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Target Price	US\$ 16.00
Current Price	US\$ 10.55
Upside Potential	51%
Rating	BUY

Market Cap.	US\$61 mn
Shares Outstanding	5.5 mn
Free Float (%)	Appr. 86%
52 Week Range (US\$)	7.64 / 15.56
Avg. Daily Value	US\$ 19k
Russell 2000 Index	1,495
Insider Holding %	18%



**Risk: Above Average
Forecasting and Valuations**

(US\$m except ratios)	2020E	2021E
Net Interest Income	22.4	24.0
Profit Before Tax	7.1	9.3
EPS (US\$)	1.19	1.40
EPS Growth	0.3%	18%
PE	8.8	7.5
Dividend Yield	5.4%	5.6%
Price/Book	0.88	0.82
ROE	10.1%	11.3%

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United Bancorp Inc. [UBCP] Q2FY2020 Earnings Update

Industry: Banking Regional

Q2 EPS Flat, 16.8% Capital, 7.5x P/E, 5.4% Yield

United Bancorp [UBCP] reported flat YoY earnings for Q2 ended June, which we believe is a very solid performance given the unprecedented Covid-19 economic disruptions, and a much better result than almost all small and large banks in the USA and globally. Q2 was better than our expectations as well, particularly on asset quality and nonaccrual trends, and YTD results so far are consistent with our unchanged full-year 2020 EPS forecast of \$1.19, flat YoY. UBCP reported EPS of \$0.29 for Q2, exactly in-line with last year's \$0.29, and \$0.57 for the 1H, again similar with last year. Importantly, given the gradually improving economic environment, UBCP remains underlevered and well capitalized with 16.8% total risk-based capital ratio; see further details below. With a 17.4% YoY increase in book value per share to \$11.42, and the stock trading at 0.9x trailing P/B, 5.4% current dividend yield, and a 7.5x P/E on 2021e, we maintain our \$16.00 target price, suggesting over 50% total return potential.

Credit quality remained solid and better than our expectation through June-end, with nonaccrual loans [loans past due 30 days] at 0.43% of total loans, which was actually down QoQ from 0.58% of total loans at March-end, and also down YoY from 0.85% last year June. Despite this favorable trend in nonaccrual loans, UBCP nonetheless conservatively increased provisions significantly. We believe the increase in provisioning is a prudent move, but more precautionary than dictated by actual nonaccrual trends to date. Overall earnings were also helped by continued robust performance in earnings asset growth, with securities and other stock/investments growing by 18.3% YoY. While YoY loan growth was 4.8% for the quarter [marginally down -1% QoQ], loan growth going forward should gradually pickup with the overall economy going forward. The growth in earnings assets led to solid interest income growth of 10.1% YoY.

Well Capitalized with 16.8% Total Capital

In addition to ample liquidity, UBCP remains well capitalized with 16.8% total risk-based capital ratio as of March 31, 2020, the latest disclosed information in the company's most recent 10-Q filing. Of this, common equity Tier 1 capital [to risk-weighted assets] was also at a healthy 12.3%, suggesting solid levels of both total capital as well as Tier 1 capital. Total stockholders' equity in relation to total assets was 9.4% at June 2020, up sizably from the 8.8% level reported on both March 31, 2020 as well as on December 31, 2019. Interestingly, UBCP has strong

capital metrics despite returning a lot of capital to shareholders with its healthy dividend payout ratio of close to 50%.

Conclusion: Reiterate Buy at 0.9x P/B and 5.4% Yield; \$16.00 Target

We reiterate our Buy rating based on the stock trading at 0.9x tangible price/book and trailing [as well as 2020 forecasted] 8.8x P/E, and with a high 5.4% dividend yield. More importantly, given that 2020 has been significantly impacted by Covid-19, it is more instructive to look at a more “normal” environment in 2021. On our 2021 forecasts, UBCP is trading at 7.5x P/E, a 0.82x tangible price/book, and a 5.6% dividend yield.

We are maintaining our price target to \$16.00, but would note an upside bias given a strong stock market rebound over the past several months, and expectations for continued economic recovery from Covid-19. Our \$16.00 price target for UBCP [which suggests a total return potential of about 50%] would imply 1.2x price/book, a 3.7% dividend yield, and a P/E of 11.4x on our 2021 estimates.

Book Value +17.4%; Low Loans-to-Deposit on a Strong Deposit Base

While UBCP’s book value per share jumped 17.3% YoY to \$10.75 as of June-end, it should be noted that BVPS also increased 6.2% sequentially from the March-end quarter. Internal metrics were impacted by higher provisioning, but ROE for the quarter was still in double-digits, at 10.0% versus 11.4% in the prior year quarter. Following the Powhatan acquisition, UBCP has a solid deposit base, with total deposits up 8.4% YoY at the end of the June. Importantly, UBCP remains underlevered in terms of lending, which is a good position to be in during the present recessionary environment.

Loans-to-deposits currently are 74.7% at June-end, down QoQ from 80.1% as of March-end. A slowdown in lending due to the overall economy and Covid-19, as well as the low loan-to-deposit ratio of the Powhatan acquisition, gives UBCP tremendous scope to increase lending and interest income once economic recovery gathers momentum. Our conversations with management suggest this level of loans is abnormally low, and below the bank’s more optimal level of around 90%. By way of reference, UBCP had loan-to-deposit levels of 105% in 2016, and 102% in 2015.

Maintaining 2020 estimates: Flat EPS YoY despite Covid-19 recession

We are maintaining our 2020 forecast of \$1.19, which implies flat EPS YoY compared with 2019. We believe flat earnings despite a severe, albeit temporary, recession, is a very credible performance for any bank on a global basis. As mentioned previously, the results of the first half, and in particular Q2, are consistent with our forecast. For dividends, we continue to forecast the quarterly dividend run-rate will remain flat at Q1 & Q2 levels for the entire year, or \$0.57 annualized. We believe our forecasts are reasonable, especially given the fact that Ohio and particularly UBCP’s geographic areas have not seen too many Covid-19 cases, and the local economy is already opening up. In terms of our model, we have increased our provisioning level for 2020, which has been positively offset by increased gains on security sales.

Looking forward to a more normal economic environment in 2021, we are forecasting a rebound in EPS to \$1.40 [17.7% YoY growth], driven by 6.2% loan growth, a 3.69% net interest margin, and sharply lower loan loss provisioning. Steady quarterly dividend growth should resume in 2021 according to our forecasts, and year-end book value per share will rise to \$12.86. ROE should rebound to 11.3% next year, in-line with levels seen in 2019 before the Covid-19 recession.

Asset Quality Stable: higher provisioning prudent

UBCP continues to demonstrate remarkable resilience on the NPA front. Nonaccrual loans [loans past due 30 days] at 0.43% of total loans, were actually down QoQ from 0.58% of total loans at March-end, and also down YoY from 0.85% last year June. Furthermore, net loans charged off, excluding overdrafts, were only 0.07% annualized, similar to the level experienced during Q1. With the higher level of provisioning recorded, UBCP's total allowance for loan losses increased 40 basis points on a year-over-year basis to a level of 0.90% and total allowance for loan losses to nonperforming loans was 254.2%, up significantly YoY, as well as sequentially from Q1 2020 levels of 146.4%.

Encouragingly, UBCP has started to see, towards the end of Q2, a large percentage of loan customers who had received some level of payment relief, begin to resume regular contractual payments. According to President & CEO Scott Everson, "We are somewhat encouraged by the continuing strong performance of our overall loan portfolio, but we firmly realize that some of the potential risk within this portfolio could be masked due to present payment relief practices and government stimulus support which ultimately will go away....We are comforted to know that [UBCP] continues to be well capitalized under regulatory and industry guidelines."

Net Interest Margin & Expenses

UBCP's net interest margin [NIM] was soft at 3.52% during Q2, down from 3.73% YoY, and 3.76% for Q1 2020. UBCP's prior decision to become more liability sensitive in response to Fed policy changes has helped it to control overall interest expense, but a much lower loan-to-deposit ratio has impacted margins. We expect NIMs to rebound going forward due to continued interest income growth and loan growth. UBCP's NIM continues to compare favorably with peers.

While we don't have a detailed breakdown of all expenses [pending release of the 10-Q], total noninterest expenses were elevated, up 9.7% YoY. UBCP continues to proactively upgrade its online banking capabilities, which will allow customers to bank remotely, apply for loans online, etc. We view these expenses as wise long-term investments with a positive return on capital, which will enhance customer experiences and enable UBCP to remain competitive with both local and regional banks.

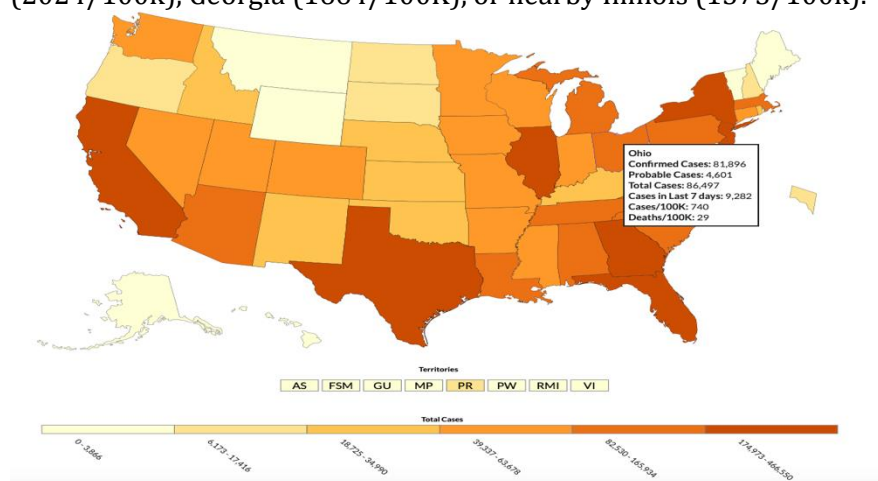
5.4% Dividend Yield, 48% Payout

UBCP has maintained its current cash dividend quarterly rate at \$0.1425, or \$0.57 per annum run-rate. This implies a very robust 5.4% annual yield. Given the Covid-19 disruptions, we are now expecting UBCP to maintain a flat dividend level for the balance of 2020. Importantly, the payout ratio remains moderate, and therefore imminently sustainable in our opinion, at 48% of expected annual EPS. Many banks globally are cutting dividends, and hardly any are raising dividends in the current economic environment. As a reminder, UBCP had paid out as high as 63% of EPS via dividends as recently as 2018. UBCP has a strong 36 year history of paying dividends, including occasional 1-time special dividends as well.

Given that the Fed Funds rate is near zero, and the benchmark US 10-year Treasury is yielding around 0.6%, UBCP's dividend yield is very attractive, and among the top quartile of all US equities. We are hopeful that once the Ohio economy stabilizes and resumes growth, UBCP will once again resume its recent trend of increasing its quarterly cash dividend by \$0.0025, or 2 cents annualized, in 2021 [similar to the dividend growth trend in 2019].

Covid-19 Impact on Ohio: things are improving, 2nd wave under control

In terms of the fatality rate by state, Ohio has 29 deaths per 100k individuals, with New York and New Jersey leading this ranking with excess of 150/100k individuals (according to statista.com). Comparatively, Ohio is pretty low in this list, ranking 22nd amongst all 50 states. Moreover, in terms of cases, as of 29 July, it has 740 per 100k cases – much less than states like New Jersey (2024/100k), Georgia (1664/100K), or nearby Illinois (1373/100k).



In this chart, out these six brackets for cases, Ohio **just** makes the second to last hotspot.

Source: CDC Covid-19 Data Tracker

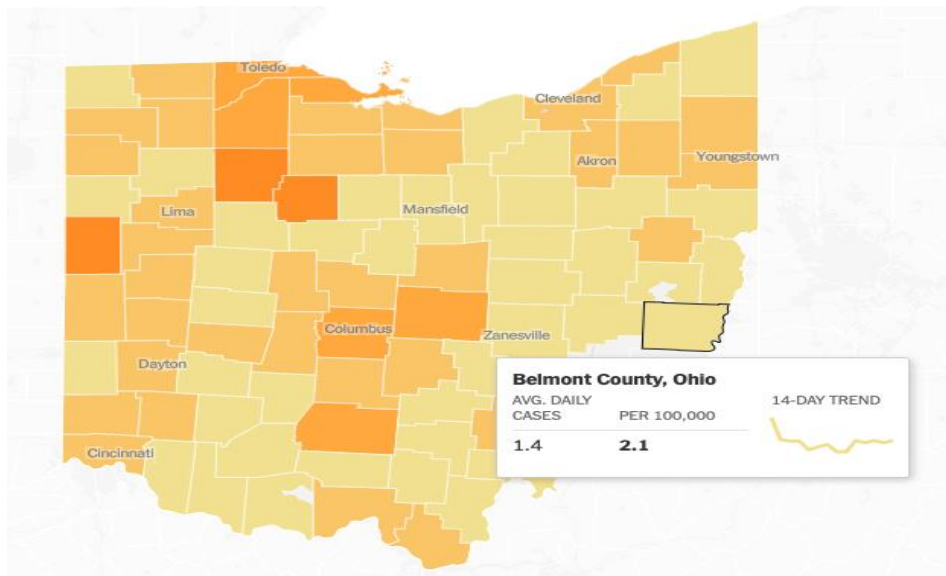
Covid-19 Impact on UBCP Counties

Below are the Covid-19 statistics for Ohio overall, some of the larger counties in the state, and the counties [shaded in grey] in which UBCP operates. Also shown below, is the counties map, with UBCP's 7 counties circled in red on the map on the right.

Ohio State County	Total Cases	Total Fatalities	Active Cases
Ohio	86,648	3,422	21,777
Cuyahoga	12,212	465	11,747
Montgomery	3,845	70	3,775
UBCP Counties	Total Cases	Total Fatalities	Active Cases
Fairfield	1,177	22	1,012
Tuscarawas	730	13	254
Belmont (UBCP HQ)	593	26	49
Athens	334	1	317
Jefferson	191	2	108
Carroll	104	5	72
Harrison	19	1	18

Source: Worldometer



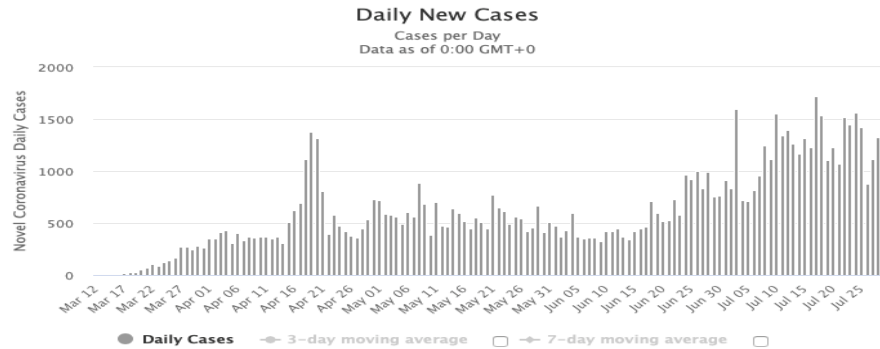


As you can see from the table, we have compared Ohio state overall, plus two of its largest counties' Covid-19 statistics, to UBCP's seven counties where operations are currently present. We were able to infer that UBCP is in a good position to continue its operations in a relatively safe and virus-free environment. Belmont County, where UBCP is headquartered, has only 49 active cases with only 26 fatalities since the virus broke out in January, which is just good news from the company's standpoint. The mean of all of UBCP counties' total cases, fatalities, and active cases are 450, 10, and 261 respectively.

However, if you factor out Fairfield and Tuscarawas – the two most affected UBCP counties - then you get a reduced mean for total cases, fatalities, and active cases as 248, 7, and 113 respectively. These are exceptionally low average numbers compared to what some of the other Ohio counties, and the overall Ohio state, is experiencing right now.

Virus Second Surge

Daily New Cases in Ohio



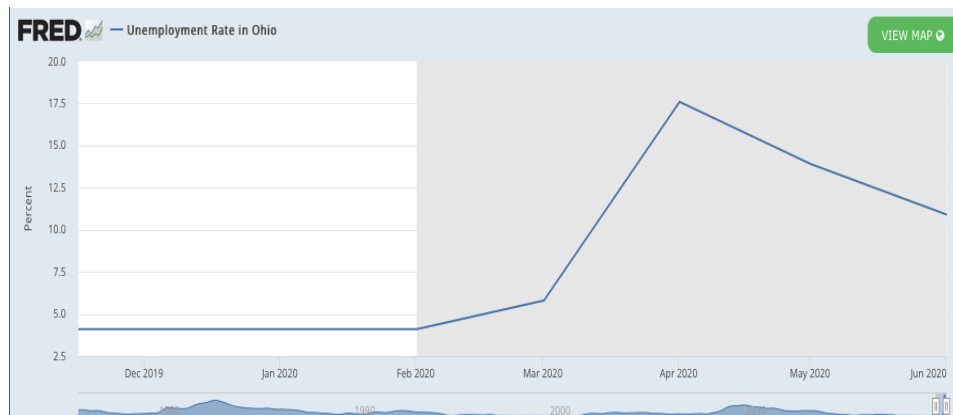
Source: Worldometer

There has been a recent Covid-19 second surge as recently as this week in Ohio. Cases and fatalities have risen with more hospitalizations. As can be seen from the chart, the number of daily new cases has seen an uptick in the last 10 days, coming from a sustained lull in May and a sharp rise in mid-April.

We think the strength of the medical facilities and staff in Ohio hospitals will be able to overcome this new outbreak brought into the state. Ohio is home to one of the best hospitals, such as world-renowned Cleveland Clinic, and according to the U.S. News & World Report, there are 216 hospitals in Ohio of which 19 meet the highest standards based on medical services and care provided. This provides sufficient hospital beds and intensive care to handle this surge.

Unemployment: Things start to rebound in Ohio and fast

Unemployment has seen a positive development since April, with total numbers of workers unemployed falling from 999,000 in April to 631,000 in June, according to data from Ohio Dept. of Job and Family Services.



Source: Federal Reserve Economic Data

The Ohio unemployment rate fell from ~17.5% in April to 10.9% in June, with the trends looking further downwards. The numbers look very encouraging, with employment on the rise and unemployment continuing to decline sharply – see table below from US Bureau of Labor Statistics.

Ohio

Data Series	Back Data	Jan 2020	Feb 2020	Mar 2020	Apr 2020	May 2020	June 2020
Labor Force Data							
Civilian Labor Force ⁽¹⁾		5,818.8	5,829.1	5,776.2	5,672.1	5,755.9	(P) 5,794.0
Employment ⁽¹⁾		5,580.4	5,588.3	5,441.8	4,672.9	4,958.7	(P) 5,162.5
Unemployment ⁽¹⁾		238.4	240.8	334.5	999.2	797.2	(P) 631.4
Unemployment Rate ⁽²⁾		4.1	4.1	5.8	17.6	13.9	(P) 10.9

Source: US Bureau of Labor Statistics

Ohio Real Estate Market: Rebound on the horizon

The Ohio real estate market will likely take some time to recover and rebound, as it grapples with the market downturn and weak demand. Coming in to 2020 the Ohio market was very strong, showing little signs of weakness. In mid-March things started to show signs of slowing down with the virus really starting to amplify, causing home listings to plunge, showings to drop and sales to fall. Sellers became nervous of putting their houses on the line as well as buyers who felt shaky of dipping into their savings. New homes may benefit in sales as people feel safer during the pandemic to buy a home that has never been occupied. One solution that is coming up at this point of time:

“Virtual showings, video conferences, desktop appraisals and online mortgage approvals are likely to be a permanent part of the housing world even beyond the recovery,”

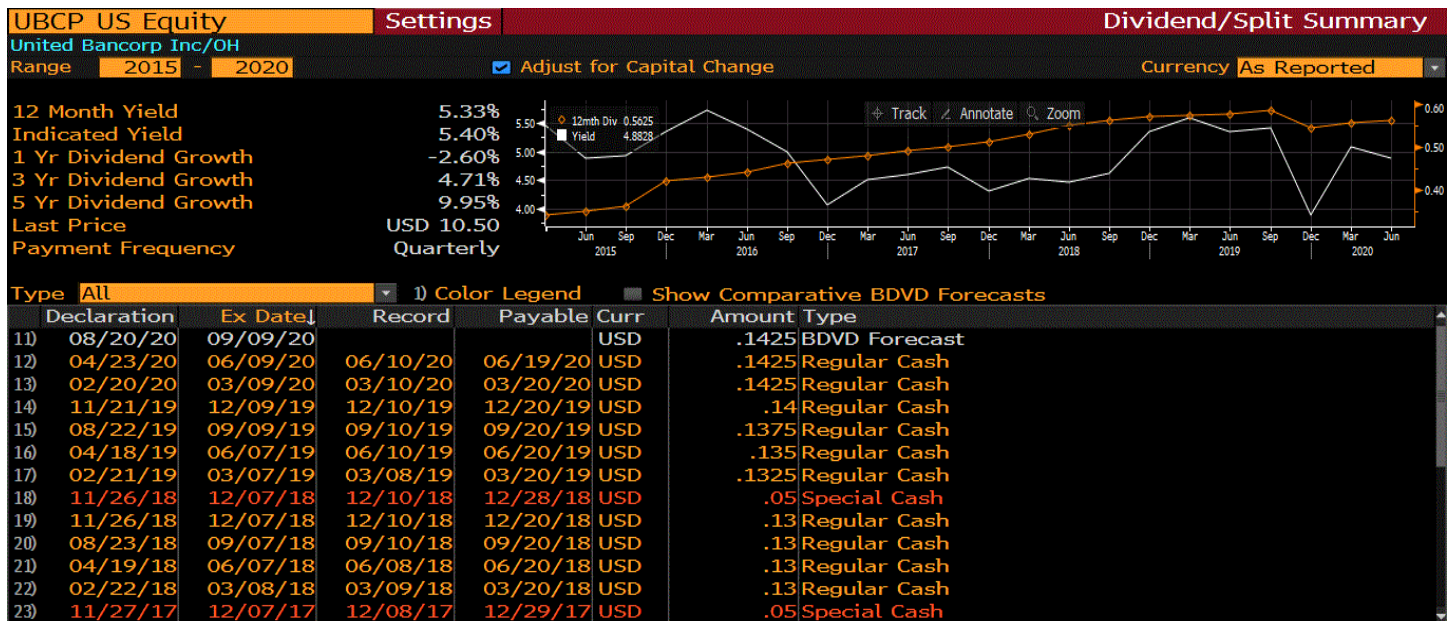
- Real Estate experts say.

Ohio, however, should see some positive traction as we witness record home-buying of 20% increases in June on the backs off increased movement away from cities to suburbs for bigger space and lesser cost as Covid-19 fuels this new demand. Full recovery looks more likely going into 2021, however, due to the likelihood of vaccines and treatments likely hitting the market towards the end of this year.

5 Year Price Chart



Dividend History



UNITED BANCORP UBCP

Income Statement [US\$ Thousands]

	2015A	2016A	2017A	2018A	2019a	2020E	2021E	2022E	2023E	CAGR (FY19-23)
Average Loans		340,803	360,424	387,054	423,479	444,856	464,258	495,193	530,264	
Average interest-earning Assets		390,119	415,714	491,313	599,986	672,286	707,994	730,015	762,122	
Net Interest Margin		3.81%	3.82%	3.84%	3.67%	3.61%	3.69%	3.75%	3.80%	
Interest Income	16,082	16,635	17,651	21,320	27,034	28,505	29,867	31,212	32,875	
Interest Expense	2,283	1,784	1,764	3,178	6,123	6,121	5,874	6,039	6,209	
Net Interest Income	13,799	14,851	15,887	18,142	20,911	22,384	23,993	25,173	26,667	6.3%
Provision for Loan Losses	553	301	100	297	908	2,626	618	420	420	-17.5%
Customer Service Fees	2,876	2,594	2,502	2,608	2,843	2,770	2,881	3,111	3,360	
Earnings on bank-owned insurance	426	463	471	477	533	1,000	490	524	561	
Net gains on loan sales	42	97	98	66	54	200	100	106	112	
Other	458	527	381	509	458	1,296	515	546	579	
Total Non-Interest Income	3,802	3,681	3,452	3,660	3,888	5,266	3,986	4,287	4,612	4.4%
Salaries & Employee Benefits	6,393	7,021	7,210	7,964	8,776	9,384	9,384	9,947	10,544	
Premises Costs & Equipments	1,918	1,897	2,071	2,140	2,263	2,664	2,717	2,772	2,827	
Professional Fees	679	720	825	2,173	1,292	1,032	1,063	1,095	1,128	
Other G&A	4,179	4,153	4,368	4,146	4,151	4,824	4,920	5,068	5,220	
Total Non-Interest Expenses	12,490	13,071	13,649	16,423	16,482	17,904	18,085	18,882	19,719	4.6%
Other Impairment	-	-	-	-	-	-	-	-	-	
Profit from JVs and associates	-	-	-	-	-	-	-	-	-	
Income before Taxes	4,558	5,160	5,590	5,082	7,409	7,120	9,277	10,159	11,140	
Income Tax expense	1,334	1,580	2,044	800	599	579	1,391	1,524	1,671	
Effective tax rate	29.3%	30.6%	36.6%	15.7%	8.1%	8.1%	15.0%	15.0%	15.0%	
Preferred Dividends	-	-	-	-	-	-	-	-	-	
Non Controlling Interest	-	-	-	-	-	-	-	-	-	
- Less Non-vested Restricted Stock	(67)	(31)	(115)	(214)	(256)	(200)	(210)	(221)	(232)	
Reported Net Income	3,157	3,549	3,431	4,068	6,554	6,340	7,675	8,414	9,238	9.0%
Underlying Net Income	3,157	3,549	3,431	4,068	6,554	6,340	7,675	8,414	9,238	9.0%
YoY			-3.3%	18.6%	61.1%	-3.3%	21.1%	9.6%	9.8%	
Shares Outstanding	4,857	5,016	4,982	4,953	5,526	5,464	5,464	5,464	5,464	
Diluted Shares Outstanding	4,933	5,016	4,982	4,953	5,526	5,464	5,464	5,464	5,464	
Reported EPS	0.64	0.71	0.69	0.82	1.19	1.19	1.40	1.54	1.69	9.2%
Underlying EPS	0.64	0.71	0.69	0.82	1.19	1.19	1.40	1.54	1.69	9.2%
YoY EPS Growth		10.6%	-2.7%	19.3%	44.9%	0.3%	17.7%	9.6%	9.8%	
Dividends per Share	0.420	0.470	0.510	0.570	0.545	0.570	0.590	0.610	0.630	
YoY Core Div Growth [excl Specials]		13.5%	9.5%	13.0%	4.8%	4.6%	3.5%	3.4%	3.3%	
YoY Total Dividend Growth		11.9%	8.5%	11.8%	-4.4%	4.6%	3.5%	3.4%	3.3%	
Dividend Payout [Div/EPS]	66%	66%	74%	69%	46%	48%	42%	40%	37%	
Shares for Book Value Computation	4,933	5,016	4,982	4,882	5,526	5,637	5,749	5,864	5,982	
Return on Average Common Equity	8.42%	8.44%	7.93%	8.61%	11.14%	9.48%	10.60%	10.86%	11.10%	
Tangible Book Value per Share	8.54	8.50	8.81	10.23	10.84	12.05	12.86	13.79	14.85	8.2%
YoY		-0.5%	3.6%	16.1%	6.0%	11.1%	6.8%	7.2%	7.7%	

UNITED BANCORP UBCP

Income Statement [US\$ Thousands]

	Q1 2019	Q2 2019	Q3 2019	Q4 2019	FY 2019	Q1 2020	Q2 2020	Q3 2020e	Q4 2020e	FY 2020e
Interest Income	6,315	6,648	6920	7,151	27,034	7,319	6,950	7,101	7,135	28,505
Interest Expense	1,207	1,469	1,726	1,721	6,123	1,685	1,427	1,507	1,502	6,121
Net Interest Income	5,108	5,179	5,194	5,430	20,911	5,634	5,523	5,594	5,633	22,384
Provision for Loan Losses	90	120	120	578	908	563	1,408	450	205	2,626
Customer Service Fees	713	694	731	705	2,843	659	670	710	731	2,770
Earnings on bank-owned insurance/Other	228	244	247	250	533	195	263	269	273	1,000
Net gains on loan sales	4	9	25	16	54	75	40	42	43	200
Other	-	-	-	-	458	115	1,181	-	-	1,296
Total Non-Interest Income	945	947	1,003	971	3,888	1,044	2,154	1,021	1,047	5,266
Salaries & Employee Benefits	2,183	2,154	2,151	2,151	8,776	2,346	2,346	2,346	2,346	9,384
Premises Costs & Equipments	550	567	565	565	2,263	606	686	686	686	2,664
Professional Fees	303	307	306	306	1,292	277	265	245	245	1,032
Other G&A	1,126	1,144	1,145	1,078	4,151	1,181	1,281	1,181	1,181	4,824
Total Non-Interest Expenses	4,162	4,172	4,162	4,100	16,482	4,410	4,578	4,458	4,458	17,904
Other Impairment	-	-	-	-	-	-	-	-	-	-
Profit from JVs and associates	-	-	-	-	-	-	-	-	-	-
Income before Taxes	1,801	1,834	1,915	1,723	7,409	1,705	1,691	1,707	2,017	7,120
Income Tax expense	187	188	135	258	599	126	135	137	182	579
Effective tax rate	10%	10%	7%	15%	8%	7%	8%	8%	9%	8%
Preferred Dividends	-	-	-	-	-	-	-	-	-	-
Non Controlling Interest	-	-	-	-	-	-	-	-	-	-
- Less Non-vested Restricted Stock	-	-	-	-	(256)	-	-	-	-	(200)
Reported Net Income	1,614	1,646	1,781	1,465	6,554	1,579	1,555	1,570	1,835	6,340
Underlying Net Income	1,614	1,646	1,781	1,465	6,554	1,579	1,555	1,570	1,835	6,340
YoY	40.6%	35.8%	33.8%	-	46.0%	-2.2%	-5.5%	-11.8%	25.3%	-3.3%
Shares Outstanding	5,519	5,519	5,519	5,519	5,526	5,464	5,464	5,464	5,464	5,464
Diluted Shares Outstanding	5,519	5,519	5,519	5,519	5,526	5,464	5,464	5,464	5,464	5,464
Reported EPS	0.28	0.29	0.31	0.31	1.19	0.28	0.29	0.29	0.34	1.19
Underlying EPS	0.28	0.29	0.31	0.31	1.19	0.28	0.29	0.29	0.34	1.19
YoY EPS Growth	40.6%	35.8%	33.8%	-	46.0%	0.0%	0.0%	-7.3%	8.4%	0.3%
Dividends per Share	0.1325	0.1350	0.1375	0.1400	0.5450	0.1425	0.1425	0.1425	0.1425	0.57
YoY Dividend Growth	-	-	-	-	-	7.5%	5.6%	3.6%	1.8%	4.6%

	2016A	2017A	2018A	2019A	2020E	2021E	2022E	2023E
<u>Valuation Metrics</u>								
Price/Earnings - using Current Stock Price	16.9	17.7	13.4	8.9	8.8	7.5	6.9	6.2
Price/Book - using Current Stock Price	1.41	1.39	1.08	0.97	0.88	0.82	0.76	0.71
Dividend Yield - using Current Stock Price	3.9%	4.2%	5.2%	5.2%	5.4%	5.6%	5.8%	6.0%
<u>Dividend Ratios</u>								
Core Dividend Growth [excluding Specials]	13.5%	9.5%	13.0%	4.8%	4.6%	3.5%	3.4%	3.3%
Total Dividend [Core + Special] Growth	11.9%	8.5%	11.8%	-4.4%	4.6%	3.5%	3.4%	3.3%
Dividend Payout [Dividend/EPS]	66%	74%	69%	46%	48%	42%	40%	37%
<u>Capital and Liquidity Ratios</u>								
Tier 1 Leverage Ratio	12.9%	12.6%	11.5%	13.1%	13.1%	14.6%	14.6%	14.7%
Total Capital Ratio	13.6%	13.2%	12.0%	19.0%	17.0%	19.5%	19.2%	19.0%
Leverage Ratio	11.0%	10.6%	8.8%	9.6%	9.7%	10.2%	10.6%	10.9%
Tangible Common Equity/Tangible Assets	9.6%	8.5%	8.7%	8.7%	8.9%	9.3%	9.6%	9.9%
<u>Growth Ratios</u>								
Average loan growth		5.8%	7.4%	9.4%	5.0%	4.4%	6.7%	7.1%
Average earning assets growth		6.6%	18.2%	22.1%	12.1%	5.3%	3.1%	4.4%
Average deposit growth		9.4%	25.8%	17.8%	6.4%	4.4%	2.0%	3.4%
Net interest income growth	7.6%	7.0%	14.2%	15.3%	7.0%	7.2%	4.9%	5.9%
EPS growth	10.6%	-2.7%	19.3%	44.9%	0.3%	17.7%	9.6%	9.8%
<u>Asset Quality Ratios</u>								
NPA/Assets	0.53%	0.42%	0.23%	0.60%	0.59%	0.52%	0.45%	0.45%
NPA/Loans [ending balance]	0.66%	0.58%	0.50%	0.51%	0.97%	0.82%	0.69%	0.67%
Reserves/NPAs		110.3	147.0	81.0	195.0	140.0	120.0	120.0
<u>Performance Ratios</u>								
Return on Average Assets (RoAA)	0.84%	0.76%	0.77%	1.05%	0.89%	1.02%	1.09%	1.15%
Return on Av. Equity (ROE)	8.4%	7.9%	8.6%	11.3%	10.1%	11.3%	11.6%	11.8%
Yield on Av. Int-earnings asset	4.26%	4.25%	4.34%	4.51%	4.24%	4.22%	4.28%	4.31%
Av. Rate on deposits & borrowings	0.52%	0.49%	0.82%	1.44%	1.37%	1.25%	1.21%	1.16%
Net Interest Margin (NIM)	3.81%	3.82%	3.84%	3.67%	3.58%	3.69%	3.75%	3.80%
Efficiency Ratio	70.5%	70.6%	75.3%	66.5%	64.8%	64.6%	64.1%	63.0%
<u>Leverage Ratios</u>								
Loans/Deposit	104.6%	94.9%	77.6%	80.2%	75.7%	80.0%	82.9%	85.8%
Av Loans/Av. Deposits	102.9%	99.5%	84.9%	78.9%	77.9%	77.9%	81.5%	84.4%

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Balance Sheet [US\$ Thousands]

CAGR

	2015A	2016A	2017A	2018A	2019A	2020E	2021E	2022E	2023E	(FY19-23)
Commercial Loans	67,247	74,541	81,327	93,690	100,977	104,006	110,247	117,964	126,222	
Commercial Real Estate	163,459	191,501	198,936	223,461	240,842	248,067	262,951	281,358	301,053	
Residential Real Estate	81,498	76,154	75,853	78,767	84,893	87,440	92,687	99,175	106,117	
Installment Loans	17,459	14,637	12,473	13,765	14,836	15,281	16,198	17,331	18,545	
	-	-	-	-	-	-	-	-	-	
Total Loans and Advances	329,663	356,721	368,589	409,683	441,548	454,794	482,082	515,828	551,936	
- LESS Allowances	(2,437)	(2,341)	(2,122)	(2,043)	(2,231)	(4,400)	(3,960)	(3,564)	(3,671)	
TOTAL Loans and Advances [Less Allowances]	327,226	354,380	366,467	407,640	439,317	450,394	478,122	512,264	548,265	5.7%
Cash Equivalents & Due from Banks	4,954	4,233	4,662	15,573	5,697	53,017	30,385	19,027	7,647	
Interest-bearing Demand Deposits	7,747	7,308	9,653	9,680	9,288	9,288	9,660	10,046	10,448	
Available for sale Securities	34,623	39,766	44,959	123,991	188,785	188,785	196,336	204,190	212,357	
TOTAL Interest-Earning Assets	374,550	405,687	425,741	556,884	643,087	701,485	714,503	745,527	778,718	4.9%
Bank-owned Life Insurance	11,509	11,822	12,114	13,115	17,196	17,196	17,196	17,196	17,196	
Property, Plant and Equipment	10,446	11,884	11,740	12,117	12,402	13,287	14,182	15,125	16,126	
Federal Home Loan Bank stock	4,210	4,164	4,164	4,243	4,012	4,012	4,012	4,012	4,012	
Other Assets [accrued receivables, intangibles, etc]	4,409	4,461	5,573	6,854	6,854	6,854	6,854	6,854	6,854	
TOTAL ASSETS	405,124	438,018	459,332	593,213	685,706	742,833	756,747	788,714	822,905	4.7%
Demand Deposits	188,328	203,745	237,980	309,505	334,378	374,503	374,503	385,738	397,311	
Savings Deposits	77,672	81,825	82,169	111,251	108,218	111,465	111,465	114,808	118,253	
Total Low Cost Deposits	266,000	285,570	320,149	420,756	442,596	485,968	485,968	500,547	515,563	
Time Deposits	57,622	53,233	65,817	104,687	105,470	108,634	111,893	117,488	123,362	
TOTAL Deposits	323,622	338,803	385,966	525,443	548,068	594,602	597,861	618,035	638,926	3.9%
Subordinated Debenture & Long-term Debt	4,124	4,124	4,124	4,124	23,543	23,543	23,543	23,543	23,543	
Total Non-Equity Funding	327,746	342,927	390,090	529,567	571,611	618,145	621,404	641,578	662,469	3.8%
FHLB advances, repurchase agreements, deferred tax, etc	35,882	52,450	25,347	13,003	54,173	58,855	65,059	71,771	79,276	
TOTAL Liabilities	363,628	395,377	415,437	542,570	625,784	677,000	686,463	713,349	741,745	4.3%
Common Stock - Issued 5,926,851 shares in 2018	5,385	5,425	5,435	5,927	5,959	5,959	5,959	5,959	5,959	
Additional Paid-in Capital	18,245	18,024	18,020	22,556	22,871	22,556	22,556	22,556	22,556	
Retained Earnings & Other Equity	21,443	22,483	23,260	24,321	27,905	34,131	38,582	43,663	49,459	
- Less ESOP, Stock Deferred Comp, Treasury Shares [5,744]	(3,577)	(3,291)	(2,820)	(2,161)	3,187	3,187	3,187	3,187	3,187	
Total Stockholders Equity	41,496	42,641	43,895	50,643	59,922	65,833	70,284	75,365	81,161	7.9%
TOTAL LIABILITIES & EQUITY	405,124	438,018	459,332	593,213	685,706	742,833	756,747	788,714	822,905	4.7%

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	2015A	2016A	2017A	2018A	2019A	2020E	2021E	2022E	2023E
Average Loans		340,803	360,424	387,054	423,479	444,856	464,258	495,193	530,264
Average Non-Covered Loans		340,803	360,424	387,054	423,479	444,856	464,258	495,193	530,264
Average interest-earning Assets		390,119	415,714	491,313	599,986	672,286	707,994	730,015	762,122
Average Common Equity		42,069	43,268	47,269	55,283	62,877	68,058	72,825	78,263
Average Total Assets		421,571	448,675	526,273	639,460	714,270	749,790	772,731	805,810
Average Securities		44,722	50,843	94,142	165,872	198,073	202,034	210,116	218,520
Average Deposits		331,213	362,385	455,705	536,756	571,335	596,232	607,948	628,480
Average Customer Loans		343,192	362,655	389,136	425,616	448,171	468,438	498,955	533,882
Growth in Loans		8.3%	3.4%	11.2%	7.8%	2.5%	6.2%	7.1%	7.0%
Growth in Earning Assets		8.3%	4.9%	30.8%	15.5%	9.1%	1.9%	4.3%	4.5%
Growth in Core Deposits		7.4%	12.1%	31.4%	5.2%	9.8%	0.0%	3.0%	3.0%
Non-Interest Income / Revenue	21.6%	19.9%	17.8%	16.8%	15.7%	19.0%	14.2%	14.6%	14.7%
Efficiency Ratio	71.0%	70.5%	70.6%	75.3%	66.5%	64.8%	64.6%	64.1%	63.0%
Loans/Deposit	101.1%	104.6%	94.9%	77.6%	80.2%	75.7%	80.0%	82.9%	85.8%
Av Loans/Av. Deposits		102.9%	99.5%	84.9%	78.9%	77.9%	77.9%	81.5%	84.4%
% of total Loans									
Commercial Loans	20.6%	21.0%	22.2%	23.0%	23.0%	23.1%	23.1%	23.0%	23.0%
Commercial Real Estate	50.0%	54.0%	54.3%	54.8%	54.8%	55.1%	55.0%	54.9%	54.9%
Residential Real Estate	24.9%	21.5%	20.7%	19.3%	19.3%	19.4%	19.4%	19.4%	19.4%
Installment Loans	5.3%	4.1%	3.4%	3.4%	3.4%	3.4%	3.4%	3.4%	3.4%
	100.7%	100.7%	100.6%	100.5%	100.5%	101.0%	100.8%	100.7%	100.7%
- LESS Allowances	-0.7%	-0.7%	-0.6%	-0.5%	-0.5%	-1.0%	-0.8%	-0.7%	-0.7%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

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