

UNITED BANCORP INC /OH/  
Form 10-Q  
August 13, 2013

**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 June 30, 2013

OR

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: 0-16540

**UNITED BANCORP, INC.**

(Exact name of registrant as specified in its charter)

Ohio

34-1405357

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(State or other jurisdiction of (IRS Employer Identification No.)  
incorporation or organization)

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 August 9, 2013, 5,362,807 shares of the Company's common stock, \$1.00 par value, were issued and outstanding.



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**ITEM 1. Financial Statements****United Bancorp, Inc.****Condensed Consolidated Balance Sheets****(In thousands, except share data)**

	June 30, 2013 (Unaudited)	December 31, 2012
Assets		
Cash and due from banks	\$ 5,080	\$ 4,889
Interest-bearing demand deposits	53,478	70,219
Cash and cash equivalents	58,558	75,108
Available-for-sale securities	28,004	34,853
Held-to-maturity securities	2,289	2,768
Loans, net of allowance for loan losses of \$3,268 and \$2,708 at June 30, 2013 and December 31, 2012, respectively	292,804	293,774
Premises and equipment	11,046	10,385
Federal Home Loan Bank stock	4,810	4,810
Foreclosed assets held for sale, net	2,350	1,810
Intangible assets	245	305
Accrued interest receivable	1,035	1,076
Deferred income taxes	1,250	887
Bank-owned life insurance	11,210	11,034
Other assets	988	1,544
Total assets	\$ 414,589	\$ 438,354
Liabilities and Stockholders' Equity		
Liabilities		
Deposits		
Demand	\$ 167,095	\$ 183,355
Savings	68,438	67,236
Time	88,479	99,825
Total deposits	326,012	350,416
Short-term borrowings	12,228	10,681
Federal Home Loan Bank advances	32,254	32,439
Subordinated debentures	4,000	4,000
Interest payable and other liabilities	3,671	4,192
Total liabilities	378,165	401,728

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 2013 – 5,375,304 shares, 2012 – 5,375,304 shares	5,375	5,375
Additional paid-in capital	17,593	17,425
Retained earnings	18,727	18,544
Stock held by deferred compensation plan; 2013 – 205,651 shares, 2012 – 195,965 shares	(1,847 )	(1,778 )
Unearned ESOP compensation	(1,742 )	(1,823 )
Accumulated other comprehensive loss	(1,581 )	(1,087 )
Treasury stock, at cost 2013 – 12,246 shares, 2012 – 2,496 shares	(101 )	(30 )
Total stockholders' equity	36,424	36,626
Total liabilities and stockholders' equity	\$ 414,589	\$ 438,354

See Notes to Condensed Consolidated Financial Statements

United Bancorp, Inc.

## Condensed Consolidated Statements of Income

(In thousands, except per share data)

(Unaudited)

	<b>Three months ended</b>		<b>Six months ended</b>	
	<b>June 30,</b>		<b>June 30,</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
Interest and dividend income				
Loans, including fees	\$ 3,972	\$ 4,161	\$ 7,969	\$ 8,379
Taxable securities	44	240	148	454
Non-taxable securities	118	160	234	355
Federal funds sold	37	18	77	28
Dividends on Federal Home Loan Bank stock and other	51	51	113	105
Total interest and dividend income	4,222	4,630	8,541	9,321
Interest expense				
Deposits				
Demand	26	31	54	61
Savings	7	18	15	35
Time	381	553	794	1,148
Borrowings	381	392	762	782
Total interest expense	795	994	1,625	2,026
Net interest income	3,427	3,636	6,916	7,295
Provision for loan losses	340	168	659	501
Net interest income after provision for loan losses	3,087	3,468	6,257	6,794
Noninterest income				
Service charges on deposit accounts	587	485	1,079	1,016
Realized gains on sales of loans	24	5	50	9
Realized losses on sales of foreclosed assets	(15 )	(14 )	(15 )	(6 )
Other income	201	201	423	398
Total noninterest income	797	677	1,537	1,417
Noninterest expense				
Salaries and employee benefits	1,682	1,651	3,415	3,322
Net occupancy and equipment expense	447	424	925	895
Provision for impairment on foreclosed real estate	10	52	10	52
Professional services	245	162	408	348
Insurance	74	63	137	124
Deposit insurance premiums	74	68	156	142
Franchise and other taxes	127	127	255	254
Advertising	103	86	225	156
Stationery and office supplies	45	45	90	112

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Amortization of intangible asset	30	29	59	59
Other expenses	497	473	1,062	950
Total noninterest expense	3,334	3,180	6,742	6,414
Income before federal income taxes	550	965	1,052	1,797
Federal income taxes	81	234	118	305
Net income	\$ 469	\$ 731	\$ 934	\$ 1,492
<b>EARNINGS PER COMMON SHARE</b>				
Basic	\$ 0.10	\$ 0.15	\$ 0.19	\$ 0.30
Diluted	\$ 0.09	\$ 0.15	\$ 0.19	\$ 0.30
<b>DIVIDENDS PER COMMON SHARE</b>				
	\$ 0.07	\$ 0.14	\$ 0.14	\$ 0.28

See Notes to Condensed Consolidated Financial Statements



United Bancorp, Inc.

Condensed Consolidated Statements of Comprehensive Income

(In thousands)

(Unaudited)

	Three months ended		Six months ended	
	June 30,		June 30,	
	2013	2012	2013	2012
Net income	\$ 469	\$ 731	\$ 934	\$ 1,492
Other comprehensive income, net of tax:				
Unrealized holding gains (losses) on securities during the period, net of taxes (benefits) of \$(217), \$57, \$(256) and \$(28) for each respective period	(420 )	111	(494 )	(55 )
Comprehensive income	\$ 49	\$ 842	\$ 440	\$ 1,437

See Notes to Condensed Consolidated Financial Statements

United Bancorp, Inc.

## Condensed Consolidated Statements of Cash Flows

(In thousands)

(Unaudited)

	Six months ended June 30,	
	2013	2012
<b>Operating Activities</b>		
Net income	\$934	\$1,492
Items not requiring (providing) cash		
Amortization of premiums and discounts on securities, net	(17 )	(38 )
Depreciation and amortization	473	472
Amortization of intangible asset	59	59
Expense related to share based compensation plans	100	105
Expense related to ESOP	81	107
Provision for loan losses	659	501
Provision for losses on foreclosed real estate	10	52
Increase in value of bank-owned life insurance	(176 )	(177 )
Gain on sale of loans	(50 )	(9 )
Proceeds from sale of loans	1,751	560
Loans originated for sale	(1,701 )	(551 )
Loss on sale of foreclosed assets	15	6
Amortization of mortgage servicing rights	12	33
Net change in accrued interest receivable and other assets	300	57
Net change in accrued expenses and other liabilities	(391 )	(323 )
<b>Net cash provided by operating activities</b>	<b>2,059</b>	<b>2,346</b>
<b>Investing Activities</b>		
Securities available for sale:		
Maturities, prepayments and calls	24,104	64,615
Purchases	(18,000)	(48,973)
Securities held to maturity:		
Maturities, prepayments and calls	490	765
Net change in loans	(333 )	3,732
Purchases of premises and equipment	(1,134 )	(1,154 )
Proceeds from sale of foreclosed assets	128	467
<b>Net cash provided by investing activities</b>	<b>5,255</b>	<b>19,452</b>

See Notes to Condensed Consolidated Financial Statements



United Bancorp, Inc.

Condensed Consolidated Statements of Cash Flows (continued)

(In thousands)

(Unaudited)

	Six months ended June 30,	
	2013	2012
<b>Financing Activities</b>		
Net change in deposits	\$(24,404)	\$7,575
Net change in short-term borrowings	1,547	965
Net change in long-term borrowings	(185 )	(209 )
Shares purchased for deferred compensation plan	—	53
Treasury stock purchases	(71 )	—
Cash dividends paid on common stock	(751 )	(1,501 )
Net cash (used in) provided by financing activities	(23,864)	6,883
(Decrease) Increase in Cash and Cash Equivalents	(16,550)	28,681
Cash and Cash Equivalents, Beginning of Period	75,108	15,681
Cash and Cash Equivalents, End of Period	\$58,558	\$44,362
<b>Supplemental Cash Flows Information</b>		
Interest paid on deposits and borrowings	\$1,684	\$2,053
Federal income taxes paid	\$310	\$380
<b>Supplemental Disclosure of Non-Cash Investing and Financing Activities</b>		
Transfers from loans to foreclosed assets held for sale	\$694	\$364

See Notes to Condensed Consolidated Financial Statements