

UNITED BANCORP INC /OH/  
Form 10-K  
March 19, 2014

UNITED STATES

**SECURITIES AND EXCHANGE COMMISSION**

Washington, DC 20549

**FORM 10-K**

**x ANNUAL REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2013

**OR**

**“ TRANSITION REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the transition period from N/A to N/A**

**Commission File Number 0-16540**

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

**Ohio** **34-1405357**  
(State or other jurisdiction of incorporation or organization) (IRS) Employer Identification No.)

**201 South Fourth Street, Martins Ferry, Ohio 43935**  
(Address of principal executive offices) (ZIP Code)

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

**Securities registered pursuant to Section 12(b) of the Act:**

| (Title of class)                       | (Name of each exchange on which registered) |
|--|---|
| Common Stock, Par Value \$1.00 a share | NASDAQ Capital Market                       |

**Securities registered pursuant to Section 12(g) of the Act:** None

**Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No .**

**Indicated by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes  No .**

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

**Yes  No**

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

**Yes  No .**

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this form 10-K.

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

**Large accelerated filer**  **Accelerated filer**

**Non-accelerated filer**  **Smaller reporting company**

(Do not check if a smaller reporting company)

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

Yes  No

As of June 30, 2013 the aggregate market value of the registrant's common stock held by non-affiliates of the registrant was \$31,078,648 based on the closing sale price as reported on the National Association of Securities Dealers Automated Quotation System.

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

Registrant had 5,362,808 common shares outstanding as of March 6, 2014.

#### DOCUMENTS INCORPORATED BY REFERENCE

Portions of the proxy statement for the Annual Shareholders meeting to be held April 16, 2014 are incorporated by reference into Part III.

Portions of the Annual Report to Shareholders for the year ended December 31, 2013 are incorporated by reference into Parts I and II.

## PART I

### Item 1 Business

#### Business

United Bancorp, Inc. (Company) is a bank holding company headquartered in Martins Ferry, Ohio. At December 31, 2013 the Company has one wholly-owned subsidiary bank, The Citizens Savings Bank, Martins Ferry, Ohio (CITIZENS, or the Bank). The Bank operates two divisions for marketing purposes, The Community Bank, a division of The Citizens Savings Bank and The Citizens Bank, a division of The Citizens Savings Bank.

CITIZENS serves customers in northeastern, eastern, southeastern and south central Ohio and is engaged in the business of commercial and retail banking in Belmont, Harrison, Jefferson, Tuscarawas, Carroll, Athens, Hocking, and Fairfield counties and the surrounding localities. The Bank provides a broad range of banking and financial services, which includes accepting demand, savings and time deposits and granting commercial, real estate and consumer loans. CITIZENS conducts its business through its main office and stand alone operations center in Martins Ferry, Ohio and nineteen branches located in the counties mentioned above. CITIZENS offers full brokerage service through LPL Financial® member NASD/SIPC.

CITIZENS has no single customer or related group of customers whose banking activities, whether through deposits or lending, would have a material impact on the continued earnings capabilities if those activities were removed.

#### Competition

The markets in which CITIZENS operates continue to be highly competitive. CITIZENS competes for loans and deposits with other retail commercial banks, savings and loan associations, finance companies, credit unions and other types of financial institutions within the Mid-Ohio valley geographic area along the eastern border of Ohio including Belmont, Harrison and Jefferson counties and extending into the northern panhandle of West Virginia and the Tuscarawas and Carroll County geographic areas of northeastern Ohio. CITIZENS also encounters similar competition for loans and deposits throughout the Athens, Hocking, and Fairfield County geographic areas of central and southeastern Ohio.

Supervision and Regulation

*General*

The Company is a corporation organized under the laws of the State of Ohio. The business in which the Company and its subsidiary are engaged is subject to extensive supervision, regulation and examination by various bank regulatory authorities. The supervision, regulation and examination to which the Company and its subsidiary are subject are intended primarily for the protection of depositors and the deposit insurance funds that insure the deposits of banks, rather than for the protection of shareholders.

Several of the more significant regulatory provisions applicable to banks and bank holding companies to which the Company and CITIZENS are subject are discussed below. To the extent that the following information describes statutory or regulatory provisions, it is qualified in its entirety by reference to the particular statutory provisions. Any change in applicable law or regulation may have a material effect on the business and prospects of the Company and CITIZENS.

### *Regulatory Agencies*

The Company is a registered bank holding company and is subject to inspection, examination and supervision by the Board of Governors of the Federal Reserve System (the “Federal Reserve Board”) pursuant to the Bank Holding Company Act of 1956, as amended.

CITIZENS is an Ohio chartered commercial bank. It is subject to regulation and examination by both the Ohio Division of Financial Institutions (the “ODFI”) and the FDIC.

### *Regulatory Reform*

Overview. Congress, the U.S. Department of the Treasury (“Treasury”), and the federal banking regulators, including the FDIC, have taken broad action since early September 2008 to address volatility in the U.S. banking system and financial markets. Beginning in late 2008, the U.S. and global financial markets experienced deterioration of the worldwide credit markets, which created significant challenges for financial institutions both in the United States and around the world. These actions included the adoption by Congress of both the Emergency Economic Stabilization Act of 2008 (“EESA”), and the American Recovery and Reinvestment Act of 2009 (“ARRA”). The most recent significant piece of legislation adopted in response to this crisis was the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (“Dodd-Frank Act”), which was signed into law by President Obama on July 21, 2010, and which is discussed more thoroughly below.

Dodd-Frank Wall Street Reform and Consumer Protection Act. The Dodd-Frank Act created many new restrictions and an expanded framework of regulatory oversight for financial institutions, including insured depository institutions. Currently, federal regulators are still in the process of drafting the implementing regulations for many portions of the Dodd-Frank Act. Federal regulators continue to implement many provisions of the Dodd-Frank Act. The Dodd-Frank Act created an independent regulatory body, the Bureau of Consumer Financial Protection (“Bureau”), with authority and responsibility to set rules and regulations for most consumer protection laws applicable to all banks - large and small - adds another regulator to scrutinize and police financial activities. Oversight of all consumer financial protection functions have been transferred to the Bureau. The Bureau has responsibility for mortgage reform and enforcement, as well as broad new powers over consumer financial activities which could impact what consumer financial services would be available and how they are provided. The following consumer protection laws are the designated laws that will fall under the Bureau’s rulemaking authority: the Alternative Mortgage Transactions Parity Act of 1928, the Consumer Leasing Act of 1976, the Electronic Fund Transfer Act, the Equal Credit Opportunity Act, the Fair Credit Billing Act, the Fair Credit Reporting Act subject to certain exclusions, the Fair Debt Collection Practices Act, the Home Owners Protection Act, certain privacy provisions of the Gramm-Leach-Bliley Act, the Home Mortgage Disclosure Act (HMDA), the Home Ownership and Equity Protection Act of 1994, the Real Estate Settlement Procedures Act (RESPA), the S.A.F.E. Mortgage Licensing Act of 2008 (SAFE Act), and the Truth in Lending Act. Review and revision of current financial regulations in conjunction with added new financial service

regulations will heighten the regulatory compliance burden and increase litigation risk for the banking industry.

The following discussion summarizes other significant aspects of the Dodd-Frank Act that may affect the Company and the Bank:

The deposit insurance assessment base for federal deposit insurance has been expanded from domestic deposits to average assets minus average tangible equity;

The Dodd-Frank Act instructs appropriate federal banking agencies to make the capital requirements for banks and savings and loan holding companies and insured depository institutions countercyclical so that the amount of capital required to be maintained increases in times of economic expansion and decreases in times of economic contraction, consistent with safety and soundness;

The prohibition on the payment of interest on business demand deposits has been repealed, effective July 21, 2011, thereby permitting depository institutions to pay interest on business transaction and other accounts;



The standard maximum amount of deposit insurance per customer has been permanently increased to \$250,000 and unlimited deposit insurance on noninterest-bearing transaction accounts expired December 31, 2012;

Financial holding companies are required to be well-capitalized and well-managed and must continue to be both well-capitalized and well-managed in order to acquire banks located outside their home state;

The Dodd-Frank Act extended the application to most bank holding companies of the same leverage and risk-based capital requirements that apply to insured depository institutions, which, among other things, will disallow treatment of trust preferred securities as Tier 1 capital under certain circumstances;

New corporate governance requirements, which are generally applicable to most larger public companies, now require new compensation practices, including, but not limited to, providing shareholders the opportunity to cast a non-binding vote on executive compensation, to consider the independence of compensation advisors and new executive compensation disclosure requirements;

The Dodd-Frank Act amended the Electronic Fund Transfer Act to, among other things, give the FRB the authority to establish rules regarding interchange fees charged for electronic debit transactions by payment card issuers having assets over \$10 billion and to enforce a new statutory requirement that such fees be reasonable and proportional to the actual cost of a transaction to the issuer; and

The authority of the FRB to examine financial holding companies and their non-bank subsidiaries was expanded.

Many aspects of the Dodd-Frank Act are still subject to rulemaking and will take effect over several years, making it difficult to anticipate the overall financial impact on the Company, its subsidiaries, their respective customers or the financial services industry more generally. The Company is closely monitoring all relevant sections of the Dodd-Frank Act to ensure continued compliance with these regulatory requirements.

### *The Holding Company Regulation*

As a holding company incorporated and doing business within the State of Ohio, the Company is subject to regulation and supervision under the Bank Holding Act of 1956, as amended (the "Act"). The Company is required to file with the Federal Reserve Board on quarterly basis information pursuant to the Act. The Federal Reserve Board may conduct examinations or inspections of the Company and CITIZENS.

The Company is required to obtain prior approval from the Federal Reserve Board for the acquisition of more than five percent of the voting shares or substantially all of the assets of any bank or bank holding company. In addition,

the Company is generally prohibited by the Act from acquiring direct or indirect ownership or control of more than five percent of the voting shares of any company which is not a bank or bank holding company and from engaging directly or indirectly in activities other than those of banking, managing or controlling banks or furnishing services to its subsidiaries. The Company may, however, subject to certain prior approval requirements of the Federal Reserve Board, engage in, or acquire shares of companies engaged in activities which are deemed by the Federal Reserve Board by order or by regulation to be financial in nature or closely related to banking.

On November 12, 1999, the Gramm-Leach-Bliley Act (the "GLB Act") was enacted into law. The GLB Act made sweeping changes with respect to the permissible financial services which various types of financial institutions may now provide. The Glass-Steagall Act, which had generally prevented banks from affiliation with securities and insurance firms, was repealed. Pursuant to the GLB Act, bank holding companies may elect to become a "financial holding company," provided that all of the depository institution subsidiaries of the bank holding company are "well capitalized" and "well managed" under applicable regulatory standards.

Under the GLB Act, a bank holding company that has elected to become a financial holding company may affiliate with securities firms and insurance companies and engage in other activities that are financial in nature. Activities that are "financial in nature" include securities underwriting, dealing and market-making, sponsoring mutual funds and investment companies, insurance underwriting and agency, merchant banking, and activities that the Federal Reserve Board has determined to be closely related to banking. No Federal Reserve Board approval is required for the Company to acquire a company, other than a bank holding company, bank or savings association, engaged in activities that are financial in nature or incidental to activities that are financial in nature, as determined by the Federal Reserve Board. Prior Federal Reserve Board approval is required before the Company may acquire the beneficial ownership or control of more than five percent of the voting shares, or substantially all of the assets, of a bank holding company, bank or savings association. If any subsidiary bank of the Company ceases to be "well capitalized" or "well managed" under applicable regulatory standards, the Federal Reserve Board may, among other actions, order the Company to divest the subsidiary bank. Alternatively, the Company may elect to conform its activities to those permissible for a bank holding company that is not also a financial holding company. If any subsidiary bank of the Company receives a rating under the Community Reinvestment Act of 1977 of less than satisfactory, the Company will be prohibited from engaging in new activities or acquiring companies other than bank holding companies, banks or savings associations. The Company is not a financial holding company and has no current intention of making such an election.

Control Acquisitions. The Change in Bank Control Act prohibits a person or group of persons from acquiring "control" of the Company unless the Federal Reserve Board has been notified and has not objected to the transaction. Under the rebuttable presumption established by the Federal Reserve Board, the acquisition of 10% or more of a class of voting stock of a bank holding company with a class of securities registered under Section 12 of the Exchange Act, such as the Company, would, under the circumstances set forth in the presumption, constitute acquisition of control of the bank holding company. In addition, a company is required to obtain the approval of the Federal Reserve Board under the Bank Holding Company Act before acquiring 25% (5% in the case of an acquirer that is a bank holding company) or more of any class of outstanding voting stock of a bank holding company, or otherwise obtaining control or a "controlling influence" over that bank holding company.

Liability for Banking Subsidiaries. Under the current Federal Reserve Board policy, the Company is expected to act as a source of financial and managerial strength to its subsidiary bank and to maintain resources adequate to support the Bank. This support may be required at times when the Company may not have the resources to provide it. In the event of the Company's bankruptcy, any commitment to a U.S. federal bank regulatory agency to maintain the capital of the Bank would be assumed by the bankruptcy trustee and entitled to priority of payment.

*Regulation of the Bank*

General. CITIZENS is an Ohio-chartered bank that is not a member of the Federal Reserve System. CITIZENS is therefore regulated by the ODFI as well as the FDIC. The regulatory agencies have the authority to regularly examine CITIZENS, which is subject to all applicable rules and regulations promulgated by its supervisory agencies. In addition, the deposits of CITIZENS are insured by the FDIC to the fullest extent permitted by law.

Deposit Insurance. As an FDIC-insured institution, CITIZENS is required to pay deposit insurance premium assessments to the FDIC. The FDIC has adopted a risk-based assessment system under which all insured depository institutions are placed into one of nine categories and assessed insurance premiums based upon their respective levels of capital and results of supervisory evaluations. Institutions classified as well-capitalized (as defined by the FDIC) and considered healthy pay the lowest premium while institutions that are less than adequately capitalized (as defined by the FDIC) and considered of substantial supervisory concern pay the highest premium. Risk classification of all insured institutions is made by the FDIC for each semi-annual assessment period.

The FDIC may terminate the deposit insurance of any insured depository institution if the FDIC determines, after a hearing, that the institution has engaged or is engaging in unsafe or unsound practices, is in an unsafe or unsound condition to continue operations or has violated any applicable law, regulation, order, or any condition imposed in writing by, or written agreement with, the FDIC. The FDIC may also suspend deposit insurance temporarily during the hearing process for a permanent termination of insurance if the institution has no tangible capital. Management of the Company is not aware of any activity or condition that could result in termination of the deposit insurance of CITIZENS.

The Dodd-Frank Act revised the statutory authorities governing the FDIC's management of the DIF. Key requirements from the Dodd-Frank Act resulted in the FDIC's adoption of new rules in February 2011 regarding Assessments, Dividends, Assessment Base, and Large Bank Pricing. The new rules implemented the following changes: (1) redefined the definition of an institution's deposit insurance assessment base from one based on domestic deposits to one based on assets now defined as "average consolidated total assets minus average tangible equity"; (2) changed the assessment rate adjustments to better account for risk based on an institution's funding sources; (3) revised the deposit insurance assessment rate schedule in light of the new assessment base and assessment rate adjustments; (4) implemented Dodd-Frank Act dividend provisions; (5) revised the large insured depository institution assessment system to better differentiate for risk and to take into account losses the FDIC may incur from large institution failures; and (6) provided technical and other changes to the FDIC's assessment rules. Though deposit insurance assessments maintain a risk-based approach, the FDIC imposed a more extensive risk-based assessment system on large insured depository institutions with at least \$10 billion in total assets since they are more complex in nature and could pose greater risk. The rules became effective April 1, 2011 implementing the revised assessment rate schedule for the quarter beginning April 1, 2011.

Capital Requirements. The Federal Reserve Board, ODFI and FDIC require banks and holding companies to maintain minimum capital ratios. The “risk-adjusted” capital guidelines for CITIZENS and the Company involve a mathematical process of assigning various risk weights to different classes of assets, then evaluating the sum of the risk-weighted balance sheet structure against CITIZENS’s and Company’s capital base. The rules set the minimum guidelines for the ratio of capital to risk-weighted assets (including certain off-balance-sheet activities, such as standby letters of credit) at 8%. Tier 1 Capital is comprised of common equity, retained earnings, and a limited amount of perpetual preferred stock less certain intangible items. At least half of the total capital is to be Tier 1 Capital. The remainder of total capital may consist of a limited amount of subordinated debt, other preferred stock, and a portion of the loan loss reserves (not to exceed 1.25% of risk-weighted assets). CITIZENS anticipates maintaining capital at a level sufficient to be classified as “well capitalized” pursuant to the Federal Reserve guidelines.

In addition, the federal banking regulatory agencies have adopted leverage capital guidelines for banks and bank holding companies. Under these guidelines, banks and bank holding companies must maintain a minimum ratio of three percent (3%) Tier 1 Capital to total assets. However, most banking organizations are expected to maintain capital ratios well in excess of the minimum level and generally must keep their Tier 1 ratio at or above 5%. CITIZENS intends to maintain capital well above the regulatory minimum.

The capital requirements described above are minimum requirements. Higher capital levels will be required if warranted by the particular circumstances or risk profiles of individual institutions. For example, the regulations provide that additional capital may be required to take adequate account of, among other things, interest rate risk or the risks posed by concentrations of credit, nontraditional activities or securities trading activities. As of December 31, 2013, CITIZENS exceeded its minimum regulatory capital requirements with a total risk-based capital ratio of 15.1%, a Tier 1 risk-based capital ratio of 14.1% and a Tier 1 leverage ratio of 10.3%.

In addition to the minimum regulatory capital requirements discussed above, provisions contained in the Federal Deposit Insurance Company Improvement Act (“FDICIA”) expressly provide for certain supervisory actions which are directly keyed to the capital levels of an insured depository institution. These “prompt corrective action” provisions impose progressively more restrictive constraints on operations, management and capital distributions of a particular institution as its regulatory capital decreases. Using Tier 1 risk-based, total risk-based, and Tier 1 leverage capital ratios as the relevant measures, FDIC insured depository institutions are grouped into one of the following five prompt corrective action capital categories: well capitalized, adequately capitalized; undercapitalized;

significantly undercapitalized; and critically undercapitalized. An institution is considered well capitalized if it has a total risk-based capital ratio of at least 10%, a Tier 1 risk-based capital ratio of at least 6% and a Tier 1 leverage capital ratio of at least 5%, provided, however, such institution is not subject to a written advisement, order or capital directive to meet and maintain a specific capital level for any particular capital measure. An adequately capitalized institution must have a total risk-based capital ratio of at least 8%, a Tier 1 risk-based capital ratio of at least 4% and a Tier 1 leverage capital ratio of at least 4% (3% if the institution has achieved the highest composite rating in its most recent examination). At December 31, 2013, CITIZENS satisfied all requirements for inclusion in the “well capitalized” category.

Dividends. Ohio law prohibits CITIZENS, without the prior approval of the ODFI, from paying dividends in an amount greater than the lesser of its undivided profits or the total of its net income for that year, combined with its retained net income from the preceding two years. The payment of dividends by any financial institution or its holding company is also affected by the requirement to maintain adequate capital pursuant to applicable capital adequacy guidelines and regulations. To this effect, the Board of Governors of the Federal Reserve has issued Supervisory Guidance and Regulations on the Payment of Dividends, Stock Redemptions, and Stock Repurchases by Bank Holding Companies (the “Policy Statement”). In the Policy Statement, the Federal Reserve stated that it is important for a banking organization’s board of directors to ensure that the dividend level is prudent relative to the organization’s financial position and is not based on overly optimistic earnings scenarios. As a general matter, the Policy Statement provides that the board of directors of a bank holding company should inform the Federal Reserve and should eliminate, defer, or significantly reduce its dividends if:

- (1) net income available to shareholders for the past four quarters, net of dividends previously paid during that period, is not sufficient to fully fund the dividends;
- (2) the prospective rate of earnings retention is not consistent with the company’s capital needs and overall current and prospective financial condition; or
- (3) the company will not meet, or is in danger of not meeting, its minimum regulatory capital adequacy ratios.

Failure to do so could result in a supervisory finding that the organization is operating in an unsafe and unsound manner. Moreover, the Policy Statement requires a bank holding company to inform the Federal Reserve reasonably in advance of declaring or paying a dividend that exceeds earnings for the period (e.g., quarter) for which the dividend is being paid or that could result in a material adverse change to the organization’s capital structure. Declaring or paying a dividend in either circumstance could raise supervisory concerns. As described above, CITIZENS exceeded its minimum capital requirements under applicable guidelines as of December 31, 2013.

Branching Authority. Ohio chartered banks have the authority under Ohio law to establish branches anywhere in the State of Ohio, subject to receipt of all required regulatory approvals. Additionally, in May 1997 Ohio adopted legislation “opting in” to the provisions of Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994 (the “Interstate Act”) which allows banks to establish interstate branch networks through acquisitions of other banks, subject

to certain conditions, including certain limitations on the aggregate amount of deposits that may be held by the surviving bank and all of its insured depository institution affiliates. The establishment of de novo interstate branches or the acquisition of individual branches of a bank in another state (rather than the acquisition of an out-of-state bank in its entirety) is also allowed by the Riegle-Neal Act and authorized by Ohio law.

Affiliate Transactions. Various governmental requirements, including Sections 23A and 23B of the Federal Reserve Act, limit borrowings by holding companies and non-bank subsidiaries from affiliated insured depository institutions, and also limit various other transactions between holding companies and their non-bank subsidiaries, on the one hand, and their affiliated insured depository institutions on the other. Section 23A of the Federal Reserve Act also generally requires that an insured depository institution's loan to its non-bank affiliates be secured, and Section 23B of the Federal Reserve Act generally requires that an insured depository institution's transactions with its non-bank affiliates be on arms-length terms.

Depositor Preference. The Federal Deposit Insurance Act provides that, in the event of the “liquidation or other resolution” of an insured depository institution, the claims of depositors of the institution, including the claims of the FDIC as subrogee of insured depositors, and certain claims for administrative expenses of the FDIC as a receiver, will have priority over other general unsecured claims against the institution. If an insured depository institution fails, insured and uninsured depositors, along with the FDIC, will have priority in payment ahead of unsecured, non deposit creditors and shareholders of the institution.



Privacy Provisions of Gramm-Leach-Bliley Act. Under GLB, federal banking regulators adopted rules that limit the ability of banks and other financial institutions to disclose non-public information about consumers to non-affiliated third parties. These limitations require disclosure of privacy policies to consumers and, in some circumstances, allow consumers to prevent disclosure of certain personal information to non-affiliated third parties. The privacy provisions of GLB affect how consumer information is transmitted through diversified financial companies and conveyed to outside vendors.

Anti-Money Laundering Provisions of the USA Patriot Act of 2001. On October 26, 2001, the USA Patriot Act of 2001 (the “Patriot Act”) was signed into law. The Patriot Act is intended to strengthen U.S. law enforcement’s and the intelligence community’s ability to work cohesively to combat terrorism on a variety of fronts. The potential impact of the Patriot Act on financial institutions of all kinds is significant and wide-ranging. The Patriot Act contains sweeping anti-money laundering and financial transparency laws and requires various regulations, including: (a) due diligence requirements for financial institutions that administer, maintain, or manage private bank accounts or correspondent accounts for non-U.S. persons; (b) standards for verifying customer identification at account opening; and (c) rules to promote cooperation among financial institutions, regulators and law enforcement entities in identifying parties that may be involved in terrorism or money laundering.

Fiscal and Monetary Policies. CITIZENS's business and earnings are affected significantly by the fiscal and monetary policies of the federal government and its agencies. CITIZENS is particularly affected by the policies of the Federal Reserve Board, which regulates the supply of money and credit in the United States. Among the instruments of monetary policy available to the Federal Reserve are (a) conducting open market operations in United States government securities, (b) changing the discount rates of borrowings of depository institutions, (c) imposing or changing reserve requirements against depository institutions' deposits, and (d) imposing or changing reserve requirements against certain borrowing by banks and their affiliates. These methods are used in varying degrees and combinations to affect directly the availability of bank loans and deposits, as well as the interest rates charged on loans and paid on deposits. For that reason alone, the policies of the Federal Reserve Board have a material effect on the earnings of CITIZENS.

Additional and Pending Regulation. CITIZENS is also subject to federal regulation as to such matters as the maintenance of required reserves against deposits, limitations in connection with affiliate transactions, limitations as to the nature and amount of its loans and investments, regulatory approval of any merger or consolidation, issuance or retirement by CITIZENS of its own securities and other aspects of banking operations. In addition, the activities and operations of CITIZENS are subject to a number of additional detailed, complex and sometimes overlapping laws and regulations. These include state usury and consumer credit laws, state laws relating to fiduciaries, the Federal Truth-in-Lending Act and Regulation Z, the Federal Equal Credit Opportunity Act and Regulation B, the Fair Credit Reporting Act, the Truth in Savings Act, the Community Reinvestment Act, anti-redlining legislation and antitrust laws.

Congress regularly considers legislation that may have an impact upon the operation of the Company and CITIZENS. At this time, the Company is unable to predict whether any proposed legislation will be enacted and, therefore, is unable to predict the impact such legislation may have on the operations of the Company.

### Employees

The Company itself, as a holding company, has no compensated employees. CITIZENS has 117 full time employees, with 32 of these serving in a management capacity, and 34 part time employees.

### Industry Segments

United Bancorp and its subsidiary are engaged in one line of business, banking. Item 8 of this 10-K provides financial information for United Bancorp's business.

Statistical Disclosures by Bank Holding Companies

IDistribution of Assets, Liabilities and Stockholders' Equity; Interest Rates and Interest Differential

Refer to Management's Discussion and Analysis "Average Balances, Net Interest Income and Yields Earned and Rates Paid" and "Rate/Volume Analysis on pages 21 and 22 of our 2013 Annual Report, which is incorporated by reference.

**II Investment Portfolio**

A The following table sets forth the carrying amount of securities at December 31, 2013, 2012 and 2011.

|                                    | December 31,   |          |          |
|------------------------------------|----------------|----------|----------|
|                                    | 2013           | 2012     | 2011     |
|                                    | (In thousands) |          |          |
| Available for sale (at fair value) |                |          |          |
| U. S. Government agencies          | \$20,151       | \$24,070 | \$64,168 |
| State and political subdivisions   | 6,387          | 10,759   | 17,817   |
| Equity                             | 26             | 24       | 13       |
|                                    | \$26,564       | \$34,853 | \$81,998 |
| Held to maturity (at cost)         |                |          |          |
| State and political subdivisions   | \$955          | \$2,768  | \$4,597  |

**B** Contractual maturities of securities at year-end 2013 were as follows:

|                                     | Amortized<br>Cost<br>(dollars in<br>thousands) | Estimated<br>Fair Value | Average Tax<br>Equivalent Yield |   |
|-------------------------------------|--|-------------------------|---------------------------------|---|
| <b>Available for Sale</b>           |  |                         |                                 |   |
| US Government agencies              |  |                         |                                 |   |
| 1 - 5 Years                         | 4,000  | 3,921                   | 0.87                            | % |
| 5 - 10 Years                        | 11,000   | 10,630                  | 1.01                            | % |
| Over 10 Years                       | 6,000  | 5,600                   | 2.11                            | % |
| Total                               | 21,000   | 20,151                  | 1.30                            | % |
| State and political subdivisions    |  |                         |                                 |   |
| 1 - 5 Years                         | 2,402  | 2,497                   | 5.78                            | % |
| 5 - 10 Years                        | 3,794  | 3,890                   | 6.01                            | % |
| Total                               | 6,196  | 6,387                   | 5.92                            | % |
| Equity securities                   |  |                         |                                 |   |
| Equity securities                   | 4  | 26                      | 0.00                            | % |
| Total securities available for sale | \$27,200                                       | \$ 26,564               | 2.29                            | % |
| <b>Held to Maturity</b>             |  |                         |                                 |   |
| State and political subdivisions    |  |                         |                                 |   |
| Under 1 Year                        | \$386  | \$ 389                  | 5.90                            | % |
| 1 - 5 Years                         | 569  | 571                     | 6.47                            | % |
| Total securities held to maturity   | \$955  | \$ 970                  | 2.49                            | % |

**C** Excluding holdings of U.S. Government agency obligations, there were no investments in securities of any one issuer exceeding 10% of the Company's consolidated shareholders' equity at December 31, 2013.

### III Loan Portfolio

#### A Types of Loans

The amounts of gross loans outstanding at December 31, 2013, 2012, 2011, 2010 and 2009 are shown in the following table according to types of loans:

|                               | December 31,     |                  |                  |                  |                  |
|-------------------------------|------------------|------------------|------------------|------------------|------------------|
|                               | 2013             | 2012             | 2011             | 2010             | 2009             |
|                               | (In thousands)   |                  |                  |                  |                  |
| Commercial loans              | \$55,136         | \$47,130         | \$35,387         | \$32,153         | \$20,996         |
| Commercial real estate loans  | 144,972          | 144,144          | 148,052          | 136,369          | 129,757          |
| Residential real estate loans | 82,832           | 73,623           | 61,765           | 63,378           | 51,128           |
| Installment loans             | 26,562           | 31,585           | 39,243           | 46,877           | 44,875           |
| <b>Total loans</b>            | <b>\$309,502</b> | <b>\$296,482</b> | <b>\$284,447</b> | <b>\$278,777</b> | <b>\$257,726</b> |

Construction loans were not significant at any date indicated above.

#### B Maturities and Sensitivities of Loans to Changes in Interest Rates

The following is a schedule of commercial and commercial real estate loans at December 31, 2013 maturing within the various time frames indicated:

|                              | One Year<br>Less | One Through<br>Five Years | After<br>Five Years | Total            |
|------------------------------|------------------|---------------------------|---------------------|------------------|
|                              | (In thousands)   |                           |                     |                  |
| Commercial loans             | \$9,734          | \$ 30,168                 | \$ 15,234           | \$55,136         |
| Commercial real estate loans | 10,490           | 11,149                    | 123,333             | 144,972          |
| <b>Total</b>                 | <b>\$20,224</b>  | <b>\$ 41,317</b>          | <b>\$ 138,567</b>   | <b>\$208,108</b> |

The following is a schedule of fixed-rate and variable-rate commercial and commercial real estate loans at December 31, 2013 due to mature after one year:

|                              | Fixed Rate      | Variable Rate     | Total > One<br>Year |
|------------------------------|-----------------|-------------------|---------------------|
|                              | (In thousands)  |                   |                     |
| Commercial loans             | \$27,439        | \$ 17,963         | \$ 45,402           |
| Commercial real estate loans | 6,253           | 128,229           | 134,482             |
| <b>Total</b>                 | <b>\$33,692</b> | <b>\$ 146,192</b> | <b>\$ 179,884</b>   |

Variable rate loans are those loans with floating or adjustable interest rates.

## CRisk Elements

## 1. Nonaccrual, Past Due, Restructured and Impaired Loans

The following schedule summarizes nonaccrual loans, accruing loans which are contractually 90 days or more past due, and impaired loans at December 31, 2013, 2012, 2011, 2010 and 2009:

|  | December 31,   |         |         |         |         |
|--|----------------|---------|---------|---------|---------|
|  | 2013           | 2012    | 2011    | 2010    | 2009    |
|  | (In thousands) |         |         |         |         |
| Nonaccrual basis   | \$2,880        | \$3,260 | \$4,855 | \$4,526 | \$5,426 |
| Accruing loans 90 days or greater past due                     | 189            | 84      | 85      | 25      | 971     |
| Impaired loans   | 6,330          | 6,958   | 8,891   | 7,274   | 4,728   |
| Impaired loan with related allowance for unconfirmed losses    | 5,306          | 5,051   | 6,554   | 5,493   | 3,265   |
| Impaired loan without related allowance for unconfirmed losses | 1,024          | 1,907   | 2,337   | 1,781   | 1,463   |
| Troubled debt restructurings                                   | 3,243          | 854     | 466     | —       | —       |



The additional amount of interest income that would have been recorded on nonaccrual loans, had they been current, totaled approximately \$365,000 and \$340,000 for the years ended December 31, 2013 and 2012, respectively.

The Company's policy is to generally not allow loans greater than 90 days past due to accrue interest unless the loan is both well secured and in the process of collection. Interest income is not reported when full loan repayment is doubtful, typically when the loan is impaired. Payments received on such loans are reported as principal reductions.

## 2. Potential Problem Loans

The Company had no potential problem loans as of December 31, 2013 which have not been disclosed in Table C 1., but where known information about possible credit problems of borrowers causes management to have serious doubts as to the ability of such borrowers to comply with the present loan repayment terms and which may result in disclosure of such loans into one of the problem loan categories.

## IV Summary of Loan Loss Experience

The allowance for loan losses is a valuation allowance for probable incurred credit losses, increased by the provision for loan losses and decreased by charge-offs less recoveries. Management estimates the allowance balance required based on past loan loss experience, the nature and volume of the portfolio, information about specific borrower situations and estimated collateral values, economic conditions and other factors. Allocations of the allowance may be made for specific loans, but the entire allowance is available for any loan that, in management's judgment, should be charged-off. Loan losses are charged against the allowance when management believes the uncollectibility of a loan balance is confirmed. The Company accounts for impaired loans in accordance with ASC 310-10-35-16, "Accounting by Creditors for Impairment of a Loan." ASC 310-10-35-16 requires that impaired loans be measured based upon the present value of expected future cash flows discounted at the loan's effective interest rate or, as an alternative, at the loan's observable market price or fair value of the collateral. A loan is defined under ASC 310-10-35-16 as impaired when, based on current information and events, it is probable that a creditor will be unable to collect all amounts due according to the contractual terms of the loan agreement. In applying the provisions of ASC 310-10-35-16, the Company considers its investment in one-to-four family residential loans and consumer installment loans to be homogenous and therefore excluded from separate identification for evaluation of impairment. With respect to the Company's investment in nonresidential and multi-family residential real estate loans, and its evaluation of impairment thereof, such loans are generally collateral dependent and, as a result, are carried as a practical expedient at the fair value of the collateral.

Collateral dependent loans which are more than ninety days delinquent are considered to constitute more than a minimum delay in repayment and are evaluated for impairment under ASC 310-10-35-16 at that time.

For additional explanation of factors which influence management's judgment in determining amounts charged to expense, refer to pages 13,14,15 and 16 of the "Management's Discussion and Analysis" and Notes to Consolidated Financial Statements set forth in our 2013 Annual Report, which is incorporated herein by reference.

## A Analysis of the Allowance for Loan Losses

The following schedule presents an analysis of the allowance for loan losses, average loan data and related ratios for the years ended December 31, 2013, 2012, 2011, 2010 and 2009:

|  | 2013           | 2012      | 2011      | 2010      | 2009      |   |      |   |      |   |
|--|----------------|-----------|-----------|-----------|-----------|---|------|---|------|---|
|  | (In thousands) |           |           |           |           |   |      |   |      |   |
| <b>Loans</b>   |                |           |           |           |           |   |      |   |      |   |
| Gross loans outstanding  | \$309,502      | \$296,482 | \$284,447 | \$278,777 | \$257,726 |   |      |   |      |   |
| Average loans outstanding  | \$297,821      | \$282,735 | \$278,719 | \$263,480 | \$243,599 |   |      |   |      |   |
| <b>Allowance for Loan Losses</b>                                   |                |           |           |           |           |   |      |   |      |   |
| Balance at beginning of year                                       | \$2,708        | \$2,921   | \$2,740   | \$2,390   | \$2,770   |   |      |   |      |   |
| <b>Loan charge-offs:</b>   |                |           |           |           |           |   |      |   |      |   |
| Commercial   | 645            | 67        | 616       | 256       | 125       |   |      |   |      |   |
| Commercial real estate   | 130            | 1,166     | 758       | 775       | 1,038     |   |      |   |      |   |
| Residential real estate  | 59             | 90        | 261       | 160       | 295       |   |      |   |      |   |
| Installment  | 399            | 310       | 489       | 579       | 472       |   |      |   |      |   |
| Total loan charge-offs   | 1,233          | 1,633     | 2,124     | 1,770     | 1,930     |   |      |   |      |   |
| <b>Loan recoveries</b>   |                |           |           |           |           |   |      |   |      |   |
| Commercial   | 2              | 90        | 25        | 37        | 18        |   |      |   |      |   |
| Commercial real estate   | 14             | 9         | 54        | 3         | 8         |   |      |   |      |   |
| Residential real estate  | 5              | 4         | 28        | 3         | 56        |   |      |   |      |   |
| Installment  | 157            | 189       | 230       | 261       | 143       |   |      |   |      |   |
| Total loan recoveries  | 178            | 292       | 337       | 304       | 225       |   |      |   |      |   |
| Net loan charge-offs   | 1,055          | 1,341     | 1,787     | 1,466     | 1,705     |   |      |   |      |   |
| Provision for loan losses  | 1,241          | 1,128     | 1,968     | 1,816     | 1,325     |   |      |   |      |   |
| Balance at end of year   | \$2,894        | \$2,708   | \$2,921   | \$2,740   | \$2,390   |   |      |   |      |   |
| Ratio of net charge-offs to average loans outstanding for the year | 0.35           | %         | 0.47      | %         | 0.64      | % | 0.55 | % | 0.70 | % |

## B Allocation of the Allowance for Loan Losses

The following table allocates the allowance for loan losses at December 31, 2013, 2012, 2011, 2010 and 2009. Management adjusts the allowance periodically to account for changes in national trends and economic conditions in the Bank's service areas. The allowance has been allocated according to the amount deemed to be reasonably necessary to provide for the probability of losses being incurred within the following categories of loans at the dates indicated:

| Loan type                  | 2013                |                                 | 2012                |                                 | 2011                |                                 | 2010                |                                 | 2009                |                                 |  |
|----------------------------|---------------------|---------------------------------|---------------------|---------------------------------|---------------------|---------------------------------|---------------------|---------------------------------|---------------------|---------------------------------|--|
|                            | Allowance<br>Amount | % of Loans<br>to Total<br>Loans | Allowance<br>Amount | % of Loans<br>to Total<br>Loans | Allowance<br>Amount | % of Loans<br>to Total<br>Loans | Allowance<br>Amount | % of Loans<br>to Total<br>Loans | Allowance<br>Amount | % of Loans<br>to Total<br>Loans |  |
|                            | (In thousands)      |                                 |                     |                                 |                     |                                 |                     |                                 |                     |                                 |  |
| Commercial                 | \$412               | 17.82 %                         | \$598               | 15.90 %                         | \$183               | 12.44 %                         | \$561               | 11.53 %                         | \$263               | 8.13 %                          |  |
| Commercial<br>real estate  | 1,609               | 46.84 %                         | 1,347               | 48.62 %                         | 2,321               | 52.05 %                         | 1,566               | 48.92 %                         | 1,626               | 50.35 %                         |  |
| Residential<br>real estate | 90                  | 26.76 %                         | 116                 | 24.83 %                         | 95                  | 21.71 %                         | 140                 | 22.73 %                         | 100                 | 24.11 %                         |  |
| Installment                | 141                 | 8.58 %                          | 200                 | 10.65 %                         | 235                 | 13.80 %                         | 229                 | 16.82 %                         | 251                 | 17.41 %                         |  |
| General                    | 642                 | N/A                             | 447                 | N/A                             | 87                  | N/A                             | 244                 | N/A                             | 150                 | N/A                             |  |
| Total                      | \$2,894             | 100.00 %                        | \$2,708             | 100.00 %                        | \$2,921             | 100.00 %                        | \$2,470             | 100.00 %                        | \$2,390             | 100.00 %                        |  |

## V Deposits

## A Schedule of Average Deposit Amounts and Rates

Refer to Management's Discussion and Analysis "Average Balances, Net Interest Income and Yields Earned and Rates Paid" and "Rate/Volume Analysis" on pages 21 and 22 of our 2013 Annual Report, which is incorporated by reference.

## B Maturity analysis of time deposits greater than \$100,000.

At December 31, 2013, the time to remaining maturity for time deposits in excess of \$100,000 was:

(In thousands)

|                                |           |
|--------------------------------|-----------|
| Three months or less           | \$ 1,653  |
| Over three through six months  | 2,362     |
| Over six through twelve months | 3,464     |
| Over twelve months             | 11,756    |
| Total                          | \$ 19,235 |

VI Return on Equity and Assets

Our dividend payout ratio and equity to assets ratio were as follows:

|                       | December 31, |         |
|-----------------------|--------------|---------|
|                       | 2013         | 2012    |
| Dividend Payout Ratio | 54.72 %      | 85.71 % |
| Equity to Assets      | 9.99 %       | 8.36 %  |

For other ratios refer to the inside front cover of our 2013 Annual Report to Shareholders, incorporated herein by reference.

## VII Short-Term Borrowings

Information concerning securities sold under agreements to repurchase is summarized as follows:

|   | 2013                   |   | 2012      |   |
|---|------------------------|---|-----------|---|
|   | (Dollars in thousands) |   |           |   |
| Balance at December 31,                       | \$ 5,746               |   | \$ 10,681 |   |
| Weighted average interest rate at December 31 | 0.12                   | % | 0.15      | % |
| Average daily balance during the year         | \$ 11,328              |   | \$ 11,525 |   |
| Average interest rate during the year         | 0.12                   | % | 0.15      | % |
| Maximum month-end balance during the year     | \$ 15,141              |   | \$ 13,706 |   |

Securities sold under agreements to repurchase are financing arrangements whereby the Company sells securities and agrees to repurchase the identical securities at the maturities of the agreements at specified prices.

No other individual component of borrowed funds comprised more than 30% of shareholders' equity and accordingly is not disclosed in detail.

Supplemental Item - Executive Officers of the Registrant

Pursuant to General Instruction G(3) of Form 10-K, the following information on the executive officers of the Company is included as an additional item in Part I:

| Name                   | Age | Executive Officers Positions held with Company;<br>Business Experience |
|------------------------|-----|--|
| James W. Everson       | 75  | Chairman and Chief Executive Officer                                   |
| Scott Everson          | 46  | President and Chief Operating Officer                                  |
| Randall M. Greenwood   | 50  | Senior Vice President, Chief Financial Officer, Secretary /Treasurer   |
| Seth R. Abraham        | 35  | Vice President – Chief Human Resource Officer                          |
| Matthew F. Branstetter | 46  | Vice President – Chief Lending Officer                                 |

|                  |    |   |
|------------------|----|---|
| Elmer K. Leeper  | 47 | Vice President – Chief Retail Banking Officer |
| Michael A. Lloyd | 45 | Vice President – Chief Information Officer    |
| Lisa A. Basinger | 53 | Corporate Secretary                           |

Each individual has held the position noted during the past five years, except for the following:

|                        |    |   |
|------------------------|----|---|
| Matthew F. Branstetter | 46 | Vice President Chief Lending Officer          |
| Seth R. Abraham        | 35 | Vice President – Chief Human Resource Officer |
| Lisa A. Basinger       | 53 | Corporate Secretary                           |

Each of these Executive Officers are serving at-will in their current positions. The Officers have held the positions for the following time periods: James W. Everson, 31 years, Scott A. Everson, 12 years, Michael Lloyd, 11 years, Randall M. Greenwood, 16 years and Elmer K. Leeper, 8 years.

**Item 1A. Risk Factors**

Smaller Reporting Companies are not required to provide this disclosure.

**Item 1B. Unresolved Staff Comments**

None.

**Item 2 Properties**

The Company owns and operates its Main Office and stand alone operations center in Martins Ferry, Ohio and the following offices:

| Location               | Owned or Leased | Location            | Owned or Leased |
|------------------------|-----------------|---------------------|-----------------|
| Bridgeport, Ohio       | Owned           | Sherrodsville, Ohio | Owned           |
| Colerain, Ohio         | Owned           | Glouster, Ohio      | Owned           |
| Jewett, Ohio           | Owned           | Glouster, Ohio      | Owned           |
| St. Clairsville, Ohio  | Owned           | Amesville, Ohio     | Owned           |
| Dover, Ohio            | Owned           | Nelsonville, Ohio   | Owned           |
| Dellroy, Ohio          | Owned           | Lancaster, Ohio     | Owned           |
| New Philadelphia, Ohio | Owned           | Lancaster, Ohio     | Owned           |
| Strasburg, Ohio        | Owned           | Lancaster, Ohio     | Owned           |
| Tiltonsville, Ohio     | Owned           |                     |                 |
| Dillonvale, Ohio       | Leased          |                     |                 |
| St. Clairsville, Ohio  | Owned           |                     |                 |

Management believes the properties described above to be in good operating condition for the purpose for which they are used. The properties are unencumbered by any mortgage or security interest and are, in management's opinion,



adequately insured.

### Item 3 Legal Proceedings

There are no material legal proceedings, other than ordinary routine litigation incidental to its business, to which the Company or its subsidiary is a party or to which any of its property is subject.

### Item 4 Mine Safety Disclosures

Not applicable.

## PART II

### Item 5 Market for Registrant's Common Equity, Related Shareholder Matters and Issuer Purchases of Equity Securities

Refer to Page 7, "Shareholder Information" of the 2013 Annual Report To Shareholders and refer to Page 39, Note 1 of the Notes to the Consolidated Financial Statements of the Company in the 2013 Annual Report To Shareholders for common stock trading ranges, cash dividends declared and information relating to dividend restrictions, which are incorporated herein by reference.

**Unregistered Sales of Equity Securities and Use of Proceeds**

## ISSUER PURCHASES OF EQUITY SECURITIES

| Period                                 | (a)<br>Total Number of<br>Shares (or Units)<br>Purchased | (b)<br>Average Price Paid<br>per Share (or Unit) | (c)<br>Total Number of<br>Shares (or Units)<br>Purchased as Part<br>of Publicly<br>Announced Plans<br>or Programs | (d)<br>Maximum Number (or<br>Approximate Dollar<br>Value) of Shares (or<br>Units) that May Yet Be<br>Purchased Under the<br>Plans or Programs |
|--|--|--|---|---|
| Month #1<br>10/1/2013 to<br>10/31/2013 | -  | -  | -   | -   |
| Month #2<br>11/1/2013 to<br>11/30/2013 | -  | -  | -   | -   |
| Month #3<br>12/1/2013 to<br>12/31/2013 | -  | -  | -   | -   |
| Total                                  | -  | -  | -   | -   |

The Company adopted the United Bancorp, Inc. Affiliate Banks Directors and Officers Deferred Compensation Plan (the "Plan"), which is an unfunded deferred compensation plan. Amounts deferred pursuant to the Plan remain unrestricted assets of the Company, and the right to participate in the Plan is limited to members of the Board of Directors and Company officers. Under the Plan, directors or other eligible participants may defer fees and up to 50% of their annual cash incentive award payable to them by the Company, which are used to acquire common shares which are credited to a participant's respective account. The shares allocated to participant accounts under the Plan have not been registered under the Securities Act of 1933 in reliance upon the exemption provided by Section 4(a)(2) thereof.

## Item 6 Selected Consolidated Financial Data

Refer to inside front cover, "Decade of Progress" of the 2013 Annual Report To Shareholders, which is incorporated herein by reference.

Item 7 Management's Discussion and Analysis of Financial Condition and Results of Operations

Refer to Pages 12-17 and 21-24, "Management's Discussion and Analysis" of the 2013 Annual Report To Shareholders.

Critical Accounting Policy

The consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America and follow general practices within the financial services industry. The application of these principles requires management to make certain estimates, assumptions and judgements that affect the amounts reported in the financial statements and footnotes. These estimates, assumptions and judgements 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 judgements.

The procedures for assessing the adequacy of the allowance for loan losses reflect our evaluations of credit risk after careful consideration of all information available to management. In developing this assessment, management must rely on estimates and exercise judgement regarding matters where the ultimate outcome is unknown such as economic factors, development affecting companies in specific industries and issues with respect to single borrowers. Depending on changes in circumstances, future assessments of credit risk may yield materially different results, which may require an increase or a decrease in the allowance for loan losses.

The allowance is regularly reviewed by management to determine whether the amount is considered adequate to absorb probable losses. This evaluation includes specific loss estimates on certain individually reviewed loans, statistical losses, 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 judgement is a review of the Bank's trends 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 losses inherent in the loan portfolio. Management's evaluation of the adequacy of the allowance is an estimate based on management's current judgement about the credit quality of the loan portfolio. While the Company strives to reflect all known risk factors in its evaluation, judgement errors may occur.

#### Item 7A Quantitative and Qualitative Disclosures About Market Risk

Refer to Page 17-19 "Asset/Liability Management and Sensitivity to Market Risks" of the 2013 Annual Report to Shareholders, which is incorporated herein by reference. [DJM Note: As a smaller reporting company, you have the option not to provide this disclosure]

#### Item 8 Financial Statements and Supplementary Data

Refer to the 2013 Annual Report To Shareholders, filed herewith as Exhibit 13 and which is incorporated herein by reference.

#### Item 9 Changes In and Disagreements With Accountants

Not applicable.

#### Item 9A Controls and Procedures

The Company, under the supervision, and with the participation, of its management and its outsourced internal audit firm Greenstock Consulting LLC, including the Company's principal executive and principal financial officers, evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures as of December 31, 2013, 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 December 31, 2013, in timely alerting them to material information relating to the Company (including its consolidated subsidiaries) required to be included in the Company's periodic SEC filings.

Management is responsible for establishing and maintaining adequate internal control over financial reporting for the Company. Under the supervision and with the participation of management, including our principal executive and principal financial officers, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission, as required by paragraph (c) of Exchange Act Rule 13a-15. Based on the evaluation under *Internal Control – Integrated Framework*, management concluded that the Company's internal control over financial reporting was effective as of December 31, 2013. This annual report does not include an attestation report of the Company's registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the Company's independent registered public accounting firm.

There was no change in the Company's internal control over financial reporting that occurred during the Company's fiscal quarter ended December 31, 2013 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

#### Item 9B Other Information

None.

### PART III

#### Item 10 Directors and Executive Officers of the Registrant

Information concerning executive officers of the Company is set forth in Part I, “Supplemental Item – Executive Officers of Registrant.” Other information responding to this Item 10 is included in the Registrant’s Proxy Statement for the 2014 Annual Meeting of Shareholders and is incorporated by reference under the captions “Proposal 1 – Election of Directors,” “Corporate Governance and Committees of the Board – Nominating and Governance Committee” and “Section 16(a) Beneficial Ownership Reporting Compliance”. Information concerning the designation of the Audit Committee and the Audit Committee Financial Expert is included in the Registrant’s Proxy Statement for the 2014 Annual Meeting of Shareholders under the caption “Corporate Governance and Committees of the Board – Audit Committee”, and is incorporated herein by reference.

The Company's Board of Directors has adopted a Code of Ethics that applies to its Principal Executive, Principal Financial, and Principal Accounting Officers. A copy of the Company's Code of Ethics is posted and can be viewed on the Company's internet web site at <http://www.unitedbancorp.com>. In the event the Company amends or waives any provision of its Code of Ethics which applies to its Principal Executive, Principal Financial, or Principal Accounting Officers, and which relates to any element of the code of ethics definition set forth in Item 406(b) of Regulation S-K, the Company shall post a description of the nature of such amendment or waiver on its internet web site. With respect to a waiver of any relevant provision of the code of ethics, the Company shall also post the name of the person to whom the waiver was granted and the date of the waiver grant.

#### Item 11 Executive Compensation

The information required by this item is incorporated by reference from the section of the Registrant’s Proxy Statement for the 2014 Annual Meeting of Shareholders captioned “Executive Compensation and Other Information”.

#### Item 12 Security Ownership of Certain Beneficial Owners and Management and Related Stock Holder Matters

The information contained in the Registrant’s Proxy Statement for the 2014 Annual Meeting of Shareholders under the caption “Ownership of Voting Shares” is incorporated herein by reference.

The following table is a disclosure of securities authorized for issuance under equity compensation plans:

Equity Compensation Plan Information

|  | Number of securities to be issued upon exercise of outstanding options, warrants and rights | Weighted-average exercise price of outstanding options, warrants and rights | Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) |
|--|---|---|---|
| Equity compensation plans approved by security holders     | 53,714  | \$ 10.34  | 315,000   |
| Equity compensation plans not approved by security holders |   |   |   |
| Total  | 53,714  | \$ 10.34  | 315,000   |

Item 13 Certain Relationships and Related Transactions

The information required by this item is incorporated herein by reference to the sections in the Registrant's Proxy Statement for the 2014 Annual Meeting of Shareholders captioned "Director Independence and Related Party Transactions."

Item 14 Principal Accountant Fees and Services

The information required by this item is incorporated by reference from the section under the caption "Principal Accounting Firm Fees" of the Registrant's Proxy Statement for the 2014 Annual Meeting of Shareholders.

PART IV

Item 15 Exhibits and Financial Statement/Schedules

Financial Statements

The following Consolidated Financial Statements and related Notes to Consolidated Financial Statements, together (a) with the report of the Independent Registered Public Accounting Firm, appear on pages 25 through 85 of the United Bancorp, Inc. 2013 Annual Report and are incorporated herein by reference.

Consolidated Balance Sheets

December 31, 2013 and 2012

Consolidated Statements of Income

Years Ended December 31, 2013 and 2012

Consolidated Statements of Comprehensive Income

Years Ended December 31, 2013 and 2012

Consolidated Statements of Stockholders' Equity

Years Ended December 31, 2013 and 2012

Consolidated Statements of Cash Flows

Years Ended December 31, 2013 and 2012

Notes to Consolidated Financial Statements



December 31, 2013 and 2012

Report of Independent Registered Public Accounting Firm

## EXHIBITS

| Exhibit Number | Exhibit Description  |
|----------------|--|
| 3.1            | Amended Articles of Incorporation (1)  |
| 3.2            | Amended and Restated Code of Regulations (2)   |
| 4.0            | Instruments Defining the Rights of Security Holders (See Exhibits 3.1 and 3.2)   |
| 10.1           | James W. Everson Change in Control Agreement (3)   |
| 10.2           | Randall M. Greenwood Change in Control agreement (3)   |
| 10.3           | Scott A. Everson Change in Control Agreement (3)   |
| 10.4           | Elmer K. Leeper Change in Control Agreement (3)  |
| 10.5           | Matthew F. Branstetter Change in Control Agreement (3)   |
| 10.6           | Michael A. Lloyd Change in Control Agreement (3)   |
| 10.7           | United Bancorp, Inc. Stock Option Plan (4)   |
| 10.8           | United Bancorp, Inc. and Subsidiaries Director Supplemental Life Insurance Plan, covering Messrs. Hoopingarner, Jones, McGehee, Riesbeck and Thomas. (5)   |
| 10.9           | United Bancorp, Inc. and Subsidiaries Senior Executive Supplemental Life Insurance Plan, covering James W. Everson, Scott A. Everson, Randall M. Greenwood, Michael A. Lloyd. (5)  |
| 10.10          | Amended and Restated United Bancorp, Inc. and United Bancorp, Inc. Affiliate Banks Directors and Officers Deferred Compensation Plan.  |
| 10.11          | Amended and Restated Trust Agreement among United Bancorp, Inc. as Depository, Wilmington Trust Company, as Property Trustee, Wilmington Trust Company, as Delaware Trustee, and Administrative Trustees, dated as of November 17, 2005. (6) |

- 10.12 Junior Subordinated Indenture between United Bancorp, Inc. and Wilmington Trust Company, as Trustee, dated as of November 17, 2005. (6)
- 10.13 Guaranty Agreement between United Bancorp, Inc., as Guarantor, and Wilmington Trust Company, as Guarantee Trustee, dated as of November 17, 2005. (6)
- 10.14 United Bancorp, Inc. 2008 Stock Incentive Plan (8)
- 13 2013 Annual Report
- 21 Subsidiaries of the Registrant (5)
- 23 Consent of BKD, LLP
- 31.1 Rule 13a-14(a) Certification – CEO
- 31.2 Rule 13a-14(a) Certification – CFO
- 32.1 Section 1350 Certification – CEO
- 32.2 Section 1350 Certification – CFO

101 The following materials from United Bancorp, Inc. on Form 10-K for the year ended December 31, 2013, formatted in XBRL (Extensible Business Reporting Language): (i) the Consolidated Balance Sheets; (ii) the Consolidated Statements of Income and Comprehensive Income; (iii) the Consolidated Statements of Cash Flows and (iv) Notes to Consolidated Financial Statements, tagged as blocks of text.

As provided in Rule 406T of Regulation S-T, this information shall not be deemed “filed” for the purposes of Sections 11 and 12 of the Securities Act of 1933 and Section 18 of the Securities Exchange Act of 1934 or otherwise subject to liability under those sections.

- (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 Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on August 13, 2009.
- (3) Incorporated by reference to the registrant’s 10-K filed with the Securities and Exchange Commission on March 27, 2003.
- (4) Incorporated by reference to Exhibit A to the registrant’s Definitive Proxy Statement filed with the Securities and Exchange Commission on March 11, 1996.

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- (5) Incorporated by reference to the registrant's 10-K filed with the Securities and Exchange Commission on March 29, 2004.
  
- (6) Incorporated by reference to the registrant's 10-K filed with the Securities and Exchanges Commission on March 30, 2006.
  
- (7) Incorporated by reference to the registrant's 8-K filed with the Securities and Exchange Commission on September 24, 2008.
  
- (8) Incorporated by reference to the registrant's 8-K filed with the Securities and Exchange Commission on April 22, 2008.



Samual J. Jones , Director

By: /s/ Matthew C. Thomas  
Matthew C. Thomas, Director

March 19, 2014

| Exhibit Number | Exhibit Description   |
|----------------|---|
| 10.10          | Amended and Restated United Bancorp, Inc. and United Bancorp, Inc. Affiliate Banks Directors and Officers Deferred Compensation Plan. |
| 13             | 2012 Annual Report  |
| 23             | Consent of BKD, LLP   |
| 31.1           | Rule 13a-14(a) Certification – CEO  |
| 31.2           | Rule 13a-14(a) Certification – CFO  |
| 32.1           | Section 1350 Certification – CEO  |
| 32.2           | Section 1350 Certification – CFO  |

101 The following materials from United Bancorp, Inc. on Form 10-K for the year ended December 31, 2013, formatted in XBRL (Extensible Business Reporting Language): (i) the Consolidated Balance Sheets; (ii) the Consolidated Statements of Income and Comprehensive Income; (iii) the Consolidated Statements of Cash Flows and (iv) Notes to Consolidated Financial Statements, tagged as blocks of text.

As provided in Rule 406T of Regulation S-T, this information shall not be deemed “filed” for the purposes of Sections 11 and 12 of the Securities Act of 1933 and Section 18 of the Securities Exchange Act of 1934 or otherwise subject to liability under those sections.