exercise of stock options | — | — |
| Average shares and dilutive potential common shares | 4,600,174 | 4,572,057 |
| Diluted earnings per common share | \$ 0.17 | \$ 0.20 |

Options to purchase 55,529 shares of common stock at a weighted-average exercise price of \$10.34 per share were outstanding at both March 31, 2009 and 2008, but were not included in the computation of diluted earnings per share because the options' exercise price was greater than the average market price of the common shares.

United Bancorp, Inc.

Notes to Condensed Consolidated Financial Statements
For the Three Months Ended March 31, 2009 and 2008

Income Taxes

The Company is subject to income taxes in the U.S. federal jurisdiction, as well as various state jurisdictions. Tax regulations within each jurisdiction are subject to the interpretation of the related tax laws and regulations and require significant judgment to apply. With few exceptions, the Company is no longer subject to U.S. federal, state and local income tax examinations by tax authorities for the years before 2005.

Recent Accounting Pronouncements

In December 2007, the FASB issued SFAS No. 141 (revised 2007), "Business Combinations," which replaces SFAS No. 141. The Statement applies to all transactions or other events in which one entity obtains control of one or more businesses. It requires all assets acquired, liabilities assumed and any noncontrolling interest to be measured at fair value at the acquisition date. The Statement requires certain costs such as acquisition-related costs that were previously recognized as a component of the purchase price, and expected restructuring costs that were previously recognized as an assumed liability, to be recognized separately from the acquisition as an expense when incurred.

SFAS No. 141(R) applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008 and may not be applied before that date. Management adopted SFAS No. 141(R) effective January 1, 2009, as required, without material effect on the Company's financial statements.

Concurrent with SFAS No. 141 (revised 2007), the FASB recently issued SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements, an Amendment of ARB 51." SFAS No. 160 amends ARB 51 to establish accounting and reporting standards for the noncontrolling interest (formerly known as minority interest) in a subsidiary and for the deconsolidation of a subsidiary. A subsidiary, as defined by SFAS No. 160, includes a variable interest entity that is consolidated by a primary beneficiary.

A noncontrolling interest in a subsidiary, previously reported in the statement of financial position as a liability or in the mezzanine section outside of permanent equity, will be included within consolidated equity as a separate line item upon the adoption of SFAS No. 160. Further, consolidated net income will be reported at amounts that include both the parent (or primary beneficiary) and the noncontrolling interest with separate disclosure on the face of the consolidated statement of income of the amounts attributable to the parent and to the noncontrolling interest.

SFAS No. 160 is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008. Management adopted SFAS No. 160 effective January 1, 2009, as required, without material effect on the Company's financial statements.

United Bancorp, Inc.

Notes to Condensed Consolidated Financial Statements
For the Three Months Ended March 31, 2009 and 2008

In April 2009, the Financial Accounting Standards Board (FASB) issued three new FASB Staff Positions (FSPs) to address: (1) determining whether a market is not active and a transaction is not orderly, (2) recognition and presentation of other-than-temporary impairments and (3) interim disclosures of fair value of financial instruments, as follows:

FASB Staff Position (FSP) 157-4 “Determining When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly,” addresses the criteria to be used in the determination of an active market in determining whether observable transactions are Level 1 or Level 2 under the framework established by FAS 157. The FSP reiterates fair value is based on the notion of exit price in an orderly transaction between willing market participants at the valuation date. The FSP is effective for interim and annual periods ending after June 15, 2009, with early adoption permitted for periods ending after March 15, 2009.

In addition, the FASB issued FSP 115-2 and 124-2 “Recognition and Presentation of Other-Than-Temporary Impairments.” The FASB has concluded that changes were necessary to the process for determining whether impairment on debt securities is other-than-temporary. The FSP replaces the requirement that an entity’s management must assert it has both the intent and the ability to hold an impaired debt security until recovery with a requirement that management assert:

- It does not have the intent to sell the security; and
- It is more-likely-than-not it will not have to sell the security before recovery of its amortized cost basis less any current period credit losses

If those two assertions are true, only the portion of the impairment due to credit loss is recorded in income. Other portions of the impairment (any portions not related to credit loss) are recorded in other comprehensive income. Credit loss is defined in the FSP as the difference between the present value of the cash flows expected to be collected and the amortized cost basis. If the present value of cash flows expected to be collected is less than the amortized cost basis of the security, the entire amortized cost basis of the security will not be recovered (that is, a credit loss exists) and an other-than-temporary impairment shall be considered to have occurred and the portion of the loss attributable to the credit loss is recorded in net income. The FSP is effective for interim and annual periods ending after June 15, 2009, with early adoption permitted for periods ending after March 15, 2009.

Finally, the FASB issued FSB 107-1 and APB 28-1 “Interim Disclosures About Fair Values of Financial Instruments.” This FSP requires publicly traded companies to include disclosures about fair value in interim financial statements for all financial instruments within the scope of FAS 107. The specific disclosures required include the method(s) and significant assumptions used to estimate the fair value of financial instruments, as well as changes in those methods and assumptions, and the carrying values of those instruments. The disclosures must clearly identify how the carrying value reported in the disclosures relates to what is reported in the statement of financial position. The FSP is effective for interim and annual periods ending after June 15, 2009, with early adoption permitted for periods ending after March 15, 2009.

Management is currently evaluating the provisions of the three FSPs, but does not expect the adoption to have a material effect on the Company’s financial statements.

United Bancorp, Inc.

Notes to Condensed Consolidated Financial Statements
For the Three Months Ended March 31, 2009 and 2008

Note 2: Allowance for Loan Losses

The activity in the allowance for loan losses was as follows:

| | Three months ended March 31, | |
|------------------------------------|---------------------------------|----------|
| | 2009 | 2008 |
| | (In thousands) | |
| Beginning balance | \$ 2,770 | \$ 2,447 |
| Provision for loan losses | 324 | 168 |
| Loans charged-off | (140) | (122) |
| Recoveries of previous charge-offs | 47 | 47 |
| Ending balance | \$ 3,001 | \$ 2,540 |

The Company's impaired loans totaled \$7.2 million and \$7.5 million at March 31, 2009 and December 31, 2008, respectively. The Company reviews each impaired loan to determine whether a specific allowance for loan loss is necessary. Based upon this review, an allowance for loan losses of \$1.5 million and \$1.5 million relates to impaired loans of \$5.2 million and \$5.5 million, at March 31, 2009 and December 31, 2008, respectively. At both March 31, 2009 and December 31, 2008, impaired loans of \$2.0 million had no related allowance for loan losses.

Interest income of \$15,700 and \$10,000 was recognized on average impaired loans of \$7.4 million and \$3.9 million for the three months ended March 31, 2009 and 2008, respectively. Interest income was recognized on impaired loans on a cash basis for each of the three months ended March 31, 2009 and 2008.

At March 31, 2009 and December 31, 2008, accruing loans delinquent 90 days or more (including impaired loans of \$1.3 million at March 31, 2009 and \$1.1 million at December 31, 2008) totaled \$2.4 million and \$1.6 million, respectively. Non-accruing loans at March 31, 2009 and December 31, 2008 (including impaired loans of \$5.1 million at March 31, 2009 and \$4.9 million at December 31, 2008) were \$5.8 million and \$5.4 million, respectively.

United Bancorp, Inc.

Notes to Condensed Consolidated Financial Statements
For the Three Months Ended March 31, 2009 and 2008

Note 3: Benefit Plans

Pension expense includes the following:

| | Three months ended March 31, 2009 2008 (In thousands) | |
|---|---|-------|
| Service cost | \$ 57 | \$ 59 |
| Interest cost | 41 | 45 |
| Expected return on assets | (38) | (59) |
| Amortization of prior service cost, transition liability, net gain and plan amendment | 30 | 15 |
| Pension expense | \$ 90 | \$ 60 |

In addition to the Company's normal pension expense in the table above, during the three months ended March 31, 2008, the Company recorded an additional expense of approximately \$28,000 as certain participants in the Company's defined benefit plan were paid lump sum distributions from the plan. Management does not anticipate the Company will incur settlement accounting expense under the provisions of SFAS No. 88, during 2009.

Note 4: Off-Balance Sheet Activities

Some financial instruments, such as loan commitments, credit lines, letters of credit and overdraft protection, are issued to meet customer financing needs. These are agreements to provide credit or to support the credit of others, as long as conditions established in the contracts are met, and usually have expiration dates. Commitments may expire without being used. Off-balance sheet risk to credit loss exists up to the face amount of these instruments, although material losses are not anticipated. The same credit policies are used to make such commitments as are used for loans, including obtaining collateral at exercise of the commitment.

A summary of the notional or contractual amounts of financial instruments with off-balance sheet risk at the indicated dates is as follows:

| | March 31, 2009 (Unaudited) | December 31, 2008 |
|-------------------------------------|----------------------------------|-------------------------|
| Commitments to extend credit | \$ 31,889 | \$ 26,110 |
| Credit card and ready reserve lines | 13,737 | 12,912 |
| Standby letters of credit | 720 | 820 |

United Bancorp, Inc.

Notes to Condensed Consolidated Financial Statements
For the Three Months Ended March 31, 2009 and 2008

Note 5: Fair Value Measurements

The Company accounts for fair value measurements in accordance with SFAS No. 157, which defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements.

SFAS No. 157 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. SFAS No. 157 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1 Quoted prices in active markets for identical assets or liabilities

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities

Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities

Following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis and recognized in the accompanying balance sheet, as well as the general classification of such instruments pursuant to the valuation hierarchy.

Available-for-sale Securities

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics or discounted cash flows. Level 2 securities include certain collateralized mortgage and debt obligations and certain municipal securities. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy and include other less liquid securities.

United Bancorp, Inc.

Notes to Condensed Consolidated Financial Statements
For the Three Months Ended March 31, 2009 and 2008

The following table presents the fair value measurements of assets and liabilities recognized in the accompanying balance sheet measured at fair value on a recurring basis and the level within the SFAS No. 157 fair value hierarchy in which the fair value measurements fall at March 31, 2009 and December 31, 2008:

| | Fair Value | Fair Value Measurements Using | | |
|-------------------------------|------------|---|---|--|
| | | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| (In thousands) | | | | |
| March 31, 2009 | | | | |
| Available-for-sale securities | \$ 133,100 | \$ — | \$ 133,100 | \$ — |
| December 31, 2008 | | | | |
| Available-for-sale securities | \$ 129,416 | \$ — | \$ 129,416 | \$ — |

Impaired Loans

Impaired loans consisted primarily of loans secured by nonresidential real estate. Management has determined fair value measurements on impaired loans primarily through evaluations of appraisals performed.

Mortgage Servicing Rights

Mortgage servicing rights do not trade in an active, open market with readily observable prices. Accordingly, fair value is estimated using discounted cash flow models. Due to the nature of the valuation inputs, mortgage servicing rights are classified within Level 3 of the hierarchy.

Foreclosed Assets Held for Sale

Assets acquired through, or in lieu of, loan foreclosure are held for sale and are initially recorded at fair value (based on current appraised value) at the date of foreclosure, establishing a new cost basis. Subsequent to foreclosure, valuations are periodically performed by management and the assets are carried at the lower of carrying amount or fair value less cost to sell. Management has determined fair value measurements on other real estate owned primarily through evaluations of appraisals performed, and current and past offers for the other real estate under evaluation.

United Bancorp, Inc.

Notes to Condensed Consolidated Financial Statements
For the Three Months Ended March 31, 2009 and 2008

The following table presents the fair value measurements of assets and liabilities measured at fair value on a nonrecurring basis and the level within the SFAS No. 157 fair value hierarchy in which the fair value measurements fall at March 31, 2009.

| | Fair Value | Fair Value Measurements Using | | |
|---------------------------------|------------|--|---|--|
| | | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| (In thousands) | | | | |
| March 31, 2009 | | | | |
| Impaired loans | \$ 1,522 | \$ — | \$ — | 1,522 |
| Foreclosed assets held for sale | 436 | — | — | 436 |
| December 31, 2008 | | | | |
| Impaired loans | \$ 4,856 | \$ — | \$ — | 4,856 |
| Mortgage servicing rights | 394 | — | — | 394 |
| Foreclosed assets held for sale | 208 | — | — | 208 |

United Bancorp, Inc.

Management's Discussion and Analysis of Financial
Condition and Results of Operations

ITEM 2

The following discusses the financial condition of the Company as of March 31, 2009, as compared to December 31, 2008, and the results of operations for the three months ended March 31, 2009, compared to the same period in 2008. This discussion should be read in conjunction with the interim condensed consolidated financial statements and related footnotes included herein.

Introduction

The Company's net interest margin of 4.05% for the three months ended March 31, 2009, generated an increase of approximately \$322,000 in net interest income over the same period in 2008. This increase is a result of our interest expense decreasing at a faster pace than our interest income. However, as a result of the increased level of loan loss provision and the additional overhead from the Company's September 19, 2008 purchase of branches of a failed bank from the Federal Deposit Insurance Corporation, the Company's net income decreased 11.3% for the three months ended March 31, 2009.

We believe the Company's strong results of operations, as compared to our peer group, for the three months ended March 31, 2009 are a result of several factors, including: (1) reductions by the Federal Reserve in prior periods of short term interest rates; (2) enhanced service charge income on deposit accounts; and (3) the additional low cost of funds from the failed bank branch acquisition. As a result of previous reductions in short term interest rates by the Federal Reserve, we are projecting the Company's net interest margin to remain stable in 2009.

As previously mentioned, with the acquisition of three new offices on September 19th from the FDIC as receiver, we added additional staffing at our customer service and operation levels. With extremely short notice, our expanded team worked diligently to convert these three offices to our systems in just 60 days, adding 6500 new accounts, three new ATM's and a much needed brick and mortar branch office with drive thru, safe deposit boxes and night drop to complement our Riesbeck's In-Store location in St. Clairsville, in addition to new locations in Tiltonsville and Dillonvale, Ohio.

Forward-Looking Statements

When used in this document, the words or phrases "will likely result," "are expected to," "will continue," "is anticipated," "estimated," "projected" or similar expressions are intended to identify "forward looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are subject to certain risks and uncertainties including changes in economic conditions in the Bank's market areas, changes in policies by regulatory agencies, fluctuations in interest rates, demand for loans in the Bank's market areas and competition, that could cause actual results to differ materially from historical earnings and those presently anticipated or projected. Factors listed above could affect the Company's financial performance and could cause the Company's actual results for future periods to differ materially from any statements expressed with respect to future periods.

The Company is not aware of any trends, events or uncertainties that will have or are reasonably likely to have a material effect on its financial condition, results of operations, liquidity or capital resources except as discussed herein. The Company is not aware of any current recommendation by regulatory authorities that would have such effect if implemented except as discussed herein.

United Bancorp, Inc.

Management's Discussion and Analysis of Financial
Condition and Results of Operations

The Company does not undertake, and specifically disclaims any obligation, to publicly revise any forward-looking statements to reflect events or circumstances after the date such statements were made or to reflect the occurrence of anticipated or unanticipated events.

Current Economic Conditions

The current economic environment presents financial institutions with unprecedented circumstances and challenges which in some cases have resulted in large declines in the fair values of investments and other assets, constraints on liquidity and significant credit quality problems, including severe volatility in the valuation of real estate and other collateral supporting loans. The consolidated financial statements have been prepared using values and information currently available to the Company.

Given the volatility of current economic conditions, the values of assets and liabilities recorded in the financial statements could change rapidly, resulting in material future adjustments in asset values, the allowance for loan losses, capital that could negatively impact the Company's ability to meet regulatory capital requirements and maintain sufficient liquidity.

Legislative Development

In February 2009, the Board of Directors of the Federal Deposit Insurance Corporation (FDIC) voted to amend the restoration plan for the Deposit Insurance Fund (DIF). The amended restoration plan extended the period of time to raise the DIF reserve ratio to 1.15 percent from five to seven years. The amended restoration plan also includes a final rule that sets assessment rates. Under this final rule, beginning on April 1, 2009 the Company expects the FDIC premium assessed to the Company to increase.

The Board of the FDIC also adopted an interim rule imposing a 20 basis point special assessment on insured institutions as of June 30, 2009 which will be payable on September 30, 2009. The interim rule would also allow the assessment of additional special assessments of up to 10 basis points after June 30, 2009 as deemed necessary. On March 5, 2009, the FDIC announced its intention to cut the agency's planned special emergency assessment in half, from 20 to 10 basis points, provided that Congress clears legislation expanding the FDIC's line of credit with Treasury to \$100 billion.

While the Company has not fully evaluated the impact the increased assessment rates and the pending special assessment will have on the 2009 financial results, it is anticipated the impact will be material to the 2009 results of operations.

Critical Accounting Policies

Management makes certain judgments that affect the amounts reported in the financial statements and footnotes. These estimates, assumptions and judgments are based on information available as of the date of the financial statements, and as this information changes, the financial statements could reflect different estimates, assumptions, and judgment.

The procedures for assessing the adequacy of the allowance for loan losses reflect our evaluation of credit risk after careful consideration of all information available to management. In developing this assessment, management must rely on estimates and exercise judgment regarding matters where the ultimate outcome is unknown such as economic

factors, developments affecting companies in specific industries and issues with respect to single borrowers. Depending on changes in circumstances, future assessments of credit risk may yield materially different results, which may require an increase or a decrease in the allowance for loan losses.

United Bancorp, Inc.

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The allowance is regularly reviewed by management and the board to determine whether the amount is considered adequate to absorb probable losses. This evaluation includes specific loss estimates on certain individually reviewed loans, statistical loss estimates for loan pools that are based on historical loss experience, and general loss estimates that are based on the size, quality and concentration characteristics of the various loan portfolios, adverse situations that may affect a borrower's ability to repay and current economic and industry conditions. Also considered as part of that judgment is a review of the Bank's trend in delinquencies and loan losses, and economic factors.

The allowance for loan losses is maintained at a level believed adequate by management to absorb probable loan losses inherent in the loan portfolio. Management's evaluation of the adequacy of the allowance is an estimate based on management's current judgment about the credit quality of the loan portfolio. While the Company strives to reflect all known risk factors in its evaluation, judgment errors may occur.

Analysis of Financial Condition

Earning Assets – Loans

At March 31, 2009, gross loans were \$236.4 million, compared to \$238.2 million at December 31, 2008, a decrease of \$1.8 million or 0.8%. The overall reduction in the loan portfolio was driven by a \$1.2 million decrease in commercial and commercial real estate loans since December 31, 2008.

Installment loans represented 16.2% of total loans at March 31, 2009, and 16.1% at December 31, 2008. This indirect lending type of financing carries somewhat more risk than real estate lending; however, it also provides for higher yields. Installment loans have decreased \$630,000, or 1.7%, since December 31, 2008. The targeted lending areas encompass four separate metropolitan areas, minimizing the risk to changes in economic conditions in the communities housing the Company's 20 branch locations.

Commercial and commercial real estate loans comprised 58.6% of total loans at March 31, 2009, compared to 58.8% at December 31, 2008. Commercial and commercial real estate loans have decreased \$1.2 million, or 0.8% since December 31, 2008. The Company has originated and purchased participations in loans from other banks for out-of-area commercial and commercial real estate loans to benefit from consistent economic growth outside the Company's primary market area, but all within the state of Ohio.

Real estate loans were 25.2% of total loans at March 31, 2009 and 25.1% at December 31, 2008. Real estate loans have increased by \$9,000 since December 31, 2008. Real estate lending for the three months of 2009 has been slow with respect to the Company's adjustable-rate mortgage products. As of March 31, 2009, the Bank has approximately \$32.9 million in fixed-rate loans that have been sold in the secondary market. The Company continues to service these loans for a fee that is typically 25 basis points. At March 31, 2009, the Company did not hold any loans for sale.

The allowance for loan losses represents the amount which management and the Board of Directors estimates is adequate to provide for probable losses inherent in the loan portfolio. The allowance balance and the provision charged to expense are reviewed by management and the Board of Directors monthly using a risk evaluation model that considers borrowers' past due experience, economic conditions and various other circumstances that are subject to change over time. Management believes the current balance of the allowance for loan losses is adequate to absorb probable incurred credit losses associated with the loan portfolio. Net charge-offs for the three months ended March 31, 2009 were approximately \$93,000, or 3.4%, of the beginning balance in the allowance for loan losses.

United Bancorp, Inc.

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Earning Assets - Securities and Federal Funds Sold

The securities portfolio is comprised of U.S. Government agency-backed securities, tax-exempt obligations of states and political subdivisions and certain other investments. The Company does not hold any collateralized mortgage-backed securities or derivative securities other than those issued by U.S. government agencies. Securities available for sale at March 31, 2009 increased approximately \$3.7 million, or 2.8%, from December 31, 2008 totals. With the overall decreasing interest rate environment, the Company has experienced a high level of called bond activity during the first three months of 2009. While the Company has plans to reinvest a portion of these funds in other available-for-sale securities, there is lag between the time when bonds are called and the right investment opportunity is available to the Company. Also given the historically low interest rate environment at present, the Company has implemented a strategy to invest in short term certificates of deposit ("CD's") of other financial institutions. These CD's are fully insured by the Federal Deposit Insurance Corporation and offer an alternative to investing in longer term U.S Government agency-backed securities. As of March 31, 2009, the Company had approximately \$16.1 million of CD's with an average yield of 2.23% and an average term to maturity of 179 days.

Sources of Funds – Deposits

The Company's primary source of funds is core deposits from retail and business customers. These core deposits include all categories of interest-bearing and noninterest-bearing deposits, excluding certificates of deposit greater than \$100,000. For the period ended March 31, 2009, total core deposits increased approximately \$281,000, or 0.09%. The Company's savings accounts increased \$2.4 million, or 5.9%, from December 31, 2008 totals. The Company's interest-bearing demand deposits decreased \$3.1 million, or 2.6%, noninterest-bearing demand deposits decreased \$1.4 million, or 5.8%, while certificates of deposit under \$100,000 increased by \$1.7 million, or 1.5%.

The Company has a strong deposit base from public agencies, including local school districts, city and township municipalities, public works facilities and others that may tend to be more seasonal in nature resulting from the receipt and disbursement of state and federal grants. These entities have maintained fairly static balances with the Company due to various funding and disbursement timeframes.

Certificates of deposit greater than \$100,000 are not considered part of core deposits and as such are used to balance rate sensitivity as a tool of funds management. At March 31, 2009, certificates of deposit greater than \$100,000 decreased \$581,000, or 1.3%, from December 31, 2008 totals.

Sources of Funds - Securities Sold under Agreements to Repurchase and Other Borrowings

Other interest-bearing liabilities include securities sold under agreements to repurchase, sweep accounts, federal funds purchased, Treasury, Tax and Loan notes payable and Federal Home Loan Bank ("FHLB") advances. The majority of the Company's repurchase agreements are with local school districts and city and county governments. The Company's short-term borrowings increased approximately \$4.6 million from December 31, 2008 totals.

United Bancorp, Inc.
Management's Discussion and Analysis of Financial
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Results of Operations for the Three Months Ended March 31, 2009 and 2008

Net Income

Basic and diluted earnings per share for the three months ended March 31, 2009 totaled \$0.17 compared with \$0.20 for the three months ended March 31, 2008, a decrease of 15.0%. In dollars, the Company's net income was \$801,000 for the three months ended March 31, 2009, a decrease of \$102,000, or 11.3% compared net income of \$903,000 for the same quarter in 2008.

Net Interest Income

Net interest income, by definition, is the difference between interest income generated on interest-earning assets and the interest expense incurred on interest-bearing liabilities. Various factors contribute to changes in net interest income, including volumes, interest rates and the composition or mix of interest-earning assets in relation to interest-bearing liabilities. Net interest income increased 9.2%, or \$322,000, for the three months ended March 31, 2009 compared to the same period in 2008, due primarily to the effects of decreasing interest rates in the economy, which resulted in a lower cost of funds on depository products during the three months ended March 31, 2009.

Provision for Loan Losses

The provision for loan losses was \$324,000 for the three months ended March 31, 2009, compared to \$168,000 for the same period in 2008. The increase in loan loss provision for the three-month period ended March 31, 2009, was based upon an increase in nonperforming loans and consideration of the economic challenges facing the banking industry.

Noninterest Income

Total noninterest income is made up of bank related fees and service charges, as well as other income producing services provided, sales of loans in the secondary market, ATM income, early redemption penalties for certificates of deposit, safe deposit rental income, internet bank service fees, earnings on bank-owned life insurance and other miscellaneous items.

Noninterest income for the three months ended March 31, 2009 was \$789,000, an increase of \$33,000 or 4.4%, compared to \$756,000 for the same three-month period ended March 31, 2008. During the three-months ended March 31, 2009, the increase in noninterest income was primarily driven by an increase in customer service fees of approximately \$21,000 and an increase in gains on sale of foreclosed real estate of approximately \$40,000.

United Bancorp, Inc.
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Noninterest Expense

Noninterest expense was \$3.3 million for the three months ended March 31, 2009, an increase of \$332,000, or 11.1%, over the three months ended March 31, 2008. The Company has experienced an overall increase in noninterest expense due to the September 2008 acquisition of branches of a failed bank. With this acquisition the Company expanded from 17 to 20 offices and as a result increased staff and general overhead from this expansion. Salaries and employee benefit expense increased \$143,000, or 9.7%, for the period ended March 31, 2009 over the same period in 2008. This increase was primarily due to normal merit increases, increased incentive award and ESOP expenses. Professional fees increased \$37,000 for the first quarter of 2009 over the same period in 2008. It is anticipated this trend will continue for the remainder of 2009 as the Company is working out of several problem credit situations. Occupancy and equipment expense increased \$79,000, or 24.5% for the first quarter of 2009 over the same period in 2008. Increased depreciation expense on computer hardware and software and related service maintenance was the primary reason for the increase. Stationary and office supplies increased \$16,000 for the first quarter of 2009 over the same period in 2008.

Federal Income Taxes

The provision for federal income taxes was \$194,000 for the three months ended March 31, 2009, a decrease of \$31,000 compared to the same period in 2008. The decrease in tax expense was due primarily to a \$133,000 decrease in pretax income. The effective tax rate was 19.5% and 19.9% for the three months ended March 31, 2009 and 2008, respectively.

Capital Resources

Internal capital growth, through the retention of earnings, is the primary means of maintaining capital adequacy for the Company. Stockholders' equity, totaled \$34.1 million at March 31, 2009 compared to \$33.9 million at December 31, 2008, a \$162,000 increase. Total stockholders' equity in relation to total assets was 7.7% at both March 31, 2009 and December 31, 2008. In 2001, our shareholders approved an amendment to the Company's Articles of Incorporation to create a class of preferred shares with 2,000,000 authorized shares. This enables the Company, at the option of the Board of Directors, to issue series of preferred shares in a manner calculated to take advantage of financing techniques which may provide a lower effective cost of capital to the Company. The amendment also provides greater flexibility to the Board of Directors in structuring the terms of equity securities that may be issued by the Company. Although this preferred stock is a financial tool, it has not been utilized to date.

The Company has a Dividend Reinvestment Plan ("The Plan") for shareholders under which the Company's common stock will be purchased by the Plan for participants with automatically reinvested dividends. The Plan does not represent a change in the Company's dividend policy or a guarantee of future dividends.

The Company is subject to the regulatory requirements of The Federal Reserve System as a bank holding company. The Bank is subject to regulations of the FDIC and the State of Ohio, Division of Financial Institutions. The most important of these various regulations address capital adequacy.

United Bancorp, Inc.
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The minimums related to such capital requirements are:

| | Total Capital To Risk-Weighted Assets | Tier 1 Capital To Risk-Weighted Assets | Tier 1 Capital To Average Assets |
|------------------------|--|---|---|
| Well capitalized | 10.00% | 6.00% | 5.00% |
| Adequately capitalized | 8.00% | 4.00% | 4.00% |
| Undercapitalized | 6.00% | 3.00% | 3.00% |

The following table illustrates the Company's well-capitalized classification at March 31, 2009.

| | March 31, 2009 (Unaudited) (Dollars in thousands) |
|----------------------------------|---|
| Tier 1 capital | \$ 37,977 |
| Total risk-based capital | 40,978 |
| Risk-weighted assets | 270,408 |
| Average total assets | 446,085 |
| Total risk-based capital ratio | 15.15% |
| Tier 1 risk-based capital ratio | 14.04% |
| Tier 1 capital to average assets | 8.51% |

Liquidity

Management's objective in managing liquidity is maintaining the ability to continue meeting the cash flow needs of its customers, such as borrowings or deposit withdrawals, as well as its own financial commitments. The principal sources of liquidity are net income, loan payments, maturing securities and sales of securities available for sale, federal funds sold and cash and deposits with banks. Along with its liquid assets, the Company has additional sources of liquidity available to ensure that adequate funds are available as needed. These include, but are not limited to, the purchase of federal funds, the ability to borrow funds under line of credit agreements with correspondent banks, a borrowing agreement with the Federal Home Loan Bank of Cincinnati and the adjustment of interest rates to obtain depositors. Management feels that it has the capital adequacy and profitability to meet the current and projected liquidity needs of its customers.

United Bancorp, Inc.
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Inflation

Substantially all of the Company's assets and liabilities relate to banking activities and are monetary in nature. The consolidated financial statements and related financial data are presented in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). U.S. GAAP currently requires the Company to measure the financial position and results of operations in terms of historical dollars, with the exception of securities available for sale, certain impaired loans and certain other real estate and loans that may be measured at fair value. Changes in the value of money due to rising inflation can cause purchasing power loss.

Management's opinion is that movements in interest rates affect the financial condition and results of operations to a greater degree than changes in the rate of inflation. It should be noted that interest rates and inflation do affect each other, but do not always move in correlation with each other. The Company's ability to match the interest sensitivity of its financial assets to the interest sensitivity of its liabilities in its asset/liability management may tend to minimize the effect of changes in interest rates on the Company's performance.

ITEM 3 Quantitative and Qualitative Disclosures About Market Risk

There has been no significant change from disclosures included in the Company's Annual Report on Form 10-K for the year ended December 31, 2008.

ITEM 4. Controls and Procedures

The Company, under the supervision, and with the participation, of its management, including the Company's Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures pursuant to the requirements of Exchange Act Rule 13a-15. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective as of March 31, 2009, in timely alerting them to material information relating to the Company (including its consolidated subsidiary) required to be included in the Company's periodic SEC filings.

There was no change in the Company's internal control over financial reporting that occurred during the Company's fiscal quarter ended March 31, 2009 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

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

ITEM 1. Legal Proceedings

None, other than ordinary routine litigation incidental to the Company's business.

ITEM 1A. Risk Factors

There have been no material changes from risk factors as previously disclosed in Part 1 Item 1A of the Company's for 10K for the year ended December 31, 2008, filed on March 27, 2009.

ITEM 2. Unregistered Sales of Equity Securities and Use of Proceeds

ISSUER PURCHASES OF EQUITY SECURITIES

| Period | (a) Total Number of Shares (or Units) Purchased | (b) Average Price Paid Per Share (or Unit) | (c) | (d) |
|--------------------------------|--|--|--|---|
| | | | Total Number of Shares (or Units) Purchased as Part Of Publicly Announced Plans Or Programs | Maximum Number or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs |
| Month #1 1/1/2009 to 1/31/2009 | 9,501 | \$ 9.41 | 9,501 | \$ 1,734,810 |
| Month #2 2/1/2009 to 2/28/2009 | — | — | — | \$ 1,734,810 |
| Month #3 3/1/2009 to 3/31/2009 | — | — | — | \$ 1,734,810 |

United Bancorp maintains a stock repurchase program publicly announced by a press release issued on November 18, 2008, under which its Board of Directors authorized management to cause the Company to purchase up to \$2 million of its common shares over a two-year period. Such authorization will expire on November 18, 2010.

The Company adopted the United Bancorp, Inc. Affiliate Banks Directors and Officers Deferred Compensation Plan (the "Plan"), which is an unfunded deferred compensation plan. Amounts deferred pursuant to the Plan remain unrestricted assets of the Company, and the right to participate in the Plan is limited to members of the Board of Directors and Company officers. Under the Plan, eligible participants may defer fees and up to 50% of their annual incentive award payable to them by the Company, which are used to acquire common shares which are credited to a participant's respective account. Except in the event of certain emergencies, no distributions are to be made from any account as long as the participant continues to be an employee or member of the Board of Directors. Upon termination of service, the aggregate number of shares credited to the participant's account are distributed to him or her along with any cash proceeds credited to the account which have not yet been invested in the Company's stock. On January 20, 2009, the Company purchased a total of 10,818 common shares for participant accounts. No underwriting fees, discounts, or commissions are paid in connection with the Plan. The shares allocated to participant accounts have not been registered under the Securities Act of 1933 in reliance upon the exemption provided by Section 4(2) thereof.

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On June 27, 2008 UBCP was added to the Russell Microcap Index after the Russell Investment Group reconstituted its comprehensive set of U.S. and global equity indexes. Russell indexes are widely used by investment managers and institutional investors for both index funds and as benchmarks for passive and active investment strategies. UBCP will hold its membership until Russell reconstitutes its indexes in June 2009.

ITEM 3. Defaults Upon Senior Securities

Not applicable.

ITEM 4. Submission of Matters to A Vote of Security Holders

Not applicable

ITEM 5. Other Information

Not applicable.

ITEM 6. Exhibits

EX-3.1 Amended Articles of Incorporation of United Bancorp, Inc. (1)

EX-3.2 Amended Code of Regulations of United Bancorp, Inc. (2)

EX-4.0 Instruments Defining the Rights of Security Holders (See Exhibits 3.1 and 3.2)

EX 10.0 Purchase and Assumption Agreement dated September 18, 2008(3)

EX 31.1 Rule 13a-14(a) Certification – CEO

EX 31.2 Rule 13a-14(a) Certification – CFO

EX 32.1 Section 1350 Certification – CEO

EX 32.2 Section 1350 Certification – CFO

⁽¹⁾Incorporated by reference to Appendix B to the registrant's Definitive Proxy Statement filed with the Securities and Exchange Commission on March 14, 2001.

⁽²⁾Incorporated by reference to Appendix C to the registrant's Definitive Proxy Statement filed with the Securities and Exchange Commission on March 14, 2001.

⁽³⁾Incorporated by reference to Exhibit 2 to registrant's Form 8-K filed with the Securities and Exchange Commission on September 24, 2008

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

/s/ United Bancorp, Inc.

Date: May 15, 2009

By: /s/ James W. Everson
James W. Everson
Chairman, President and
Chief Executive Officer

Date: May 15, 2009

By: /s/ Randall M. Greenwood
Randall M. Greenwood
Senior Vice President, Chief Financial
Officer and Treasurer

Exhibit Index

| Exhibit No. | Description |
|-------------|---|
| 3.1 | Amended Articles of Incorporation of United Bancorp, Inc. incorporated by reference to Appendix B to the registrant's Definitive Proxy Statement filed with the Securities and Exchange Commission on March 14, 2001. |
| 3.2 | Amended Code of Regulations of United Bancorp, Inc. incorporated by reference to Appendix C to the registrant's Definitive Proxy Statement filed with the Securities and Exchange Commission on March 14, 2001. |
| 4.0 | Instruments Defining the Rights of Security Holders (See Exhibits 3.1 and 3.2) |
| 10.0 | Purchase and Assumption Agreement dated September 18, 2008 |
| 31.1 | Rule 13a-14(a) Certification – Principal Executive Officer |
| 31.2 | Rule 13a-14(a) Certification – Principal Financial Officer |
| 32.1 | Certification pursuant to 18 U.S.C. Section 1350, as enacted pursuant to Section 906 of The Sarbanes-Oxley act of 2002. |
| 32.2 | Certification pursuant to 18 U.S.C. Section 1350, as enacted pursuant to Section 906 of The Sarbanes-Oxley Act of 2002. |
