



October 9, 2008

To Our Shareholders, Clients, and Co-workers:

United's board of directors has declared a cash dividend of \$0.10 per share for the third quarter of 2008, payable October 31, 2008, to shareholders of record October 20, 2008. This dividend represents a decrease from \$0.20 paid in the first three quarters of 2008. The decision will allow United to retain approximately \$500,000 of capital per quarter in an effort to position the Company to capitalize on sound business opportunities, while prudently balancing the risks that exist in today's market. The board will continue to monitor capital growth, earnings, and economic conditions in order to determine future dividend payments.

Recognizing that you may have further questions, we wanted to provide you with the following information:

- United continues to maintain a strong capital position and is classified as "well capitalized" (investments and cash holdings are sound) by banking regulators. United is among the vast majority (98%) of all banks that are highly capitalized according to the American Bankers Association.
- United has no exposure to the sub-prime mortgage market, and we hold no non-agency mortgage-backed securities that have been the topic of discussion in the recent federal "bank stabilization" bill. Also, we have no exposure to Fannie Mae or Freddie Mac equity securities. United is locally focused and community based.
- Like other Michigan banks, United has had to set aside extra funds for loan loss provisions related to residential real estate development loans. Many of these loans were made years ago when housing prices and sales were stronger in our community. Unfortunately, our region has experienced significant declines in both property values and housing starts. United's senior management is aggressively managing our loan and credit exposure to commercial and residential real estate development. We continue to take the appropriate actions needed to minimize the ongoing effect of potential losses we may experience due to changes in real estate valuations. We are well positioned to handle this economic downturn.
- Your deposits at United continue to be insured by the FDIC. It may be possible for you to maximize your coverage of insured deposits beyond the \$250,000 per depositor (or \$250,000 for IRA and certain retirement accounts) by using each of our separate banks, or different ownership categories, such as single accounts, joint accounts, and trust accounts.

We hope this information is helpful in answering any questions you may have. Please feel free to contact us with any concerns.

Sincerely,

A handwritten signature in black ink, appearing to read "David S. Hickman".

David S. Hickman
Chairman of the Board
517.423.1700
dhickman@ubat.com

A handwritten signature in black ink, appearing to read "Robert K. Chapman".

Robert K. Chapman
President and Chief Executive Officer
734.214.3801
rchapman@ubat.com



FOR IMMEDIATE RELEASE
October 9, 2008

CONTACT: Robert K. Chapman
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734-214-3801

**UNITED BANCORP, INC. DECLARES CASH DIVIDEND AND
ANNOUNCES ADDITIONAL PROVISION FOR LOAN LOSSES**

TECUMSEH, MI – United Bancorp, Inc. (OTC: UBMI), has declared a cash dividend of \$0.10 per share payable on October 31, 2008, to shareholders of record on October 20, 2008. The cash dividend represents a decrease from the \$0.20 per share cash dividend paid in the first three quarters of 2008. The decrease will allow the Company to retain approximately \$500,000 of capital per quarter. The Company believes this additional capital will position it to capitalize on sound business opportunities while prudently balancing the risks that exist in today's market. The Board of Directors will continue to monitor capital growth, earnings and economic conditions in order to determine future dividend payments.

The Company's third quarter 2008 results of operations will include an additional provision for loan losses in its portfolio of residential construction and development loans. The Company's provision for loan losses for the third quarter is expected to be \$3.3 million, which is \$1.65 million higher than the amount recorded by the Company in the second quarter of 2008. While current economic conditions have disproportionately impacted the residential real estate construction and development sector of the economy, the Company's loans to residential real estate developers make up only 11% of its loan portfolio.

After the additional charges for the third quarter, the Company and its subsidiary banks will continue to be "well-capitalized" under regulatory capital requirements.

The Company does not have any exposure to sub-prime mortgage loans, Fannie Mae and Freddie Mac equity securities, or non-agency mortgage-backed securities that have been the topic of much recent public discussion.

The Company's core business remains strong and growing, and includes a diversity of sources of noninterest income that provide approximately one-third of total revenue.

About United Bancorp, Inc.

United Bancorp, Inc. is an independent financial holding company that is the parent company for United Bank & Trust and United Bank & Trust – Washtenaw. The subsidiary banks operate 17 banking offices in Lenawee, Washtenaw, and Monroe Counties, and United Bank & Trust maintains an active Wealth Management Group that serves the Company's market area. For more information, visit the company's website at www.ubat.com.

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