GENERAL ELECTRIC CAPITAL CORP
Form 424B2
June 20, 2014

Filed pursuant to Rule 424(b)(2)
Registration Statement No. 333-178262

PROSPECTUS SUPPLEMENT
(To Prospectus dated December 5, 2012)

General Electric Capital Corporation
Global Medium-Term Notes
Due From 9 Months to 60 Years From Date of Issue

General Electric Capital Corporation may offer at various times its global medium-term notes denominated in U.S., foreign and composite currencies.

The following terms may apply to the notes. We will provide the final terms for each note in a pricing supplement.

The notes will mature in 9 months to 60 years.

The notes may be subject to redemption at our option or repayment at the option of the holder.

The notes will be either senior or subordinated debt obligations.

The notes will bear interest at either a fixed or floating rate. The floating interest rate formula may be based on:

CD Rate

Commercial Paper Rate

Federal Funds Rate

LIBOR

Treasury Rate

Prime Rate

CMT Rate

Eleventh District Cost of Funds Rate

The notes may be issued as indexed notes, dual currency notes, renewable notes, extendible notes or amortizing notes.

The notes will be in certificated or book-entry form.
Interest, if any, will be paid on notes on the dates specified in the applicable pricing supplement.
The notes will have minimum denominations of $1,000 for book-entry

notes and $100,000 for certificated notes, in each case increased in multiples of $1,000, unless otherwise specified in the applicable pricing supplement. We will specify the minimum denominations for notes denominated in a foreign or composite currency in the applicable pricing supplement.

The final terms for our notes may also be contained in a written communication from us or our agents.

Notes issued hereunder may be listed on, or admitted to trading on or by, one or more stock exchange(s), competent authority(ies) and/or market(s), in each case as specified in the applicable pricing supplement, including on the official list maintained by the United Kingdom s Listing Authority and on the London Stock Exchange s Gilt Edged and Fixed Interest Market. Any such listing and/or admission to trading, or any offer of notes to the public, in the European Economic Area will be made in compliance with the provisions of the European Union s Directive 2003/71/EC as amended, to the extent that such amendments have been implemented in the relevant member state of the European Economic Area at the relevant time, (the Prospectus Directive), and all applicable rules and regulations promulgated thereunder. We may also issue notes which are listed, quoted and/or traded on or by such other or further stock exchanges, competent listing authorities and/or quotation systems as we may decide. We may also issue unlisted notes. A market for any particular tranche of notes may not develop.

The exact proceeds from each sale of notes will be determined at the time of issuance.

Investing in the notes involves risks. See Risk Factors on page S-1 of this prospectus supplement and page 1 of the accompanying prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus supplement. Any representation to the contrary is a criminal offense.

Joint Lead Managers and Lead Agents

Barclays Capital

BofA Merrill Lynch

Citigroup

Credit Suisse

Deutsche Bank Securities

GE Capital Markets, Inc.

Goldman, Sachs & Co.

HSBC

J.P. Morgan

Morgan Stanley

RBS

UBS Investment Bank

The date of this prospectus supplement is June 20, 2014.

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Prospectus Supplement

ABOUT THIS PROSPECTUS SUPPLEMENT

You should rely on only the information contained or incorporated by reference in this prospectus supplement, the accompanying prospectus and any applicable pricing supplement, all of which should be read together. We have not authorized anyone to provide you with information different from that contained in this prospectus supplement, the accompanying prospectus and any applicable pricing supplement. If anyone provides you with different or inconsistent information, you should not rely on it. We will only offer to sell notes and seek offers to buy such notes in jurisdictions where offers and sales are permitted.

The delivery of this prospectus supplement does not at any time imply that the information contained in this prospectus supplement about us is correct at any time subsequent to the date hereof or that any other information supplied in connection with the offering of any notes is correct at any time subsequent to the date of the document containing such information.

References in this prospectus to GECC, we, us and our are to General Electric Capital Corporation.

RISK FACTORS

Investing in the notes involves risks. You should carefully consider the risks described under Risk Factors on page 1 of the accompanying prospectus or in the other documents incorporated by reference into the accompanying prospectus (which risk factors are incorporated by reference herein), as well as the other information contained or incorporated by reference in accompanying prospectus or in this prospectus supplement before making a decision to invest in the notes.

This prospectus supplement does not describe all of the risks of an investment in the notes. You should consult your own financial and legal advisors about the risks entailed by an investment in the notes and the suitability of your investment in the notes in light of your particular circumstances. Notes denominated in a foreign currency are not an appropriate investment for investors who are unsophisticated with respect to foreign currency transactions. Indexed notes are not an appropriate investment for investors who are unsophisticated with respect to the type of index or formula used to determine the amount payable. You should also consider carefully, among other factors, the matters described below.

Risks of Foreign Currency Notes and Indexed Notes

Exchange Rates and Exchange Controls

An investment in a note denominated in a currency other than U.S. dollars entails significant risks. These risks include the possibility of significant changes in rates of exchange between the U.S. dollar and such currency and the possibility of the imposition or modification of foreign exchange controls by either the United States or foreign governments. These risks generally depend on factors over which we have no control, such as economic and political events and the supply of and demand for the relevant currencies. In recent years, rates of exchange between the U.S. dollar and certain currencies have been highly volatile, and you should be aware that volatility may occur in the future. Fluctuations in any particular exchange rate that have occurred in the past, however, are not necessarily indicative of fluctuations in the rate that may occur during the term of any note. Depreciation of the specified currency for a note against the U.S. dollar would result in a decrease in the effective yield of such note (on a U.S. dollar basis) below its coupon rate and, in certain circumstances, could result in a loss to you on a U.S. dollar basis.

Except as set forth below, if payment in respect of a note is required to be made in a currency other than U.S. dollars and such currency is unavailable to us due to the imposition of exchange controls or other circumstances beyond our control or is no longer used by the relevant government or for the settlement of transactions by public institutions of or within the international banking community, then all payments in respect of such note will be made in U.S. dollars until such currency is again available to us or so used. The amounts payable on any date in such currency will be converted into U.S. dollars on the basis of the most recently available market exchange rate for such currency or as otherwise indicated in the applicable pricing supplement. Any payment in respect of such note so made in U.S. dollars will not constitute an event of default under the applicable indenture. However, if we cannot make payment in a specified currency solely because that currency has been replaced by the euro, then, beginning with the date the replacement becomes effective, we will be able to satisfy our obligations under those notes by making payment in euro.

The paying agent will make all determinations referred to above at its sole discretion. All determinations will, in the absence of clear error, be binding on holders of the notes.

The information set forth in this prospectus supplement with respect to foreign currency risks is general in nature. We disclaim any responsibility to advise prospective purchasers of foreign currency notes with respect to any matters that may affect the purchase, holding or receipt of payments of principal of, premium, if any, and interest on such notes. Such persons should consult their own counsel with regard to such matters.

Foreign Currency Judgments

The notes will be governed by and construed in accordance with the internal laws of the State of New York. New York courts will normally enter judgments or decrees for money damages in the foreign currency in which notes are denominated. These amounts are then converted into U.S. dollars at the rate of exchange in effect on the date the judgment or decree is entered. Courts in the United States outside New York customarily have not rendered judgments for money damages denominated in any currency other than the U.S. dollar.

Risks Associated with Indexed Notes

An investment in indexed notes entails significant risks that are not associated with an investment in a conventional fixed rate debt security. Indexation of the interest rate of a note may result in an interest rate that is less than that payable on a conventional fixed rate debt security issued at the same time, including the possibility that no interest will be paid. Indexation of the principal of and/or premium on a note may result in an amount of principal and/or premium payable that is less than the original purchase price of the note, including the possibility that no amount will be paid. The secondary market for indexed notes will be affected by a number of factors, independent of our creditworthiness. Such factors include the volatility of the index selected, the time remaining to the maturity of the notes, the amount outstanding of the notes and market interest rates. The value of an index can depend on a number of interrelated factors, including economic, financial and political events, over which we have no control. In addition, if the formula used to determine the amount of principal, premium and/or interest payable with respect to indexed notes contains a multiple or leverage factor, the effect of any change in the index will be increased. The historical experience of an index should not be taken as an indication of its future performance. Accordingly, you should consult your own financial and legal advisors as to the risks entailed by an investment in indexed notes.

DESCRIPTION OF NOTES

General

The following description of terms of the notes supplements and, where noted, supercedes the general description of the debt securities provided in the accompanying prospectus. However, the pricing supplement for each offering of notes will contain the specific information and terms for that offering. The pricing supplement may also add, update or change information contained in this prospectus supplement. Such information may also be contained in a written communication from us or the agents. It is important for you to consider the information contained in the accompanying prospectus, the prospectus supplement and the pricing supplement in making your investment decision.

This section describes some technical concepts, and thus we occasionally use defined terms. You will find an alphabetized glossary at the end of this prospectus supplement that defines all of the capitalized terms used in this section that are not defined in this section.

The Indentures. We will issue the notes under one of two indentures between us and The Bank of New York Mellon, as successor to JPMorgan Chase Bank, N.A. The Senior Notes (as defined below) will be issued pursuant to an Amended and Restated Indenture dated as of February 27, 1997, as supplemented by a Supplemental Indenture dated as of May 3, 1999, a Second Supplemental Indenture dated as of July 2, 2001, a Third Supplemental Indenture dated as of November 22, 2002, a Fourth Supplemental Indenture dated as of August 24, 2007, a Fifth Supplemental Indenture dated as of December 2, 2008 and a Sixth Supplemental Indenture dated as of April 2, 2009 (the Senior Indenture). The Subordinated Notes (as defined below) will be issued pursuant to a Subordinated Debt Indenture dated as of July 1, 2005, as amended and restated by an Amended and Restated Subordinated Debt Indenture, dated as of July 15, 2005 (the Subordinated Indenture and, together with Senior Indenture, the Indentures). Since we have only summarized the most significant portions of the Indentures below, you may want to refer to the Indentures for more detailed information.

Ranking. We will issue notes which will be unsecured and will rank equally with all our other unsecured and unsubordinated debt obligations (the Senior Notes). We may also issue notes which will be unsecured and rank junior to senior indebtedness (as defined in the Glossary) (the Subordinated Notes). The description of the terms of subordination and of the events of default applicable to a series of Subordinated Notes are described in Description of Debt Securities Ranking and Events of Default Subordinated Debt Securities in the accompanying prospectus, and such terms and events of default may be further changed for a particular series or tranche of Subordinated Notes as described in a pricing supplement. The Senior Notes and the Subordinated Notes are collectively referred to herein as the notes. The notes and the Indentures will not limit us from incurring additional debt and will not place any other financial restrictions on us.

Amount. The Indentures do not limit the amount of notes that we may offer. Our practice has been to issue the notes in tranches of a single series, but we are not required to do so, and may issue differing series other than Series A.

Reopening of Issue. We may, from time to time, without the consent of the holders of any notes, reopen an issue of notes and issue additional notes with the same terms (including Maturity and interest payment terms) as notes issued on an earlier date. After such additional notes are issued they will be fungible with the previously issued notes to the extent specified in the applicable pricing supplement.

Maturity. Each note will mature on any day from 9 months to 60 years from its date of issue. However, each note may also be subject to redemption at our option and repayment at your option (see Optional Redemption or Redemption below).

Pricing Supplement. The pricing supplement relating to a note will describe the following terms:

- the specified currency;
- the nominal amount of the note;
- whether the note is a fixed rate note, a

floating rate note, an indexed note, a dual currency note, a renewable note, an extendable note or an amortizing note;

the issue price;

the expected net proceeds from the issue of the note;

the original issue date;

the stated maturity date;

the series for that note, if any;

whether the note will be a Senior Note or a Subordinated Note;

if the note will be a Subordinated Note, whether the subordination provisions summarized herein or different subordination provisions will apply;

any deletions or modifications of or additions to the Events of Default and related remedies, or the covenants set forth in the applicable Indenture;

for a fixed rate note, the rate per annum at which it will bear interest, if any, and the date or dates on which interest will be payable;

for a floating rate note, the base rate, the initial interest rate, the interest reset period, the interest payment dates, the Index Maturity, the Designated LIBOR Currency, if any, the maximum interest rate, if any, the minimum interest rate, if any, the Spread and/or Spread Multiplier, if any, and any other terms relating to the particular method of calculating the interest rate for the note;

whether the note is an Original Issue Discount Note;

for an indexed note, the manner in which interest payments and the principal amount payable at Maturity will be determined;

if such note is an amortizing note, an amortization schedule;

whether the note may be redeemed at our option, or repaid at the holder s option prior to the stated maturity date as described further under Optional Redemption or Repayment below, and if so, the terms of the redemption or repayment;

for notes issued in currencies that may be replaced

by the euro, redenomination provisions, if any (see Euro Redenomination below);
for any notes that will be listed on, or admitted to trading on or by, one or more stock exchange(s), competent authority(ies) and/or market(s), the identity of such exchange(s), competent authority(ies) and/or market(s) (unless otherwise stated in a pricing supplement, notes will be unlisted)
in the case of foreign currency notes, whether the notes will be issued in the form of both a DTC Global Note and an International Global Note as described below;

whether the notes are a reopening of notes previously issued; and

any other terms that do not conflict with the provisions of the Indentures.

Forms of pricing supplements relating to fixed rate and floating rate notes are attached to this prospectus supplement as Annex A and Annex B, respectively. However, the pricing supplement for any offering of notes may vary from these forms. Such information may also be contained in a writing from us or the agents.

Form of the Notes. We will issue the notes in registered form either pursuant to a book-entry system or by issuing multiple certificates which are registered in the names of the investors.

Book-entry notes. We generally issue our notes under a book-entry system where one or more global certificates are issued to a depositary or its nominee and ownership interests in the notes on deposit are credited to investors accounts through participants in the depositary s system. Unless we otherwise specify in the applicable pricing supplement, global certificates denominated in U.S. currency will name a nominee of The Depository Trust Company, New York, New York (DTC) as the registered holder (each certificate so registered to DTC s nominee is referred to herein as a DTC Global Note). DTC maintains a computerized system that will reflect the ownership interests in the registered notes of its Direct Participants (as hereinafter defined). Purchases of securities under the DTC system are made through DTC Direct Participants or through a broker/dealer, bank, trust company or other indirect participant that maintains a relationship with DTC s Direct Participants. Investors ownership of the notes is recorded by the participant in the DTC system through which investors hold beneficial interests in the notes. If specified in the applicable pricing supplements, notes denominated in currencies other than U.S. dollars may also be issued in book-entry form and registered in the name of a nominee for Euroclear Bank S.A./N.V., as operator of the Euroclear System (Euroclear) and Clearstream Banking, société anonyme (Clearstream), Luxembourg. For additional information regarding such notes, you should review Special Provisions Relating to Certain Foreign Currency Notes below.

When a book-entry system is used, the depositary or its nominee will be the owner of the note in our records and will be the entity entitled to all rights as a holder, including the right to all payments and the right to cast a vote, as further described under DTC, Euroclear and Clearstream Arrangements below.

Certificated notes. If a book-entry system is not utilized, investors will each receive a certificate evidencing their notes. The certificate will name the owner, unless such owner chooses to have a broker/dealer, bank, trust company or other representative hold these certificates on their behalf. If your name properly appears on the certificate and in our register, then you will be considered the owner of your note for all purposes under the applicable Indenture. For example, if we need to ask the holders of the notes to vote on a proposed amendment to the notes, you will be asked directly by us to cast the vote regarding your note. If some other entity holds the certificates for you and is named as owner in our register, that entity will be considered the owner of your note in our register and will be entitled to cast the vote regarding your note. However, depending on your arrangements, this entity may be required to contact you for voting instructions.

Exchanges. Certificated notes cannot be exchanged for book-entry notes. Book-entry notes can be exchanged for certificated notes only if (i) DTC notifies us that it is unwilling or unable to hold DTC Global Notes and another depositary is not appointed or (ii) we determine at any time that the notes shall no longer be represented by global notes, in which case we will inform DTC of such determination, who will, in turn, notify Direct Participants of their right to withdraw their notes from DTC. In these limited circumstances, we will issue to you certificated notes in exchange for the book-entry notes. There will be no service charge for this exchange, but if a tax or other governmental charge is imposed, we may require you to pay it.

Denominations. Notes initially issued in book-entry form will have minimum denominations of $1,000 and notes issued in certificated form will have minimum denominations of $100,000, in each case increased in multiples of $1,000, unless otherwise specified in the applicable pricing supplement. In the limited circumstances that certificated notes are issued in replacement for book-entry notes, such certificated notes will also have denominations of $1,000. Notes that are to be listed on, or admitted to trading on or by, one or more stock exchange(s), competent authority(ies) and/or market(s) for the purposes of the Prospective Directive will be issued in minimum denominations of €1,000 or its equivalent in other currencies. The authorized denominations of notes denominated in a foreign or composite currency will be described in the applicable pricing supplement. DTC currently limits the maximum size of any single global note to $500,000,000. Any notes (including notes denominated in Sterling) issued having a maturity of less than one year will, if the proceeds of issue of such notes are to be accepted by us in the United Kingdom, constitute deposits for the purposes of the prohibition on accepting deposits contained in Section 19 of the United Kingdom s Financial Services and Markets Act 2000 (the FSMA) unless they are issued (a) to a limited class of professional investors and have a minimum denomination of £100,000 (or its equivalent in another currency) or (b) are issued in other circumstances which do not constitute a contravention of Section 19 of the FSMA by us.

Special Provisions Relating to Certain Foreign Currency Notes

If specified in the applicable pricing supplement, book-entry notes denominated in currencies other than U.S. dollars may be issued through participants in the systems of Clearstream, or the Euroclear Operator of the Euroclear System, or indirectly through organizations that are participants in such systems.

Form of Notes. Unless otherwise indicated in the applicable pricing supplement, notes initially offered and sold outside the United States using a book-entry system will be issued as one or more global certificates (each, an International Global Note) which will be registered in the name of a nominee for, and shall be deposited with, a common depositary for Euroclear and/or Clearstream. If a particular tranche or series is issued utilizing both a DTC Global Note and an International Global Note in order to allow transfers between account holders utilizing the different book-entry systems, the registrar will adjust the amounts of the global notes on the register for the accounts of the nominees for the respective systems.

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In certain circumstances, participants in Euroclear and Clearstream may also be beneficial owners of DTC Global Notes. In this case, Clearstream and the Euroclear Operator will hold beneficial interests in a DTC Global Note on behalf of their participants through customers securities accounts in Clearstream s and the Euroclear Operator s names on the books of their respective depositaries, which in turn will hold such interests in customers securities accounts in the depositaries names on the books of the DTC. Citibank, N.A. will act as depositary for Clearstream and The Bank of New York Mellon will act as depositary for the Euroclear Operator (in such capacities, the U.S. Depositaries).

Payments. Distributions of principal and interest with respect to an International Global Note will be credited, in the specified currency, to the extent received by Euroclear or Clearstream, to the cash accounts of Euroclear or Clearstream customers in accordance with the relevant system s rules and procedures. If the applicable pricing supplement provides for both a DTC Global Note and an International Global Note for a particular tranche or series or if a beneficial interest in a DTC Global Note is held by a participant in Euroclear or Clearstream, then a holder of a beneficial interest in a DTC Global Note will receive all payments in United States dollars in accordance with DTC s rules and procedures, unless it has, or participants through which it holds its beneficial interest have, made other arrangements.

Secondary Market Trading. The following provisions will apply to trading in the secondary market:

Trading between Euroclear and/or Clearstream Participants. Secondary market sales of book-entry interests in an International Global Note to purchasers of book-entry interests in an International Global Note will be conducted in accordance with the normal rules and operating procedures of Euroclear and Clearstream and will be settled using the conventional procedures applicable to

Eurobonds.

Trading between DTC participants. Secondary market sales of book-entry interests in the DTC Global Notes between DTC participants will occur in the ordinary way in accordance with rules of DTC and its participants and will be settled using the procedures applicable to United States corporate debt obligations if payment is effected in United States dollars, or free of payment if payment is not effected in United States dollars. Where payment is not effected in United States dollars, separate payment arrangements outside DTC are required to be made between DTC participants.

The following provisions will apply to trading of notes in the secondary market where the applicable pricing supplement indicates that a particular tranche or series of book-entry notes is issued utilizing a both DTC Global Note and an International Global Note.

Trading between DTC seller and Euroclear/Clearstream purchaser. When book-entry interests in notes are to be transferred from the account of a DTC participant holding a beneficial interest in a DTC Global Note to the account of a Euroclear or Clearstream account holder wishing to purchase a beneficial interest in an International Global Note, the DTC participant will deliver instructions for delivery to the relevant Euroclear or Clearstream accountholder to DTC by 12:00 noon, New York City time, on the settlement date. Separate payment arrangements are required to be made between the DTC participant and the relevant Euroclear or Clearstream accountholder. On the settlement date, the custodian will instruct the registrar to (1) decrease the amount of notes registered in the name of Cede & Co. as evidenced by the DTC Global Note and (2) increase the amount of notes registered in the name of the nominee of the common depositary for Euroclear and Clearstream as evidenced by the International Global Note. Book-entry interests will be delivered free of payment to Euroclear or Clearstream for credit to the relevant accountholder on the first Business Day following the settlement date.

Trading between Euroclear/Clearstream seller and DTC purchaser. When book-entry interest in the notes are to be transferred from the account of a Euroclear or Clearstream accountholder to the account of a DTC participant wishing to purchase a beneficial interest in the DTC Global Note, the Euroclear or Clearstream participant must send to Euroclear or Clearstream, delivery free of payment instructions within its established deadline one Business Day prior to the settlement date. Euroclear or Clearstream will in turn transmit appropriate instructions to the common depositary for Euroclear and Clearstream and the registrar to arrange delivery to the DTC participant on the settlement date. Separate payment arrangements are required to be made between the DTC participant and the relevant Euroclear and Clearstream accountholder, as the case may be. On the settlement date, the common depositary for Euroclear and Clearstream will (1) transmit appropriate instructions to the custodian who will in turn deliver such book-entry interests in the notes free of payment to the relevant account of the DTC participant and (2) instruct the registrar to decrease the amount of notes registered in the name of the nominee of the common depositary for Euroclear and Clearstream as evidenced by the International Global Note, and to increase the amount of Notes registered in the name of Cede & Co. evidenced by the DTC Global Note.

All transfers, notices, payments and other procedures, and the timing and sufficiency thereof, relating to DTC, Euroclear and Clearstream or any other such depository or nominee, are subject to the rules and procedures applicable to the relevant book-entry system.

DTC, Euroclear and Clearstream Arrangements.

So long as DTC or its nominee or Euroclear, Clearstream, or their nominee or their common depositary is the registered holder of the global certificates, DTC, Euroclear, Clearstream or such nominee, as the case may be, will be considered the sole owner of notes represented by such global certificates for all purposes. Payments of principal, interest and additional amounts, if any, in respect of the global notes will be made to DTC, Euroclear, Clearstream or such nominee, as the registered holder thereof, and any vote or other action to be taken by the holder shall be made or taken by such registered owner. Beneficial interests in the global certificates will be shown on, and transfers thereof will be effected only through, records maintained by DTC, Euroclear and Clearstream and their participants. Generally, these depositories and the broker/dealers, banks, trust companies and other representatives that are part of their respective systems are required to provide for payment to investors in the notes, contact investors for voting instructions, and otherwise provide investors with the rights of a holder in accordance with the applicable procedures and rules of the depository and its participants.

Neither we, the indenture trustee, nor any agent or any paying agent, any underwriter or any affiliate of any of the above, or any person by whom any of the above is controlled for the purposes of the United States Securities Act of 1933, as amended, will have any responsibility for the performance by DTC, Euroclear and Clearstream or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations or for the sufficiency for any purpose of the arrangements described above.

DTC is a limited-purpose trust company organized under the New York Banking Law, a banking organization within the meaning of the New York Banking Law, a member of the Federal Reserve System, a clearing corporation within the meaning of the New York Uniform Commercial Code, and a clearing agency registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments that DTC s participants (Direct Participants) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participant s accounts. This eliminates the need for physical movement of securities certificates. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (Indirect Participants). The DTC Rules applicable to Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Clearstream advises that it is incorporated under the laws of Luxembourg as a professional depositary. Clearstream holds securities for its participating organizations (Clearstream Participants) and facilitates the clearance and settlement of securities transactions between Clearstream Participants through electronic book-entry changes in accounts of Clearstream

Participants, thereby eliminating the need for physical movement of certificates. Clearstream provides to Clearstream Participants, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Clearstream interfaces with domestic markets in several countries. As a professional depositary in Luxembourg, Clearstream is subject to regulation by the Commission de Surveillance du Secteur Financier. Clearstream Participants are recognized financial institutions around the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations and may include the underwriters named in this prospectus supplement. Indirect access to Clearstream is also available to other institutions, such as banks, brokers, dealers and trust companies, that clear through or maintain a custodial relationship with a Clearstream Participant either directly or indirectly. Distributions with respect to the notes held beneficially through Clearstream will be credited to cash accounts of Clearstream Participants in accordance with its rules and procedures, to the extent received by the U.S. Depositary for Clearstream.

Euroclear holds securities and book-entry interests in securities for participants of Euroclear (Euroclear Participants) and facilitates the clearance and settlement of securities transactions between Euroclear Participants, and between Euroclear Participants and participants of certain other securities intermediaries through electronic book-entry changes in accounts of such participants or other securities intermediaries. Euroclear provides Euroclear Participants, among other things, with safekeeping, administration, clearance and settlement, securities lending and borrowing and related services. Euroclear Participants include investment banks, securities brokers and dealers, banks, central banks, supranationals, custodians, investment managers, corporations, trust companies and certain other organizations, and may include the underwriters named in this prospectus supplement. Non-participants in Euroclear may hold and transfer beneficial interests in a global note through accounts with a Euroclear Participant or any other securities intermediary that holds a book-entry interest in a global note through one or more securities intermediaries standing between such other securities intermediary and Euroclear.

Securities clearance accounts and cash accounts with the Euroclear Operator are governed by the Terms and Conditions Governing Use of Euroclear and the related Operating Procedures of the Euroclear System, and applicable Belgian law (collectively, the Terms and Conditions). The Terms and Conditions govern transfers of securities and cash within Euroclear, withdrawals of securities and cash from Euroclear, and receipts of payments with respect to securities in Euroclear. All securities in Euroclear are held on a fungible basis without attribution of specific certificates to specific securities clearance accounts. The Euroclear Operator acts under the Terms and Conditions only on behalf of Euroclear Participants, and has no record of or relationship with persons holding through Euroclear Participants. Distributions with respect to notes held beneficially through Euroclear will be credited to the cash accounts of Euroclear Participants in accordance with the Terms and Conditions, to the extent received by the U.S. Depositary for Euroclear.

Information concerning DTC, Clearstream, and Euroclear in this prospectus supplement has been obtained from sources we believe to be reliable, but we take no responsibility for the accuracy thereof.

Registration and Transfer of Notes

Book-entry notes. If you transfer your note while it is in book-entry form, the transfer will be reflected on the records of participants in DTC through which your beneficial interest in the note is held, or, in the case of non-U.S. dollar denominated notes, the records of participants in Euroclear and Clearstream through which your note is held. Your broker/dealer, bank, trust company or other representative will arrange for the transfer to be reflected on the applicable clearing system s records. As long as a depositary or its nominee remains the registered holder of the note, no transfer is reflected in our register.

Certificated notes. In addition to acting as trustee under the Indenture, The Bank of New York Mellon also acts as our registrar for notes. If a book-entry system were not in effect, the holders of registered notes would go to The Bank of New York Mellon s office at 101 Barclay Street, New York, NY 10286 or, in the case of notes to be listed on, or admitted to trading on or by, one or

more stock exchange(s), competent authority(ies) and/or market(s) for the purposes of the Prospectus Directive, to such other place as we may from time to time specify for such purposes in relation to any notes in order to:

- register the transfer of any certificated note;
- exchange certificated notes for notes of different denominations;
- deliver payment instructions;
- obtain a new note to replace a note that has been lost or destroyed (you may be required to provide a document to The Bank of New York Mellon and us agreeing to return the new certificate if the missing one is found); or
- present notes that have matured or been redeemed in exchange for payment.

Methods of Payment

Paying Agents. The Bank of New York Mellon, acts as our paying agent and will make all payments on the notes on our behalf.

For so long as the notes of any tranche are listed on, or admitted to trading on or by, one or more stock exchange(s), competent authority(ies) and/or market(s) for the purposes of the Prospectus Directive, we will at all times maintain a paying agent and a transfer agent in Luxembourg and if European Council Directive 2003/48/EC or any Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 is brought in force, we will ensure that we maintain a paying agent in a Member State of the European Union that will not be obliged to withhold or deduct tax from payment in respect of the notes pursuant to any such Directive or law.

Book-entry notes. The Bank of New York Mellon will make payments of principal and interest on book-entry notes to the account of DTC s nominee, or other depository, as applicable, as registered holder, by wire transfer of immediately available funds. Neither we nor The Bank of New York Mellon can make any payments to owners of beneficial interests in book-entry notes. Instead, DTC, Euroclear or Clearstream, as applicable, will credit the funds to which an investor is entitled to the account of the participant through which the investor holds its note. That participant, in turn, will credit these funds to your account (or the account of any other intermediary through which you hold your note).

We understand that DTC s current practice is to credit interest payments (including interest payable at Maturity) and principal payments in immediately available funds. These payments and credits will be made pursuant to the rules of DTC, in accordance with any standing instructions you have with your broker dealer, bank, trust company or other participant in DTC through which you hold your notes and with customary practice in the broker/dealer industry. Neither we nor The Bank of New York Mellon will be involved with, or responsible for, the movement of funds once The Bank of New York Mellon has paid the nominee or depository that appears its register.

Certificated notes. Each registered holder of certificated notes will receive payments of principal and interest due at Maturity or earlier redemption by wire transfer of immediately available funds after presenting the matured or redeemed note at The Bank of New York Mellon s office (the address is given above) or in the case of notes to be listed on, or admitted to trading on or by, one or more stock exchange(s), competent authority(ies) and/or market(s) for the purposes of the Prospectus Directive, at such other place as we may from time to time specify for such purposes in relation to any notes. Interest payable at any other time will be paid by check mailed to your address as it appears in The Bank of New York Mellon s records. If you own $5,000,000 or more of notes having the same terms and conditions, we will pay you interest prior to Maturity by wire transfer of immediately available funds if you give the appropriate instructions to The Bank of New York Mellon at least 10 calendar days before the applicable interest payment date.

DTC notes denominated in a foreign currency. Purchasers of book-entry notes representing beneficial interests in a DTC Global Note denominated in a foreign currency must pay for their notes in that currency. If you prefer to pay in U.S. dollars, the agents will convert U.S. dollars into the foreign currency on your behalf to enable you to make payment in that currency. You must notify the agents that you would like them to provide this service for you at least three Business Days before the date of delivery of the note. These services are available only in connection with the initial distribution of notes denominated in a foreign currency.

Except as described below, regardless of whether the notes are in book-entry or certificated form, all payments of principal and interest on foreign currency notes (other than dual currency notes, as described under Interest and Interest Rates below) will be made in U.S. dollars based on the Noon Buying Rate. The Bank of New York Mellon will convert these U.S. dollar payments into the currency of the notes on your behalf if you request the conversion at least ten calendar days before the applicable payment date. Any currency conversion will be based upon a firm bid quotation in New York City received by The Bank of New York Mellon at approximately 11:00 a.m., Eastern Time, on the second Business Day preceding the applicable payment date from a recognized foreign exchange dealer (which may be The Bank of New York Mellon). If The Bank of New York Mellon cannot obtain a bid quotation for the conversion of U.S. dollars into the relevant foreign currency, then payments on the note will be made in U.S. dollars.

If you request an interest payment in a foreign currency, or, in the case of a dual currency note, interest payments are to be made in a foreign currency the payment will be paid by check mailed to your address as it appears in The Bank of New York Mellon s records. If you request that the principal payment on your note, including any interest payable at Maturity, be in a foreign currency, or, in the case of a dual currency note, the principal payment, including any interest payable at Maturity, is to be made in a foreign currency, such payment will be paid by check after you present the matured or redeemed note at The Bank of New York Mellon s office (the address is given above) or in the case of notes to be listed on, or admitted to trading on or by, one or more stock exchange(s), competent authority(ies) and/or market(s) for the purposes of the Prospectus Directive, at such other place as we may from time to time specify for such purposes in relation to any notes. Checks in foreign currencies will be drawn from banks located outside the U.S. If you hold $1,000,000 or more of notes denominated in a foreign currency having the same terms and conditions, you can request that The Bank of New York Mellon make payments in the foreign currency by wire transfer. You must request wire transfers no later than the record date for interest payments and, in the case of payments of principal, no later than fifteen calendar days prior to Maturity. Foreign currency wire transfers must be made to banks located outside the U.S.

DTC will not accept foreign currency payments. You may elect to receive foreign currency payments in respect of book-entry notes by notifying your broker/dealer, bank, trust company or other participant in DTC through which you hold notes at least 15 calendar days prior to the payment date that you have elected to receive all or a portion of the foreign currency payment in that foreign currency and by providing your broker/ dealer, bank, trust company or other participant in DTC with wire transfer instructions to an account maintained in that foreign currency. Such DTC participant in turn will notify DTC of your election and wire transfer instructions and DTC will pass those on to The Bank of New York Mellon. If The Bank of New York Mellon receives those instructions from DTC in time, you will receive payment in the foreign currency, after deduction of The Bank of New York Mellon s currency conversion and other costs. Otherwise, you will receive payment in U.S. dollars through DTC.

You will be responsible for the costs of any currency conversion effected by The Bank of New York Mellon on your behalf.

In certain circumstances we may offer notes denominated in a foreign currency that are registered in the name of a nominee for, and deposited with, a common depositary for Euroclear and Clearstream. In these circumstances and without having to make a request therefor, you will be entitled to receive payments of interest or principal in the relevant foreign currency. Payments of principal and interest will be made to the common depositary or its nominee for credit to the accounts of participants in Euroclear and Clearstream in accordance with the normal procedures applicable to Euroclear and Clearstream, as described above.

Payments to Registered Holders. Payments of interest on notes are payable to the entity or person in whose name the note is registered at the close of business on the record date before each interest payment date. However, interest payable at Maturity, redemption or repayment will be payable to the person to whom principal is payable. The first interest payment on any note originally issued between a record date and an interest payment date or on an interest payment date will be made on the interest payment date after the next record date. The record date for any interest payment date for a note will be the date (whether or not a Business Day) 15 calendar days immediately before such interest payment date, unless otherwise specified in the applicable pricing supplement.

Optional Redemption or Repayment. We may issue notes that permit us to redeem them prior to their Maturity (calls) or that permit you to require us to repay them prior to their Maturity (puts). Any such redemption or repayment provisions, including the date(s) on which the call or put may occur and whether redemptions or repayments may be made in whole or in part, will be described in the pricing supplement relating to the specific notes.

If we are permitted to call any notes, we will give notice of redemption to you (or the depositary or other entity that is the registered holder of your notes) at least 30 calendar days and not more than 60 calendar days prior to the date set for redemption. In the case of notes listed on the New York Stock Exchange, we will also notify you and the New York Stock Exchange in the manner specified under Notices herein.

If you are permitted to put any notes, the registered holder must notify The Bank of New York Mellon at least 30 calendar days and not more than 60 calendar days prior to the date set for repayment. For any note to be repaid, The Bank of New York Mellon must receive (i) in the case of a certificated note, the note with the attached Option to Elect Repayment form completed, or a letter from a broker/dealer, bank or trust company notifying The Bank of New York Mellon of your intent to elect repayment of your notes and guaranteeing that you will deliver the note and the attached Option to Elect Repayment form not later than five Business Days after the date set for repayment or (ii) in the case of a book-entry note, instructions to such effect from the beneficial owner of the note to The Bank of New York Mellon through DTC or the common depositary, as the case may be.

Any notice of redemption delivered by you or by us will be irrevocable.

Open-market Purchases. We may, at any time, purchase notes at any price from holders of notes or in the open market. If we purchase any of our notes, we may hold them, resell them, subject to applicable law, or surrender them to The Bank of New York Mellon for cancellation.

Interest and Interest Rates

The interest rates we will offer with respect to the notes may differ depending on, among other things, the aggregate principal amount of notes purchased in a single transaction.

Fixed Rate Notes

Each fixed rate note will bear interest at the annual rate specified in the note and in the applicable pricing supplement. Interest payment dates on the fixed rate notes will be specified in the applicable pricing supplement. Interest on fixed rate notes will be computed and paid on the basis of a 360-day year of twelve 30-day months or as specified in the applicable pricing supplement. In the event that any Interest Payment Date (as defined below) or Maturity for any fixed rate note is not a Business Day, principal and/or interest on such fixed rate note will be paid on the next succeeding Business Day; however, we will not pay any additional interest due to the delay in payment.

Floating Rate Notes

General

Each floating rate note will have an interest rate formula. The formula may be based on:

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- the CD Rate;
- CMT Rate;
- the Commercial Paper Rate;
- the Eleventh District Cost of Funds Rate;
- the Federal Funds Rate;
- LIBOR;
- the Prime Rate;
- the Treasury Rate; or
- another rate specified in the applicable pricing supplement.

The applicable pricing supplement will also indicate the Spread and/or Spread Multiplier, if any. In addition, any floating rate note may have a maximum or minimum interest rate limitation.

Date of Interest Rate Change

The interest rate on each floating rate note may be reset daily, weekly, monthly, quarterly, semiannually or annually (the day on which such interest rate is reset is the Interest Reset Date and the period from one Interest Reset Date to the next Interest Reset Date is an Interest Reset Period). Unless we state otherwise in the applicable pricing supplement, the Interest Reset Dates will be:

- for floating rate notes that reset daily, each Business Day;
- for floating rate notes (other than

Treasury Rate notes) that reset weekly, Wednesday of each week;

for Treasury Rate notes that reset weekly, Tuesday of each week;

for floating rate notes (other than Eleventh District Cost of Funds Rate Notes) that reset monthly, the third Wednesday of each month;

for Eleventh District Cost of Funds Rate Notes, all of which reset monthly, the first calendar day of each month;

for floating rate notes that reset quarterly, the third Wednesday of March, June, September and December of each year;

for floating rate notes that reset semiannually, the third

Wednesday of each of the two months specified in the pricing supplement; and

for floating rate notes that reset annually, the third Wednesday of the month specified in the pricing supplement.

If an Interest Reset Date for any floating rate note falls on a day that is not a Business Day, it will be postponed to the following Business Day, except that, in the case of a LIBOR note, if that Business Day is in the next calendar month, the Interest Reset Date will be the immediately preceding Business Day.

How Interest Is Calculated

We will appoint a calculation agent to calculate interest rates on the floating rate notes. Unless we choose a different party in the pricing supplement, the lead agent for an issue of notes will be the calculation agent for those notes. Floating rate notes will accrue interest from and including the original issue date or the last date to which interest has been paid or provided for, as the case may be, to but excluding the applicable Interest Payment Date, as described below, or Maturity, as the case may be.

Accrued interest on floating rate notes will be calculated by multiplying the principal amount of such note (or, in the case of an indexed note, unless otherwise specified in the pricing supplement, the face amount of such indexed note) by an accrued interest factor. The accrued interest factor will be computed by adding the interest factors calculated for each day in the period for which accrued interest is being calculated. The interest factor (expressed as a decimal calculated to seven decimal places without rounding) for each day will be computed by dividing the interest rate in effect on that day by 360, in the case of CD Rate notes, Commercial Paper Rate notes, the Eleventh District Cost of Funds Rate notes, Federal Funds rate notes, LIBOR notes and Prime Rate notes, or by the actual number of days in the year, in the case of Treasury Rate notes or CMT Rate notes. For these calculations, the interest rate in effect on any Interest Reset Date will be the new reset rate.

The calculation agent will round all percentages resulting from any calculation of the rate of interest on a floating rate note, if necessary, to the nearest 1/100,000 of 1% (.0000001), with five one-millionths of a percentage point rounded upward (e.g. 9.876545% (or .09876545) would be rounded to 9.87655% (or .0987655)) and all currency amounts used in or resulting from any calculation on floating rate notes will be rounded to the nearest one-hundredth of a unit (with .005 of a unit being rounded upward).

The calculation agent will promptly notify The Bank of New York Mellon (and, in the case of floating rate notes listed on, or admitted to trading on or by, one or more stock exchange(s), competent authority(ies) and/or market(s) for the purposes of the Prospectus Directive, such other persons as we may from time to time specify for such purposes in relation to any notes) of each determination of the interest rate. The calculation agent will also notify such persons of the interest rate, the interest amount, the interest period and the interest payment date related to each Interest Reset Date as soon as such information is available. The paying agents will make such information available to the holders of such notes and, in the case of notes listed on, or admitted to trading on or by, one or more stock exchange(s), competent authority(ies) and/or market(s) for the purposes of the Prospectus Directive, such stock exchange(s), competent authority(ies) and/or market(s). The Bank of New York Mellon will, upon the request of the holder of any floating rate note, provide the interest rate then in effect and, if determined, the interest rate which will become effective as a result of a determination made with respect to the most recent Interest Determination Date relating to such floating rate note.

So long as any floating rate notes are listed on an exchange and the rules of such exchange so require, we will maintain a calculation agent for such floating rate notes, and we will notify the holders of such floating rate notes in the manner specified under Notices herein in the event that we appoint a calculation agent with respect to such floating rate notes other than the calculation agent designated as such in the applicable Pricing Supplement.

When Interest Is Paid

Unless we state otherwise in the applicable pricing supplement, we will pay interest on floating rate notes as follows:

(a) for notes that reset daily, weekly or monthly, on the third Wednesday of each month or on the third Wednesday of March, June, September and December of each year specified in the pricing supplement;

(b) for notes that reset quarterly, on the third Wednesday of March, June, September, and December of each year specified in the pricing supplement;

(c) for notes that reset semiannually, on the third Wednesday of each of two months of each year specified in the pricing supplement; and

(d) for notes that reset annually, on the third Wednesday of one month of each year specified in the pricing supplement.

Each of the above dates is an Interest Payment Date . We will also pay interest on all notes at Maturity.

If an Interest Payment Date (other than at Maturity) for any floating rate note falls on a day that is not a Business Day, it will be postponed to the following Business Day and interest thereon will continue to accrue (Following), except that, in the case of a LIBOR note, if that Business

Day would fall in the next calendar month, the Interest Payment Date will be the immediately preceding Business Day (Modified Following).

If the Maturity for a floating rate note falls on a day that is not a Business Day, we will make the payment of principal and interest on the next Business Day, without additional interest.

References below to information services include any successor information services.

CMT Rate Notes

Each CMT Rate note will bear interest at a specified rate that will be reset periodically based on the CMT Rate and any Spread or Spread Multiplier.

CMT Rate means, with respect to any Interest Determination Date, the rate displayed on the Designated CMT Reuters Page under the caption Treasury Constant Maturities , under the column for the specified Index Maturity for:

(1) if the Designated CMT Reuters Page is FRBCMT, the rate for the Interest Determination Date; or

(2) if the Designated CMT Rueters Page is FEDCMT, the weekly or monthly average, as applicable, ended immediately preceding the week or month, as applicable, in which the Interest Determination Date occurs.

The following procedures will apply if the rate cannot be set as described above:

(a) if we do not specify any page, the Designated CMT Reuters Page will be FEDCMT for the most recent week. If that rate is no longer displayed on the relevant page, or if it is not displayed by 3:00 p.m., New York City time, on the Calculation Date, then the CMT Rate will be the Treasury constant maturity rate for the specified

Index Maturity as published in the relevant H.15(519).

(b) If the rate is no longer published in H.15(519), or is not published by 3:00 p.m., New York City time, on the Calculation Date, then the CMT Rate for that determination date will be the Treasury constant maturity rate for the specified Index Maturity (or other U.S. Treasury rate for such Index Maturity for that Interest Determination Date) as may then be published by either the Federal Reserve Board or the U.S. Department of the Treasury that the calculation agent determines to be comparable to the rate formerly displayed on the Designated CMT Reuters

Page and published in the relevant H.15(519).

(c) If that information is not provided by 3:00 p.m., New York City time, on the Calculation Date, then the CMT Rate will be calculated as a yield to maturity, based on the average of the secondary market closing bid side prices as of approximately 3:30 p.m., New York City time, on that Interest Determination Date reported, according to their written records, by three leading primary U.S. government securities dealers (each, a Reference Dealer) in The City of New York selected by the calculation agent. These dealers will be selected from five Reference Dealers selected by the calculation agent (after consultation with us) using the following procedures:

The calculation agent will eliminate the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest), for the most recently issued direct noncallable fixed rate obligations of the United States (Treasury Notes) with an original maturity of approximately the specified Index Maturity and a remaining term to maturity of not less than the specified Index Maturity minus one year.

&nb/td>

Treasury stock, at cost		
September 30, 2009 –119,233 shares, December 31, 2008 – 164,442 shares	(1,425)	(1,686)
Total stockholders’ equity	35,046	33,904
Total liabilities and stockholders’ equity	$ 447,552	$ 441,804

See Notes to Condensed Consolidated Financial Statements

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

	Three months ended September 30, 2009	Three months ended September 30, 2008	Nine months ended September 30, 2009	Nine months ended September 30, 2008
	(Unaudited)			
Interest and dividend income				
Loans, including fees	$ 4,227	$ 4,363	$ 12,416	$ 13,045
Taxable securities	981	1,446	3,372	4,866
Non-taxable securities	424	445	1,290	1,341
Federal funds sold	17	—	34	9
Dividends on Federal Home Loan Bank stock and other	192	65	503	199
Total interest and dividend income	5,841	6,319	17,615	19,460
Interest expense				
Deposits				
Demand	93	325	387	1,418
Savings	44	42	124	107
Time	1,321	1,412	4,028	4,650
Borrowings	553	568	1,573	1,832
Total interest expense	2,011	2,347	6,112	8,007
Net interest income	3,830	3,972	11,503	11,453
Provision for loan losses	338	324	996	887
Net interest income after provision for loan losses	3,492	3,648	10,507	10,566
Noninterest income				
Service charges on deposit accounts	593	516	1,679	1,518
Realized (losses) gains on sales of securities	—	(14)	25	(14)
Realized gains on sales of loans	56	23	106	82
Realized gains on sales of other real estate and repossessed assets	8	9	87	12
Other income	171	204	533	654
Total noninterest income	828	738	2,430	2,252
Noninterest expense				
Salaries and employee benefits	1,673	1,782	4,960	4,869
Occupancy and equipment	424	323	1,227	984
Professional services	99	270	526	642
Insurance	79	96	291	285
FDIC Insurance	224	15	683	34
Franchise and other taxes	129	72	375	310
Advertising	43	106	229	280
Stationery and office supplies	61	91	230	242
Amortization of intangibles	26	—	93	—
Provision for losses on foreclosed real estate	—	—	—	155
Other expenses	662	495	1,682	1,428
Total noninterest expense	3,420	3,250	10,296	9,229

Income before federal income taxes		900		1,136		2,641		3,589
Federal income taxes		143		239		411		764
Net income	$	757	$	897	$	2,230	$	2,825
EARNINGS PER COMMON SHARE								
Basic	$	0.16	$	0.20	$	0.48	$	0.62
Diluted	$	0.16	$	0.20	$	0.48	$	0.62
DIVIDENDS PER COMMON SHARE	$	0.14	$	0.14	$	0.42	$	0.40

See Notes to Condensed Consolidated Financial Statements

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United Bancorp, Inc.
Condensed Consolidated Statements of Comprehensive Income
(In thousands)

	Three months ended September 30, 2009	Three months ended September 30, 2008	Nine months ended September 30, 2009	Nine months ended September 30, 2008
	(Unaudited)			
Net income	$ 757	$ 897	$ 2,230	$ 2,825
Other comprehensive income (loss), net of tax:				
Unrealized holding gains (losses) on securities during the period, net of taxes (benefits) of $673, $(272), $416 and $(958) for each respective period	1,307	(528)	808	(1,859)
Reclassification adjustment for realized (gains) losses included in income, net of taxes (benefits) of $0, $5, $(9) and $5 for each respective period	—	9	(16)	9
Comprehensive income	$ 2,064	$ 378	$ 3,022	$ 975
Accumulated other comprehensive loss	$ (302)	$ (2,350)	$ (302)	$ (2,350)

See Notes to Condensed Consolidated Financial Statements

United Bancorp, Inc.
Condensed Consolidated Statements of Cash Flows
For the Nine Months Ended September 30, 2009 and 2008
(In thousands)
(Unaudited)

	2009	2008
Operating Activities		
Net income	$ 2,230	$ 2,825
Items not requiring (providing) cash		
Depreciation and amortization	556	420
Amortization of intangible assets	93	—
Provision for loan losses	996	887
Provision for losses on foreclosed assets	—	155
Increase in value of bank-owned life insurance	(272)	(169)
Federal Home Loan Bank stock dividends	—	(122)
Realized gain on sales of securities	(25)	—
Losses on called securities	—	14
Amortization of premiums and discounts on securities, net	191	50
Originations of loans held for sale	(8,599)	(2,826)
Proceeds from sale of loans held for sale	8,705	2,908
Realized gains on sales of loans	(106)	(82)
Realized gains on sales of other real estate and repossessed assets	(87)	(12)
Deferred income taxes	—	510
Amortization of mortgage servicing rights	119	60
Net change in accrued interest receivable and other assets	909	(829)
Net change in accrued expenses and other liabilities	(1,982)	(2,025)
Net cash provided by operating activities	2,728	1,764
Investing Activities		
Securities available for sale:		
Sales, maturities, prepayments and calls	88,328	76,722
Purchases	(61,785)	(42,452)
Securities held to maturity:		
Maturities, prepayments and calls	640	400
Net change in loans	(10,200)	(5,327)
Net change in certificates of deposit in other financial institutions	(22,744)	—
Purchases of premises and equipment	(686)	(396)
Proceeds from disposal of premises and equipment	38	—
Net cash received from branch acquisition	—	30,929
Proceeds from sale of other real estate and repossessed assets	1,103	12
Net cash provided by (used in) investing activities	(5,306)	59,888

See Notes to Condensed Consolidated Financial Statements

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United Bancorp, Inc.
Condensed Consolidated Statements of Cash Flows (continued)
For the Nine Months Ended September 30, 2009 and 2008
(In thousands)
(Unaudited)

	2009	2008
Financing Activities		
Net change in deposits	$ (5,634)	$ (12,826)
Net change in borrowings	10,922	(15,046)
Treasury stock issued, net of purchases	269	311
Proceeds from issuance of common stock	—	93
Cash dividends paid on common stock	(2,151)	(2,012)
Net cash provided by (used in) financing activities	3,406	(29,480)
Increase in Cash and Cash Equivalents	828	32,172
Cash and Cash Equivalents, Beginning of Period	31,469	12,324
Cash and Cash Equivalents, End of Period	$ 32,297	$ 44,496
Supplemental Cash Flows Information		
Interest paid on deposits and borrowings	$ 6,180	$ 7,715
Federal income taxes paid	$ 357	$ 750
Supplemental Disclosure of Non-Cash Investing and Financing Activities		
Transfers from loans to real estate and other repossessed assets	$ 644	$ 427
Unrealized gains (losses) on securities designated as available for sale, net of related tax effects	$ 808	$ (1,859)
Recognition of mortgage servicing rights	$ 5	$ 41

See Notes to Condensed Consolidated Financial Statements

United Bancorp, Inc.
Notes to Condensed Consolidated Financial Statements
For the Nine and Three Months Ended September 30, 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 September 30, 2009, and its results of operations and cash flows for the nine and 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 nine and three months ended September 30, 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 Bank 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.

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United Bancorp, Inc.
Notes to Condensed Consolidated Financial Statements
For the Nine and Three Months Ended September 30, 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.

Securities

Available-for-sale securities, which include any security for which the Company has no immediate plan to sell but which may be sold in the future, are carried at fair value. Unrealized gains and losses are recorded, net of related income tax effects, in other comprehensive income.

Held-to-maturity securities, which include any security for which the Company has the positive intent and ability to hold until maturity, are carried at historical cost adjusted for amortization of premiums and accretion of discounts.

Amortization of premiums and accretion of discounts are recorded as interest income from securities. Realized gains and losses are recorded as net security gains (losses). Gains and losses on sales of securities are determined on the specific-identification method.

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 defines impaired loans 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. 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 at that time.

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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 and non-vested restricted stock. At September 30, 2009, the ESOP held 283,635 unallocated shares which were not included in weighted-average common shares outstanding. In addition, at September 30, 2009, 170,000 shares of non-vested restricted stock 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 compensation plans.

	Three months ended September 30, 2009	Three months ended September 30, 2008	Nine months ended September 30, 2009	Nine months ended September 30, 2008
Basic				
Net income (In thousands)	$ 757	$ 897	$ 2,230	$ 2,825
Weighted average common shares outstanding	4,626,354	4,593,728	4,612,680	4,581,958
Basic earnings per common share	$ 0.16	$ 0.20	$ 0.48	$ 0.62
Diluted				
Net income (In thousands)	$ 757	$ 897	$ 2,230	$ 2,825
Weighted average common shares outstanding for basic earnings per common share	4,626,354	4,593,728	4,612,680	4,581,958
Add: Dilutive effects of assumed exercise of stock options and restricted stock	—	197	390	197
Average shares and dilutive potential common shares	4,626,354	4,593,925	4,613,070	4,582,155
Diluted earnings per common share	$ 0.16	$ 0.20	$ 0.48	$ 0.62
Number of stock options not considered in computing diluted earnings per share due to antidilutive nature	55,529	29,040	55,529	29,040

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Options to purchase 55,529 shares of common stock at a weighted-average exercise price of $10.34 per share were outstanding at September 30, 2009, but were not included in the computation of diluted EPS because the options' exercise price was greater than the average market price of the common shares. Options to purchase 55,529 shares of common stock at a weighted-average exercise price of $10.34 per share were outstanding at September 30, 2008, but 29,040 options to purchase common stock were not included in the computation of diluted EPS because the options' exercise price was greater than the average market price of the common shares.

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 2006.

Recent Accounting Pronouncements

FASB ASC 805-10 concerning business combinations seeks to improve the relevance, representational faithfulness and comparability of the information that a reporting entity provides in its financial reports about a business combination and its effects. This guidance introduces new accounting concepts, and several of these changes have the potential to generate greater earnings volatility, in connection with and after an acquisition. Some of the more significant changes include:

- Transaction costs and restructuring charges will now be expensed.
- The accounting for certain assets acquired and liabilities assumed will change significantly. The most significant to the Company being that the allowance for loan losses at acquisition date will be eliminated.
- Contingent consideration will be measured at fair value until settled.
- Equity issued in an acquisition will be valued at the closing date, as opposed to the announcement date.
- Material adjustments made to the initial acquisition will be recorded back to the acquisition date.

FASB ASC 805-10 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. The Company adopted FASB ASC 805-10 effective January 1, 2009, as required, without material effect on the Company's financial position or results of operations.

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FASB ASC 810-10 concerning noncontrolling interests in consolidated financial statements establishes accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. It clarifies that a noncontrolling interest in a subsidiary is an ownership interest in the consolidated entity that should be reported as equity in the consolidated financial statements. Before this statement was issued, limited guidance existed for reporting noncontrolling interests. As a result, considerable diversity in practice existed. So called minority interests were reported in the consolidated statement of financial position as liabilities or in the mezzanine section between liabilities and equity. This guidance improves comparability by eliminating that diversity. The FASB ASC 810-10 is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008. The Company adopted FASB ASC 810-10 effective January 1, 2009, as required, without material effect on the Company's financial position or results of operations.

FASB ASC 815-10 concerning disclosures about derivative instruments and hedging activities was issued in March 2008 and amends and expands the disclosure requirements of previous guidance to provide greater transparency about (i) how and why an entity uses derivative instruments, (ii) how derivative instruments and related hedge items are accounted for under FASB ASC 815-10 and its related interpretations and (iii) how derivative instruments and related hedged items affect an entity's financial position, results of operations and cash flows. To meet those objectives, FASB ASC 815-10 requires qualitative disclosures about objectives and strategies for using derivatives, quantitative disclosures about fair value amounts of gains and losses on derivative instruments and disclosures about credit-risk-related contingent features in derivative agreements. FASB ASC 815-10 is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008, with early application encouraged. The Company adopted FASB ASC 815-10 effective January 1, 2009, as required, without material effect on the Company's financial position or results of operations.

FASB ASC 805-20 concerns accounting for assets acquired and liabilities assumed in a business combination that arise from contingencies and clarifies previous guidance regarding the initial recognition and measurement, subsequent measurement and accounting and disclosure of assets and liabilities arising from contingencies in a business combination. FASB ASC 805-20 eliminates the distinction between contractual and noncontractual contingencies discussed in FASB ASC 805-10, specifies whether contingencies should be measured at fair value or in accordance with FASB ASC 450-10, provides application guidance on subsequent accounting for assets acquired and liabilities assumed in a business combination that arise from contingencies and establishes new disclosure requirements. FASB ASC 805-20 is effective for assets or liabilities arising from contingencies in 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. The Company adopted FASB ASC 805-20 effective January 1, 2009, as required, without material effect on the Company's financial position or results of operations.

FASB ASC 820-10 concerns determining fair value when the volume and level of activity for the asset or liability have significantly decreased and identifying transactions that are not orderly. The guidance was issued on April 9, 2009 and provides additional guidance for estimating fair value when the volume and level of activity for the asset or liability have significantly decreased. FASB ASC 820-10 also includes guidance on identifying circumstances that indicate a transaction is not orderly. Even if there has been a significant decrease in the volume and level of activity regardless of valuation technique, the objective of a fair value measurement remains the same. Fair value is

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the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction (that is, not a forced liquidation or distressed sale) between market participants at the measurement date under current market conditions. FASB ASC 820-10 is effective for interim reporting periods ending after June 15, 2009, with early adoption permitted for periods ending after March 15, 2009, only if FASB ASC 320-10 and FASB ASC 825-10 are adopted concurrently. FASB ASC 820-10 does not require disclosures for earlier periods presented for comparative purposes at initial adoption. The Company adopted FASB ASC 820-10 effective June 30, 2009, as required, without material effect on the Company's financial position or results of operations.

FASB ASC 320-10 concerns recognition and presentation of other-than-temporary impairments and was issued on April 9, 2009. The guidance requires disclosures about fair value of financial instruments for interim reporting periods of publicly traded companies as well as in annual financial statements. FASB ASC 320-10 is effective for interim reporting periods ending after June 15, 2009, with early adoption permitted for periods ending after March 15, 2009, only if FASB ASC 820-10 and FASB ASC 825-10 are adopted concurrently. FASB ASC 320-10 does not require disclosures for earlier periods presented for comparative purposes at initial adoption. The Company adopted FASB ASC 320-10 effective June 30, 2009, as required, without material effect on the Company's financial position or results of operations.

FASB ASC 825-10 concerning interim disclosures about fair value of financial instruments was issued on April 9, 2009 and amends the other-than-temporary guidance in United States generally accepted accounting principles for debt securities to make the guidance more operational and to improve the presentation and disclosure of other-than-temporary impairments on debt and equity securities in the financial statements. FASB ASC 825-10 does not amend existing recognition and measurement guidance related to other-than-temporary impairments of equity securities and does not require disclosures for earlier periods presented for comparative purposes at initial adoption. Effective for interim reporting periods ending after June 15, 2009, early adoption is permitted for periods ending after March 15, 2009, only if FASB ASC 820-10 and FASB ASC 320-10 are adopted concurrently. The Company adopted FASB ASC 825-10 effective June 30, 2009, as required, without material effect on the Company's financial position or results of operations.

FASB ASC 855-10 concerning subsequent events was issued in May 2009 and established standards for accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. FASB ASC 855-10 is effective for periods ending after June 15, 2009. The Company adopted FASB ASC 855-10 effective June 30, 2009, as required, without material effect on the Company's financial position or results of operations.

FASB ASC 860-10 concerning accounting for transfers of financial assets was issued in June 2009 and changes the derecognition guidance for transferors of financial assets, including entities that sponsor securitizations, to align that guidance with the original intent of previous guidance. FASB ASC 860-10 also eliminates the exemption from consolidation for qualifying special-purpose entities (QSPEs). As a result, all existing QSPEs need to be evaluated to determine whether the QSPE should be consolidated in accordance with FASB ASC 860-10.

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FASB ASC 860-10 is effective as of the beginning of a reporting entity's first annual reporting period beginning after November 15, 2009 (January 1, 2010, as to the Company), for interim periods within that first annual reporting period, and for interim and annual reporting periods thereafter. The recognition and measurement provisions of FASB ASC 860-10 must be applied to transfers that occur on or after the effective date. Early application is prohibited. FASB ASC 860-10 also requires additional disclosures about transfers of financial assets that occur both before and after the effective date. The Company does not believe that the adoption of FASB ASC 860-10 will have a significant effect on its consolidated financial statements.

FASB ASC 860-10 also improves how enterprises account for and disclose their involvement with variable interest entities (VIE's), which are special-purpose entities, and other entities whose equity at risk is insufficient or lack certain characteristics. Among other things, FASB ASC 860-10 changes how an entity determines whether it is the primary beneficiary of a variable interest entity (VIE) and whether that VIE should be consolidated. FASB ASC 860-10 requires an entity to provide significantly more disclosures about its involvement with VIEs. As a result, the Company must comprehensively review its involvements with VIEs and potential VIEs, including entities previously considered to be qualifying special purpose entities, to determine the effect on its consolidated financial statements and related disclosures. FASB ASC 860-10 is effective as of the beginning of a reporting entity's first annual reporting period that begins after November 15, 2009 (January 1, 2010, as to the Company), and for interim periods within the first annual reporting period. Earlier application is prohibited. The Company does not believe that the adoption of FASB ASC 860-10 will have a significant effect on its consolidated financial statements.

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Note 2: Securities

The amortized cost and approximate fair values of securities are as follows:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Approximate Fair Value
		(In thousands)		
Available-for-sale Securities:				
September 30, 2009 (unaudited):				
U.S. government agencies	$ 62,738	$ 243	$ (136)	$ 62,845
State and political subdivisions	26,687	619	(52)	27,254
Mortgage-backed securities	13,242	534	—	13,776
Equity securities	4	2	—	6
	$ 102,671	$ 1,398	$ (188)	$ 103,881
December 31, 2008:				
U.S. government agencies	$ 86,458	$ 928	$ —	$ 87,386
State and political subdivisions	26,970	18	(1,252)	25,736
Mortgage-backed securities	15,972	319	(1)	16,290
Equity securities	4	—	—	4
	$ 129,404	$ 1,265	$ (1,253)	$ 129,416

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Approximate Fair Value
		(In thousands)		
Held-to-maturity Securities:				
September 30, 2009 (unaudited):				
State and political subdivisions	$ 15,073	$ 452	$ (16)	$ 15,509
December 31, 2008:				
State and political subdivisions	$ 15,687	$ 185	$ (175)	$ 15,697

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The amortized cost and fair value of available-for-sale securities and held-to-maturity securities at September 30, 2009, by contractual maturity, are shown below. Expected maturities will differ from contractual maturities because issuers may have the right to call or prepay obligations with or without call or prepayment penalties.

	Available-for-sale		Held-to-maturity	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
	(In thousands, unaudited)			
Within one year	$ 350	$ 352	$ 280	$ 282
One to five years	3,316	3,392	3,268	3,383
Five to ten years	21,213	21,909	6,333	6,582
After ten years	77,788	78,222	5,192	5,262
	102,667	103,875	15,073	15,509
Equity securities	4	6	—	—
Totals	$ 102,671	$ 103,881	$ 15,073	$ 15,509

The carrying value of securities pledged as collateral, to secure public deposits and for other purposes, was $87.8 million at September 30, 2009 and $89.7 million at December 31, 2008.

Information with respect to sales of available for sale securities and resulting gross realized gains and losses was as follows:

	Nine months ended September 30,	
	2009	2008
	(In thousands, unaudited)	
Proceeds from sale	$ 1,000	$ 4,046
Gross gains	25	—
Gross losses	—	(14)

Certain investments in debt securities are reported in the financial statements at an amount less than their historical cost. The total fair value of these investments was $23.8 million at September 30, 2009, and $31.5 million at December 31, 2008, which represented approximately 20% and 22%, respectively, of the Company’s available-for-sale and held-to-maturity investment portfolio at each respective date.

Should the impairment of any of these securities become other than temporary, the cost basis of the investment will be reduced and the resulting loss recognized in net income in the period the other-than-temporary impairment is identified.

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The following table shows the Company's investments' gross unrealized losses and fair value, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position at September 30, 2009 and December 31, 2008.

September 30, 2009	Less than 12 Months		12 Months or More		Total	
Description of Securities	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
(In thousands, unaudited)						
US Government agency securities	$ 16,954	$ (136)	$ —	$ —	$ 16,954	$ (136)
State and political subdivisions	4,394	(22)	2,463	(46)	6,857	(68)
Total temporarily impaired securities	$ 21,348	$ (158)	$ 2,463	$ (46)	$ 23,811	$ (204)

December 31, 2008	Less than 12 Months		12 Months or More		Total	
Description of Securities	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
(In thousands)						
Mortgage-backed securities	$ —	$ —	$ 288	$ (1)	$ 288	$ (1)
State and political subdivisions	31,249	(1,427)	—	—	31,249	(1,427)
Total temporarily impaired securities	$ 31,249	$ (1,427)	$ 288	$ (1)	$ 31,537	$ (1,428)

U.S. Government Agencies

The unrealized losses on the Company's investments in direct obligations of U.S. government agencies were primarily caused by changes in interest rates. The contractual terms of those investments do not permit the issuer to settle the securities at a price less than the amortized cost bases of the investments. Because the Company does not intend to sell the investments and it is not more likely than not the Company will be required to sell the investments before recovery of their amortized cost bases, which may be maturity, the Company does not consider those investments to be other-than-temporarily impaired at September 30, 2009.

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Mortgage-backed Securities

The unrealized losses on the Company's investment in mortgage-backed securities were primarily caused by changes in interest rates. The Company expects to recover the amortized cost basis over the term of the securities. Because the decline in market value is attributable to changes in interest rates and not credit quality, and because the Company does not intend to sell the investments and it is not more likely than not the Company will be required to sell the investments before recovery of their amortized cost bases, which may be maturity, the Company does not consider those investments to be other-than-temporarily impaired at September 30, 2009.

State and Political Subdivisions

The unrealized losses on the Company's investments in securities of state and political subdivisions were primarily caused by changes in interest rates. The contractual terms of those investments do not permit the issuer to settle the securities at a price less than the amortized cost bases of the investments. Because the Company does not intend to sell the investments and it is not more likely than not the Company will be required to sell the investments before recovery of their amortized cost bases, which may be maturity, the Company does not consider those investments to be other-than-temporarily impaired at September 30, 2009.

Note 3: Allowance for Loan Losses

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

	Three months ended September 30,		Nine months ended September 30,	
	2009	2008	2009	2008
	(In thousands)			
Beginning balance	$ 3,291	$ 2,870	$ 2,770	$ 2,447
Provision for loan losses	338	324	996	887
Loans charged-off	(768)	(270)	(1,022)	(534)
Recoveries of previous charge-offs	65	41	182	165
Ending balance	$ 2,926	$ 2,965	$ 2,926	$ 2,965

The Company's impaired loans totaled $5.7 million and $7.5 million at September 30, 2009 and December 31, 2008, respectively. The Company reviews each impaired loan to determine whether a specific allowance for loan losses is necessary. Based upon this review, an allowance for loan losses of

$1.2 million and $1.5 million relates to impaired loans of $3.9 million and $5.5 million, at September 30, 2009 and December 31, 2008, respectively. At September 30, 2009 and December 31, 2008, impaired loans of $1.8 million and $2.0 million, respectively, had no related allowance for loan losses.

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Interest income of approximately $109,000 and $167,000 was recognized on average impaired loans of $7.0 million and $7.5 million for the nine months ended September 30, 2009 and 2008, respectively. Interest income was recognized on impaired loans on a cash basis for each of the nine months ended September 30, 2009 and 2008.

At September 30, 2009 and December 31, 2008, accruing loans delinquent 90 days or more (including impaired loans of $614,000 at September 30, 2009 and $1.1 million at December 31, 2008) totaled $1.3 million and $1.6 million, respectively. Non-accruing loans at September 30, 2009 and December 31, 2008 (including impaired loans of $5.0 million at September 30, 2009 and $4.9 million at December 31, 2008) were $5.9 million and $5.4 million, respectively.

Note 4: Benefit Plans

Pension expense includes the following:

	Three months ended September 30, 2009	Three months ended September 30, 2008	Nine months ended September 30, 2009	Nine months ended September 30, 2008
	(In thousands)			
Service cost	$ 63	$ 59	$ 189	$ 177
Interest cost	41	45	121	135
Expected return on assets	(37)	(59)	(111)	(177)
Amortization of prior service cost, transition liability, net gain and plan amendment	30	15	90	45
Pension expense	$ 97	$ 60	$ 289	$ 180

In addition to the Company's normal pension expense in the table above, during the nine months ended September 30, 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 during 2009.

Note 5: Off-Balance Sheet Activities

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

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

	September 30, 2009 (Unaudited)	December 31, 2008
	(In thousands)	
Commitments to extend credit	$ 34,741	$ 26,110
Credit card and ready reserve lines	13,646	12,912
Standby letters of credit	775	820

Note 6: Fair Value Measurements

The Company defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company also utilizes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

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

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 consolidated 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. The Company has no available for-sale-securities classified as Level 1 of the hierarchy. If quoted market prices are not available, the Company generally relies on prices obtained from independent pricing services or brokers. Securities measured with this valuation technique are generally classified as Level 2 of the hierarchy, and their fair values are estimated by using pricing models, quoted prices of securities with similar characteristics or discounted cash flows using significant inputs observable in the market. Examples of Level 2 securities include U.S. government agency bonds, mortgage-backed securities, state and political subdivision bonds, and equity securities. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. The Company has no securities classified as Level 3 of the hierarchy.

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The following table presents the fair value measurements of assets recognized in the accompanying consolidated balance sheets measured at fair value on a recurring basis and the level within a fair value hierarchy in which the fair value measurements fall at September 30, 2009 and December 31, 2008:

		Fair Value Measurements Using		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	(In thousands)			
September 30, 2009				
U.S. government agencies	$ 62,845	$ —	$ 62,845	$ —
State and political subdivisions	27,254	—	27,254	—
Mortgage-backed securities	13,776	—	13,776	—
Equity securities	6	—	6	—
December 31, 2008				
U.S. government agencies	$ 87,386	$ —	$ 87,386	$ —
State and political subdivisions	25,736	—	25,736	—
Mortgage-backed securities	16,290	—	16,290	—
Equity securities	4	—	4	—

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

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. Due to the nature of the valuation inputs, impaired loans are classified within Level 3 of the hierarchy.

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.

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Foreclosed Assets Held for Sale

Assets acquired through, or in lieu of, loan foreclosure are held for sale and are initially recorded at fair value (based on current appraised value) at the date of foreclosure, establishing a new cost basis. Subsequent to foreclosure, valuations are periodically performed by management and the assets are carried at the lower of carrying amount or fair value less cost to sell. Management has determined fair value measurements on other real estate owned primarily through evaluations of appraisals performed, and current and past offers for the other real estate under evaluation. Due to the nature of the valuation inputs, foreclosed assets held for sale are classified within Level 3 of the hierarchy.

The following table presents the fair value measurements of assets recognized in the accompanying consolidated balance sheets measured at fair value on a nonrecurring basis and the level within the fair value hierarchy in which the fair value measurements fall at September 30, 2009 and December 31, 2008.

		Fair Value Measurements Using		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
		(In thousands)		
September 30, 2009				
Impaired loans	$ 1,368	$ —	$ —	$ 1,368
Mortgage servicing rights	280	—	—	280
Foreclosed assets held for sale	643	—	—	643
December 31, 2008				
Impaired loans	$ 4,856	$ —	$ —	$ 4,856
Mortgage servicing rights	394	—	—	394
Foreclosed assets held for sale	208	—	—	208

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The following table presents estimated fair values of the Company's financial instruments. The fair values of certain of these instruments were calculated by discounting expected cash flows, which involves significant judgments by management and uncertainties. Fair value is the estimated amount at which financial assets or liabilities could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Because no market exists for certain of these financial instruments and because management does not intend to sell these financial instruments, the Company does not know whether the fair values shown below represent values at which the respective financial instruments could be sold individually or in the aggregate.

	September 30, 2009		December 31, 2008	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	(In thousands)			
Financial assets				
Cash and cash equivalents	$ 32,297	$ 32,297	$ 31,469	$ 31,469
Certificates of deposits in other financial institutions	22,744	22,814	—	—
Held-to-maturity securities	15,073	15,509	15,687	15,697
Loans, net of allowance for loan losses	244,114	239,336	235,448	235,075
Federal Home Loan Bank stock	4,810	4,810	4,810	4,810
Accrued interest receivable	2,348	2,348	3,037	3,037
Financial liabilities				
Deposits	341,411	328,975	347,045	349,247
Short-term borrowings	13,145	13,145	6,759	6,759
Federal Home Loan Bank advances	49,245	50,311	43,745	44,327
Subordinated debentures	4,000	2,819	4,000	2,763
Treasury tax and loan	86	86	1,050	1,050
Interest payable	401	401	469	469

The following methods and assumptions were used to estimate the fair value of each class of financial instruments.

Cash and Cash Equivalents, Accrued Interest Receivable and Federal Home Loan Bank Stock

The carrying amount approximates fair value.

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Certificates of Deposit in other Financial Institutions

The fair value of certificates of deposit in other financial institutions is estimated by discounting the future cash flows using the current rates at which similar certificates could be acquired from financial institutions with similar credit ratings and for the same remaining maturities. Certificates with similar characteristics were aggregated for purposes of the calculations.

Held-to-maturity Securities

Fair values equal quoted market prices, if available. If quoted market prices are not available, fair value is estimated based on quoted market prices of similar securities.

Loans

The fair value of loans is estimated by discounting the future cash flows using the current rates at which similar loans would be made to borrowers with similar credit ratings and for the same remaining maturities. Loans with similar characteristics were aggregated for purposes of the calculations.

Deposits

Deposits include demand deposits, savings accounts, NOW accounts and certain money market deposits. The carrying amount approximates fair value. The fair value of fixed-maturity time deposits is estimated using a discounted cash flow calculation that applies the rates currently offered for deposits of similar remaining maturities.

Short-term Borrowings, Interest Payable and Treasury Tax and Loan

The carrying amount approximates fair value.

Subordinated Debentures and Federal Home Loan Bank Advances

Rates currently available to the Company for debt with similar terms and remaining maturities are used to estimate the fair value of existing debt.

Commitments to Originate Loans, Letters of Credit and Lines of Credit

The fair value of commitments to originate loans is estimated using the fees currently charged to enter into similar agreements, taking into account the remaining terms of the agreements and the present creditworthiness of the counterparties. For fixed-rate loan commitments, fair value also considers the difference between current levels of interest rates and the committed rates. The fair values of letters of credit and lines of credit are based on fees currently charged for similar agreements or on the estimated cost to terminate or otherwise settle the obligations with the counterparties at the reporting date. Fair values of commitments were not material at September 30, 2009 and December 31, 2008.

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Note 7: Restricted Stock Awards

In accordance with the United Bancorp, Inc. 2008 Incentive award Plan that was approved by our shareholders, the Company issued 170,000 restricted common stock awards to certain Officers and Directors of the Company. The restricted stock awards will cliff vest at the earliest of the individuals' normal retirement dates or 9 ½ years from date of grant. The Company utilized the stock closing price on the date of grant of $8.40 as the fair value to record compensation cost. For the three month period ended September 30, 2009, the Company recorded approximately $9,000 of compensation expense related to this restricted stock award. At September 30, 2009, no shares were vested under this award. These awards were considered in the Company's dilutive earnings per share computation and have a dilutive effect of approximately 390 shares for the nine month period ended September 30, 2009. Under the United Bancorp, Inc. 2008 Incentive Award Plan the Company has 330,000 shares available for future grants.

Note 8: Subsequent Events

Subsequent events have been evaluated through November 13, 2009, which is the date the financial statements were issued.

United Bancorp, Inc.

ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discusses the financial condition of the Company as of September 30, 2009, as compared to December 31, 2008, and the results of operations for the nine and three month periods ended September 30, 2009, compared to the same periods in 2008. This discussion should be read in conjunction with the interim condensed consolidated financial statements and related footnotes included herein.

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.

Except as otherwise discussed herein, 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. Except as otherwise discussed herein, the Company is not aware of any current recommendation by regulatory authorities that would have such effect if implemented.

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.

Introduction

The Company's net interest margin of 3.83% for the nine months ended September 30, 2009, generated an increase of approximately $50,000 in net interest income over the same period in 2008. This increase was primarily driven by an increase in the earning assets of the Bank and a reduction in the Company's interest expense as interest rates remain at historical low levels. Overall, the composition of the Company's balance sheet has changed during the past 12 months due to the September 2008 acquisition of approximately $30 million of net deposits from a failed bank. In addition, with interest rates at historical low levels the Company has also experienced a high volume of called investment securities since December 31, 2008. For the nine months ended September 30, 2009, the Company experienced a net $26.5 million in called investment securities. With these two items, as of September 30, 2009, the Company had liquidity of over $55 million being maintained in lower yielding short term investments and in cash. Should the economy and interest rates improve over the next 18 months, management expects to be able to deploy this liquidity to meet projected increased loan demand. However, in the near term, as overall interest rates remain low it will become more of a challenge to maintain the Company's current net interest margin. For the three months ended September 30, 2009, the Company's net interest income decreased $142,000, or 3.6%, compared to the same period in 2008.

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Service charge income on deposit accounts for the nine month period ended September 30, 2009 increased $161,000. The Company's nine month 2009 earnings level was accomplished despite a period over period increase of $109,000 in the provision for loan losses, and an impairment loss on the Company's secondary market loan servicing asset of approximately $76,000, due to the low interest rate environment and the related accelerating payoff of loan balances. Overall in 2009, the deposit insurance premiums assessed by the Federal Deposit Insurance Corporation (FDIC) have increased dramatically in response to a number of bank failures during the past 18 months. The FDIC's insurance premiums increased approximately $649,000 during the first nine months of 2009 as compared to the same period in 2008. This level of assessment is expected to continue for the remainder of 2009 and beyond. In addition, on May 22, 2009, the FDIC adopted a final rule to impose a special 5 basis point assessment on total assets less Tier 1 capital on all banks as of September 30, 2009, and authorized the FDIC to impose up to two additional 5 basis point assessments in the third and fourth quarters of 2009. The Company's noninterest expense for the first nine months of 2009 increased $1,067,000, or 11.6%, as compared to the same period in 2008. Excluding the effect of the FDIC insurance premiums, the majority of this increase relates to additional staff and operating expenses following our September 19, 2008 acquisition of three new banking offices from the FDIC.

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 judgments.

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.

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.

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Analysis of Financial Condition

Earning Assets – Loans

At September 30, 2009, gross loans were $247.0 million, compared to $238.2 million at December 31, 2008, an increase of $8.8 million. The overall increase in the loan portfolio was driven by a $7.5 million increase in consumer loans since December 31, 2008.

Installment loans represented 18.5% of total loans at September 30, 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 increased $7.5 million, or 19.5%, since December 31, 2008. With overall interest rates at historical low levels, the Company focused on growing the installment loan area since the average life of these loans is approximately 36 to 40 months. The Company will have the opportunity to reinvest the repayment proceeds of these shorter duration loans into higher yielding assets when the economy strengthens and overall interest rates increase. The targeted lending areas encompass four 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 56.9% of total loans at September 30, 2009 compared to 58.8% at December 31, 2008. Commercial and commercial real estate loans have increased $408,000, or 0.3% 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 24.6% and 25.1% of total loans at September 30, 2009 and December 31, 2008, respectively. Real estate loans increased $958,000 from December 31, 2008. Real estate lending for the nine months of 2009 has been slow with respect to the Company's adjustable-rate mortgage products. As of September 30, 2009, the Bank has approximately $30.4 million in fixed-rate loans that it services for a fee that is typically 25 basis points. At September 30, 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 nine months ended September 30, 2009 were approximately $840,000, or 30.3%, of the beginning balance in the allowance for loan losses. While the level of net loans charged off to average loans has increased from 0.16% for the nine months ended September 30, 2008 to 0.35% for the nine months ended September 30, 2009, the Company's net charge-off percentage is well below the June 30, 2009 peer group average of 0.70%.

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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, other than those issued by U.S. government agencies, or derivative securities. Generally, the quality rating of obligations of state and political subdivisions is Aaa, Aa or A. Board policy permits the purchase of certain non-rated bonds of local schools, townships and municipalities, based on their estimated levels of credit risk. Securities available for sale at September 30, 2009 decreased approximately $25.5 million, or 19.7%, from year-end 2008 totals. With the overall decreasing interest rate environment, the Company has experienced a high level of called bond activity during the first nine 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 securities. As of September 30, 2009, the Company had approximately $22.7 million of CD’s with an average yield of 2.12% and an average term to maturity of 159 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 September 30, 2009, total core deposits decreased approximately $15.1 million, or 5.0%. The Company’s interest-bearing demand deposits decreased $12.8 million, or 10.8%, noninterest-bearing demand deposits decreased $2.4 million, or 9.8%, while certificates of deposit under $100,000 decreased by $3.6 million, or 3.0%. The Company’s savings accounts increased $3.7 million, or 9.2%, from December 31, 2008 totals.

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 September 30, 2009, certificates of deposit greater than $100,000 increased $9.4 million, or 20.1%, from year-end 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 $5.4 million from December 31, 2008 totals, while the Federal Home Loan Bank advances increased $5.5 million from December 31, 2008. The Company took advantage of special long term lower rate advances from the Federal Home Loan Bank.

Results of Operations for the Nine Months Ended September 30, 2009 and 2008

Net Income

Basic and diluted earnings per share for the nine months ended September 30, 2009 totaled $0.48, compared with $0.62 for the nine months ended September 30, 2008, a decrease of 22.6%. In dollars, the Company's net income was $2.2 million for the nine months ended September 30, 2009, a decrease of $595,000, or 21.0%, compared to the same period in 2008.

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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 0.4%, or $50,000, for the nine months ended September 30, 2009 compared to the same period in 2008. This increase was primarily driven by an increase in the earning assets of the Bank and a reduction in the Company's interest expense as interest rates remain at historical low levels.

Provision for Loan Losses

The provision for loan losses was $996,000 for the nine months ended September 30, 2009, compared to $887,000 for the same period in 2008. The increase in loan loss provision for the nine-month period ended September 30, 2009, was predicated upon the increase in nonperforming loans and consideration of the impact on the loan portfolio of the economic challenges facing the banking industry.

Noninterest Income

Total noninterest income is comprised of bank related fees and service charges, as well as other income producing services provided, gains on sales of loans in the secondary market, gains and losses on sales of repossessed assets, 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 nine months ended September 30, 2009 was $2.4 million, an increase of $178,000, or 7.9%, compared to $2.3 million for the nine-month period ended September 30, 2008. During the nine-months ended September 30, 2009, the increase in noninterest income was primarily driven by an increase in customer service fees of $161,000 and an increase in gains on sale of foreclosed real estate of approximately $75,000. These items were offset by an impairment charge of approximately $76,000 related to the Company's secondary market mortgage servicing asset. With interest rates at historical low levels, the overall mortgage industry and the Company have seen an increase in mortgage refinancing. As the pace of mortgage refinancing increases the computed value of the Company's mortgage servicing asset has decreased in value and resulted in the impairment charge previously mentioned. As of September 30, 2009, the Company's mortgage servicing asset was approximately $280,000, and it is currently valued at approximately 92 basis points of the secondary market loans the Company services.

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Noninterest Expense

Noninterest expense was $10.3 million for the nine months ended September 30, 2009 an increase of

$1.1 million, or 11.6%, over the nine months ended September 30, 2008. Overall in 2009, the deposit insurance premiums assessed by the Federal Deposit Insurance Corporation ("FDIC") have increased dramatically in response to a record number of bank failures during the past 18 months. Overall in 2009, the deposit insurance premiums assessed by the Federal Deposit Insurance Corporation (FDIC) have increased dramatically in response to a number of bank failures during the past 18 months. The FDIC's insurance premiums increased approximately $649,000 during the first nine months of 2009 as compared to the same period in 2008. This level of assessment is expected to continue for the remainder of 2009 and beyond. In addition, on May 22, 2009, the FDIC adopted a final rule to impose a special 5 basis point assessment on total assets less Tier 1 capital on all banks as of September 30, 2009, and authorized the FDIC to impose up to two additional 5 basis point assessments in the third and fourth quarters of 2009.

The Company has experienced an increase in noninterest expense due to the September 2008 acquisition of three branches of a failed bank. With this acquisition the Company expanded from 17 to 20 offices and and as a result increased staff and general overhead from this expansion. Salaries and employee benefits expense increased $91,000, or 1.9%, for the period ended September 30, 2009 over the same period in 2008. This increase was due to the staffing increase, normal merit increases, and benefit expenses. Professional fees decreased $116,000, for the first nine months of 2009 compared to the same period in 2008 due to a decrease in legal fees associated with collection efforts. Occupancy and equipment expense increased $243,000, or 24.7% for the first nine months of 2009 over the same period in 2008, due to increased depreciation expense on computer hardware and software and related service maintenance as well as costs associated with the three new branch locations. Amortization expense of intangible assets was $93,000 for the first nine months of 2009, relating to the intangible asset recorded in connection with the 2008 acquisition of a failed bank.

Federal Income Taxes

The provision for federal income taxes was $411,000 for the nine months ended September 30, 2009, a decrease of $353,000, or 46.2%, compared to the same period in 2008. The decrease in tax expense was due primarily to a $948,000, or 26.4%, decrease in pretax income. The effective tax rates were 15.6% and 21.3% for the nine months ended September 30, 2009 and 2008, respectively.

Results of Operations for the Three Months Ended September 30, 2009 and 2008

Net Income

Basic and diluted earnings per share for the three months ended September 30, 2009 totaled $0.16 compared with $0.20, for the three months ended September 30, 2008, a decrease of 20.0%. In dollars, the Company's net income was $757,000 for the three months ended September 30, 2009 a decrease of $140,000, or 15.6% compared to net income of $897,000 for the same quarter in 2008.

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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 decreased 3.6%, or

$142,000, for the three months ended September 30, 2009 compared to the same period in 2008, due primarily to the effects of decreasing interest rates in the economy which resulted in decreased interest rates on the Company's adjustable rate loans. The lower interest rate environment which resulted in a higher rate of called investment securities and the timing of and extent to which the Company reinvested those funds.

Provision for Loan Losses

The provision for loan losses was $338,000 for the three months ended September 30, 2009, compared to $324,000 for the same period in 2008. The provision expense for the three months ended September 30, 2009 was predicated upon an analysis of the level of nonperforming loans and consideration of the economic challenges applied to the loan portfolio.

Noninterest Income

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

Noninterest income for the three months ended September 30, 2009 was $828,000, an increase of $90,000, or 12.2%, compared to $738,000 for the same three-month period ended September 30, 2008. During the three-months ended September 30, 2009, the increase in noninterest income was primarily driven by an increase in customer service fees of approximately $77,000 and an increase in gains on sale of loans of approximately $33,000.

Noninterest Expense

Noninterest expense was $3.4 million for the three months ended September 30, 2009 an increase of $170,000, or 5.2%, over the three months ended September 30, 2008. This was primarily driven by increased FDIC insurance expense of $209,000 for the three months ended September 30, 2009 over the same period in 2008. As previously discussed, this increased level of insurance premiums will continue into 2010. The Company has also experienced an increase in noninterest expense due to the September 2008 branch acquisition. Occupancy and equipment expense increased $167,000, or 33.7% for the first three months ended September 30, over the same period in 2008, due to increased depreciation expense from the additional offices from the September 2008 acquisition and on computer hardware and software and related service maintenance. Amortization expense of intangible assets was $26,000 for the three months ended September 30, 2009 versus zero for the same period in 2008, relating to the intangible asset recorded in connection with the 2008 acquisition of a failed bank. Professional fees decreased $171,000, for the three months ended September 2009 compared to the same period in 2008 due to a decrease in legal fees associated with collection efforts. Advertising and stationary and office supplies expenses decreased for the three months ended

September 30, 2009 compared to the higher expenditures for the same period in 2008 due to the branch acquisition.

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Federal Income Taxes

The provision for federal income taxes was $143,000 for the three months ended September 30, 2009, a decrease of $96,000, or 40.2%, compared to the same period in 2008. The decrease in tax expense was due primarily to a $236,000, or 20.8%, decrease in pretax income. The effective tax rates were

15.9% and 21.0% for the three months ended September 30, 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 $35.0 million at September 30, 2009 compared to $33.9 million at December 31, 2008, a $1.1 million increase. Total stockholders' equity in relation to total assets was 7.8% at September 30, 2009 and 7.7% at 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 a 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.

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%

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The following table illustrates the Company's well-capitalized classification at September 30, 2009.

		September 30, 2009 (Unaudited) (Dollars in thousands)
Tier 1 capital	$	38,638
Total risk-based capital		41,564
Risk-weighted assets		273,928
Average total assets		449,374
Total risk-based capital ratio		15.17%
Tier 1 risk-based capital ratio		14.11%
Tier 1 capital to average assets		8.60%

Liquidity

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

Inflation

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 September 30, 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 September 30, 2009 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

United Bancorp, Inc.

Part II – Other Information

ITEM 1. Legal Proceedings

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

ITEM 1A. Risk Factors

There have been no material changes from risk factors as previously disclosed in Part 1 Item 1A of the Company's Form 10-K 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) Total Number of Shares (or Units) Purchased as Part Of Publicly Announced Plans Or Programs	(d) Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs
Month #1 7/1/2009 to 7/31/2009	-	-	-	$ 1,735,810
Month #2 8/1/2009 to 8/31/2009	-	-	-	$ 1,735,810
Month #3 9/1/2009 to 9/30/2009	-	-	-	$ 1,735,810

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, Directors may defer up to 100% of their fees and officers may defer 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 in a lump sum or over a period up to ten years per their prior election along with any cash proceeds credited to the account which have not yet been invested in the Company's stock. 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.

United Bancorp, Inc.

Part II – Other Information

As of September 30, 2009, the Company continues to be included in the Russell Microcap Index. 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 2010.

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 and Restated 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 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 Exhibit 3.2 to the registrant's Form 10-Q for the fiscal period ended June 30. 2009, as filed with the Securities and Exchange Commission on August 13, 2009.

SIGNATURES

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

/s/United Bancorp, Inc.

Date:	November 13 , 2009	By:	/s/James W. Everson James W. Everson Chairman, President and Chief Executive Officer
Date:	November 13 , 2009	By:	/s/Randall M. Greenwood Randall M. Greenwood Senior Vice President, Chief Financial Officer and Treasurer

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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 and Restated Code of Regulations of United Bancorp, Inc. incorporated by reference to Exhibit 3.2 to the registrant’s Form 10-Q for the fiscal period ended June 30, 2009, as filed with the with the Securities and Exchange Commission on August 13, 2009.
4.0	Instruments Defining the Rights of Security Holders (See Exhibits 3.1 and 3.2)
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.