

UNITED BANCORP INC /OH/
Form 10-Q
November 16, 2015

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2015

OR

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

For the transition period from _____ to _____

Commission File Number: 0-16540

UNITED BANCORP, INC.

(Exact name of registrant as specified in its charter)

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

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

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

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

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

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

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

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

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

Yes No

Indicate the number of shares outstanding of the issuer's classes of common stock as of the latest practicable date: As of November 6, 2015, 5,377,454 shares of the Company's common stock, \$1.00 par value, were issued and outstanding.

PART I - FINANCIAL INFORMATION

<u>Item 1</u>	<u>Condensed Consolidated Balance Sheets</u>	3
	<u>Condensed Consolidated Statements of Income</u>	4
	<u>Condensed Consolidated Statements of Comprehensive Income</u>	5
	<u>Condensed Consolidated Statements of Cash Flows</u>	6
	<u>Notes to Condensed Consolidated Financial Statements</u>	8

Item 2	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	36
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Item 3	<u>Quantitative and Qualitative Disclosures About Market Risk</u>	44
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Item 4	<u>Controls and Procedures</u>	45
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PART II - OTHER INFORMATION

Item 1	<u>Legal Proceedings</u>	46
--------	--------------------------	----

Item 1A	<u>Risk Factors</u>	46
---------	---------------------	----

Item 2	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	46
--------	--	----

Item 3	<u>Defaults Upon Senior Securities</u>	46
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Item 4	<u>Other Information</u>	47
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Item 5	<u>Exhibits</u>	47
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<u>SIGNATURES</u>		48
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ITEM 1. Financial Statements**United Bancorp, Inc.****Condensed Consolidated Balance Sheets****(In thousands, except share data)**

	September 30, 2015 (Unaudited)	December 31, 2014
Assets		
Cash and due from banks	\$ 5,577	\$ 5,170
Interest-bearing demand deposits	19,267	33,994
Cash and cash equivalents	24,844	39,164
Available-for-sale securities	30,646	19,348
Held-to-maturity securities	235	450
Loans, net of allowance for loan losses of \$2,727 and \$2,400 at September 30, 2015 and December 31, 2014, respectively	323,598	313,354
Premises and equipment	10,405	10,071
Federal Home Loan Bank stock	4,210	4,210
Foreclosed assets held for sale, net	362	1,140
Intangible assets	—	66
Accrued interest receivable	787	829
Deferred income taxes	516	493
Bank-owned life insurance	10,652	10,747
Other assets	2,000	1,940
Total assets	\$ 408,255	\$ 401,812
Liabilities and Stockholders' Equity		
Liabilities		
Deposits		
Demand	\$ 187,299	\$ 183,550
Savings	74,898	71,319
Time	61,000	67,812
Total deposits	323,197	322,681
Short-term borrowings	10,244	5,098
Federal Home Loan Bank advances	26,587	26,719
Subordinated debentures	4,124	4,124
Interest payable and other liabilities	2,536	2,800
Total liabilities	366,688	361,422
Stockholders' Equity		

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Preferred stock, no par value, authorized 2,000,000 shares; no shares issued	—	—
Common stock, \$1 par value; authorized 10,000,000 shares; issued 2015 –5,385,304 shares, 2014 – 5,385,304 shares	5,385	5,385
Additional paid-in capital	18,107	18,044
Retained earnings	21,384	20,478
Stock held by deferred compensation plan; 2015 –231,334 shares, 2014 – 230,446 shares	(1,981)	(2,044)
Unearned ESOP compensation	(1,322)	(1,467)
Accumulated other comprehensive income	57	57
Treasury stock, at cost		
2015 –7,850 shares, 2014 – 7,850 shares	(63)	(63)
Total stockholders' equity	41,567	40,390
Total liabilities and stockholders' equity	\$ 408,255	\$ 401,812

See Notes to Condensed Consolidated Financial Statements

United Bancorp, Inc.

Condensed Consolidated Statements of Income

(In thousands, except per share data)

(Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2015	2014	2015	2014
Interest and dividend income				
Loans, including fees	\$3,918	\$3,958	\$11,422	\$11,775
Taxable securities	90	58	252	198
Non-taxable securities	39	62	125	196
Federal funds sold	11	16	48	50
Dividends on Federal Home Loan Bank stock and other	60	41	170	147
Total interest and dividend income	4,118	4,135	12,017	12,366
Interest expense				
Deposits				
Demand	28	27	83	79
Savings	9	8	25	24
Time	219	256	675	795
Borrowings	322	324	958	963
Total interest expense	578	615	1,741	1,861
Net interest income	3,540	3,520	10,276	10,505
Provision for loan losses	126	225	387	657
Net interest income after provision for loan losses	3,414	3,295	9,889	9,848
Noninterest income				
Service charges on deposit accounts	731	723	2,141	2,052
Realized gains on sales of loans	11	6	40	22
BOLI benefit in excess of surrender value	29	—	29	35
Realized gains on sales of available –for-sale securities, net	—	27	31	27
Other income	216	203	621	620
Total noninterest income	987	959	2,862	2,756
Noninterest expense				
Salaries and employee benefits	1,587	1,643	4,757	4,905
Net occupancy and equipment expense	466	487	1,460	1,505
Professional services	187	153	555	581
Insurance	65	73	191	221
Deposit insurance premiums	63	57	177	194
Franchise and other taxes	78	69	218	193
Advertising	84	102	253	329
Stationery and office supplies	33	46	110	138

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Amortization of intangible asset	7	30	66	89
Provision for losses on foreclosed real estate and net of gains and losses on sales	67	1	67	169
Other expenses	545	579	1,572	1,702
Total noninterest expense	3,182	3,240	9,426	10,026
Income before federal income taxes	1,219	1,014	3,325	2,578
Federal income taxes	360	296	967	660
Net income	\$859	\$718	\$2,358	\$1,918
EARNINGS PER COMMON SHARE				
Basic	\$0.17	\$0.14	\$0.48	\$0.38
Diluted	\$0.17	\$0.14	\$0.47	\$0.38
DIVIDENDS PER COMMON SHARE				
	\$0.09	\$0.08	\$0.27	\$0.24

See Notes to Condensed Consolidated Financial Statements

United Bancorp, Inc.

Condensed Consolidated Statements of Comprehensive Income

(In thousands)

(Unaudited)

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2015	2014	2015	2014
Net income	\$859	\$718	\$2,358	\$1,918
Other comprehensive income, net of tax:				
Reclassification adjustment for net realized gains on available-for-sale securities included in net income during the period, net of taxes of \$(0), \$(9), \$(11) and \$(9) for each respective period	—	(18)	(20)	(18)
Unrealized holding gains on securities during the period, net of taxes of \$(27), \$13, \$0 and \$187 for each respective period	52	26	—	362
Comprehensive income	\$911	\$726	\$2,338	\$2,262
Accumulated comprehensive income	\$57	\$171	\$57	\$171

See Notes to Condensed Consolidated Financial Statements

United Bancorp, Inc.

Condensed Consolidated Statements of Cash Flows

(In thousands)

(Unaudited)

	Nine months ended September 30,	
	2015	2014
Operating Activities		
Net income	\$2,358	\$1,918
Items not requiring (providing) cash		
Depreciation and amortization	729	726
Amortization of intangible asset	66	89
Expense related to share based compensation plans	126	124
Provision for loan losses	387	657
Provision for losses on foreclosed real estate	55	179
Bank-owned life insurance	124	(162)
(Accretion) amortization of premiums and discounts on securities, net	(1)	2
Originations of loans held for sale	(2,337)	(1,210)
Proceeds from sale of loans held for sale	2,377	1,232
Realized gains on sales of loans	(40)	(22)
Amortization of ESOP	144	144
Realized losses (gain) on sales of other real estate and repossessed assets	12	(10)
Realized gains on available-for-sale securities	(31)	(27)
Amortization of mortgage servicing rights	10	13
Net change in accrued interest receivable and other assets	(99)	(469)
Net change in accrued expenses and other liabilities	(284)	(640)
Net cash provided by operating activities	3,596	2,544
Investing Activities		
Securities available for sale:		
Maturities, prepayments and calls	27,348	7,612
Purchases	(38,997)	(6,023)
Proceeds from sale of available-for-sale securities	383	535
Securities held to maturity:		
Maturities, prepayments and calls	215	120
Net change in loans	(10,591)	(3,512)
Mandatory redemption of Federal Home Loan Bank Stock	—	600
Purchases of premises and equipment	(1,063)	(285)
Proceeds from sale of other real estate and repossessed assets	710	562

Net cash used by investing activities (21,995) (391)

See Notes to Condensed Consolidated Financial Statements

United Bancorp, Inc.

Condensed Consolidated Statements of Cash Flows (continued)

(In thousands)

(Unaudited)

	Nine months ended September 30,	
	2015	2014
Financing Activities		
Net change in deposits	\$516	\$9,839
Net change in short-term borrowings	5,146	3,388
Repayments of long-term borrowings	(132)	(211)
Treasury stock activity	—	14
Cash dividends paid on common stock	(1,451)	(1,290)
Net cash provided by financing activities	4,079	11,740
(Decrease) increase in Cash and Cash Equivalents	(14,320)	13,893
Cash and Cash Equivalents, Beginning of Period	39,164	23,474
Cash and Cash Equivalents, End of Period	\$24,844	\$37,367
Supplemental Cash Flows Information		
Interest paid on deposits and borrowings	\$1,753	\$1,874
Federal income taxes paid	\$605	\$468

Supplemental Disclosure of Non-Cash Investing and Financing Activities