



ANNUAL USE OF CAPITAL SURVEY - 2009

NAME OF INSTITUTION

(Include Holding Company Where Applicable)

United Bancorp, Inc. (holding company); United Bank & Trust; United Bank & Trust - Washtenaw

Person to be contacted regarding this report:	Randal J. Rabe
UST Sequence Number:	448
CPP Funds Received:	20,600,000
CPP Funds Repaid to Date:	0
Date Funded (first funding):	Jan 16, 2009
Date Repaid ¹ :	N/A

RSSD: (For Bank Holding Companies)	1135516
Holding Company Docket Number: (For Thrift Holding Companies)	
FDIC Certificate Number: (For Depository Institutions)	13177; 57133
City:	Tecumseh
State:	Michigan

¹If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP). To answer that question, Treasury is seeking responses that describe generally how the CPP investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP investment was deployed or how many CPP dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

What specific ways did your institution utilize CPP capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP funds were outstanding).

<input checked="" type="checkbox"/>	Increase lending or reduce lending less than otherwise would have occurred.	With the CPP capital, United was able to continue lending in its communities although there was reduced demand for the type of lending that the Company's banks hold in their portfolios. More detail regarding United's 2009 lending activities is provided below.
<input type="checkbox"/>	To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).	
<input type="checkbox"/>	Increase securities purchased (ABS, MBS, etc.).	

<input type="checkbox"/>	Make other investments	
<input checked="" type="checkbox"/>	Increase reserves for non-performing assets	As economic conditions and collateral values continued to deteriorate in Michigan during 2009, United increased its provision for loan loss from \$14.6 million in 2008 to \$25.8 million in 2009 and increased its allowance for loan loss by \$1.7 million during 2009.
<input type="checkbox"/>	Reduce borrowings	
<input checked="" type="checkbox"/>	Increase charge-offs	Due to the severe economic conditions in Michigan, United's net charge-offs increased from \$8.6 million in 2008 to \$24.1 million in 2009.
<input type="checkbox"/>	Purchase another financial institution or purchase assets from another financial institution	
<input checked="" type="checkbox"/>	Held as non-leveraged increase to total capital	Out of the total CPP capital of \$20.6 million, \$15.6 million was invested into the banks during 2009 and \$3.5 million was invested into the banks during the first quarter of 2010. The remaining balance is held at the holding company for future use.

What actions were you able to avoid because of the capital infusion of CPP funds?

United Bancorp, Inc. is a \$900 million bank holding company that is the parent company for United Bank & Trust and United Bank & Trust - Washtenaw. The subsidiary banks operate sixteen banking offices in southeast Michigan, and United Bank & Trust maintains an active wealth management group that serves the company's market areas. United received \$20.6 million in capital from the United States Department of Treasury on January 16, 2009.

In 2009, the Company recorded a net loss of \$8.8 million as difficult economic conditions in Michigan led to an increase in the Company's charge to its provision for loan loss. The CPP capital allowed the Company and its subsidiary banks to remain categorized as "well-capitalized" under applicable regulations during all of 2009. In spite of this additional capital, the Company's outstanding loan balances declined during 2009 by \$47.0 million. Approximately half of this decrease resulted from the charge-off of uncollectible loans. In addition, economic conditions have reduced demand for the type of lending that the Company's banks hold in their portfolios. By receiving the CPP capital, the Company and its banks were able to remain active lenders to personal and business clients in its communities and avoided having to substantially reduce its lending function.

Because of the aforementioned economic conditions facing our personal and business borrowers, many of them were not able to continue to make payments of principal and interest according to the original loan terms. Because the CPP provided capital support to these loans, the Company was able to work with willing borrowers to restructure loans and to attempt to work through payment problems through forbearance agreements. Without the CPP capital, the Company may have needed to more quickly push loans into foreclosure.

What actions were you able to take that you may not have taken without the capital infusion of CPP funds?

As mentioned above, with the CPP capital, United was able to continue lending in its communities. During 2009:

1. United closed 1,852 mortgage loans for over \$313 million; 668 families obtained a new home while 1,184 families were able to refinance their home loan, often decreasing their monthly payments.
2. United closed 1,156 consumer loans for \$20.2 million.
3. United closed 236 business loans for \$53.3 million, primarily to small businesses in its communities.
4. Through its SBA lending arm, United Structured Finance Company, United closed 22 SBA loans for \$21.4 million and was the leading SBA lender in its markets.

It is also important to note what we haven't done with the CPP capital. We have not used it for executive bonuses, as no year-end bonuses were paid to our Senior Executive Officers for 2008 and no bonuses were paid for 2009. Also, we did not use it for salary increases as we did not increase employee salaries in 2009 and we haven't increased salaries in 2010. In addition, we are not using it for dividends to our common shareholders as we suspended our cash dividend to common shareholders beginning with the second quarter of 2009.

Please describe any other actions that you were able to undertake with the capital infusion of CPP funds.

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 1505-0222. The time required to complete this information collection is estimated to average 80 hours per response.