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Target Price	US\$ 22.00
Current Price	US\$ 14.61
Total Return	51%
Rating	BUY

Market Cap.	US\$86 mn
Shares Outstanding	5.5 mn
Free Float (%)	Approx. 82%
52 Week Range (US\$)	14.24 / 20.70
Avg. Daily Value	US\$ 19k
Russell 2000 Index	1,908
Insider Holding %	18%



**Risk: Above Average
Forecasting and Valuations**

(US\$mn except ratios)	2022E	2023E
Net Interest Income	24.4	24.4
Profit Before Tax	9.5	9.0
EPS (US\$)	1.50	1.40
EPS Growth	-7.4%	-7.0%
PE	9.7	10.5
Dividend Yield	5.3%	5.5%
Price/Book	1.4	1.29
ROE	13.3%	12.7%

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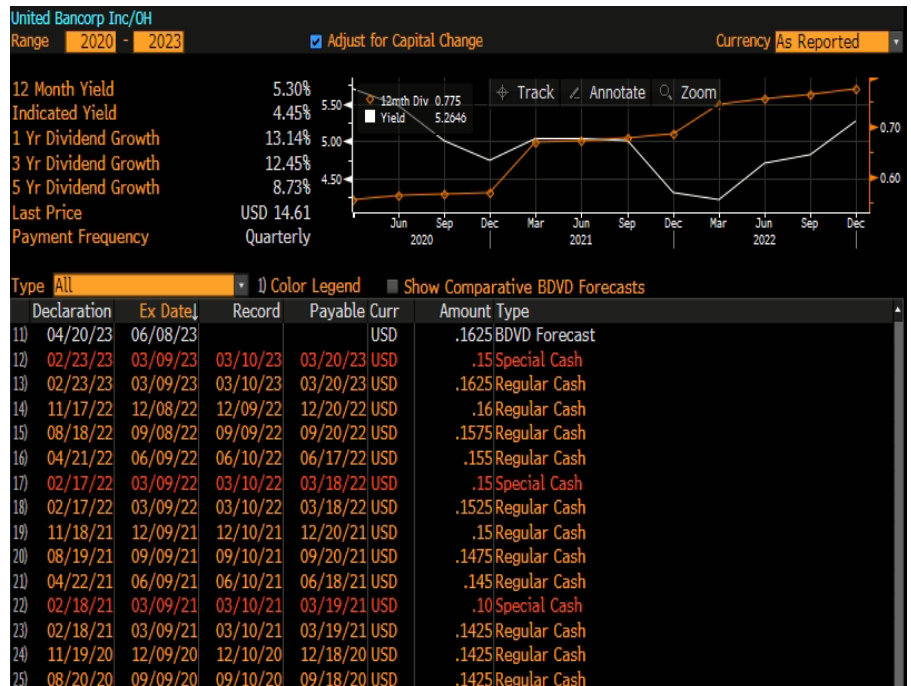
United Bancorp Inc. [UBCP]

Another Special & Regular Dividend Hike

Industry: Banking Regional

11 Dividend Hikes in a Row, 5.5% Yield

United Bancorp [UBCP] reported two more [yet again!!] dividend hikes, increasing its quarterly dividend to a quarterly run-rate of 16.25 cents, or an annualized level of \$0.65. Along with another Special Dividend announcement of 15.0 cents, the full year run-rate 2023 regular plus special total dividend is now \$0.80, or a 5.5% dividend yield. As a reminder, UBCP had 5 dividend hikes last year. In addition, UBCP has now declared 7 Special Dividends during the past 8 years, which highlights the Board's keen focus on rewarding shareholders with a high yield. Both this regular dividend increase, as well as the Special Dividend announcement, were above our expectations, especially as the overall macro environment for the broad banking sector is challenging in 2023. The regular dividend annualized run-rate is now 4.5%. We can say with a great deal of certainty that there are hardly any companies in the entire world, especially during today's uncertain inflation and macro scenario, that have rewarded shareholders with such prolific increases during the past two years!



The current regular dividend payout ratio remains moderate, and therefore quite sustainable in our view, at 43% of trailing annual EPS. As a reminder, UBCP had paid out as high as 63% of EPS via dividends as recently as 2018. Including the Special Dividend, the payout is 53% of trailing earnings, which is towards the higher end of possible payout levels, in our opinion.

Solid Q4 and Full-year 2022 Results – Feb 1st Update Note

We have written a detailed Update Note [dated February 1, 2023] a few weeks back on UBCP's solid Q4 and full-year 2022 results, so we will not reiterate that commentary again today. We would encourage investors to please access that Update Note on our website [<https://evaluatorresearch.com/all-reports/>].

Conclusion: Maintaining \$22 Target; Reiterate Buy at 9.6x P/E, 5.5% Yield

We reiterate our Buy rating and maintain our price target to \$22.00 based on the stock currently trading at a 9.6x P/E, 5.5% total dividend [4.5% regular dividend] yield, and 1.4x price/book based on the just reported 2022 results. Our target price suggests over 50% total return potential.

Our \$22.00 price target implies a forward P/E multiple of 13.3x on our forward 2024 estimate, which is a huge discount to the overall market's [S&P 500 and Russell 2000 small-cap indices] current multiples. Our target price also suggests a 3.0% dividend yield and a 1.7x price/book on our 2024 dividend and year-end book value estimates. We believe the valuations implied by our \$22.00 target are reasonable, and a discount to various banking indices.

We are in the process of fine-tuning our forecast model pending release of the Annual Report/10K with detailed December-end 2022 Income Statement and Balance Sheet line items.

Dividend Top Decile amongst US Equities

UBCP's current dividend is clearly among the top decile amongst all US equities. We ran a screen using the Bloomberg terminal, which is by far the best and most robust screening tool for large Wall Street firms and professional investors. As can be seen in the following table, among 16,109 listed equities in the US today, there are only 1,213 stocks with a dividend yield greater than 4.5% [UBCP's run-rate regular dividend yield]. This places UBCP amongst the top 8% of all US stocks. Keep in mind the equity market includes many REITs, mature no-growth companies [such as ATT], utilities, energy trusts, high-payout ETFs, etc. which are generally low-to-no growth entities which reward investors with high dividends/payouts but with negligible stock price appreciation. In the case of UBCP, we expect solid EPS and stock price growth, along with a superior dividend yield.

Security Universe	1625601
:: Trading Status: Active	529448
:: Security Attributes: Show Primary Security of company only	94218
:: Exchanges: United States	16109
:: Dividend Indicated Yield - Net > 4.5	1213

We also ran another screen to see how many US listed equities have a dividend yield higher than the 5.5% total dividend [regular + special dividend] UBCP will pay in 2023. Using this total actual dividend figure, UBCP would rank among the top 6% of all US equities, as indicated in the following chart.

Selected Screening Criteria	Matches
Security Universe	1625601
:: Trading Status: Active	529448
:: Security Attributes: Show Primary Security of company only	94218
:: Exchanges: United States	16109
:: Dividend Indicated Yield - Net > 5.5	920

Q4 In-line. Rising Interest Rates a Positive

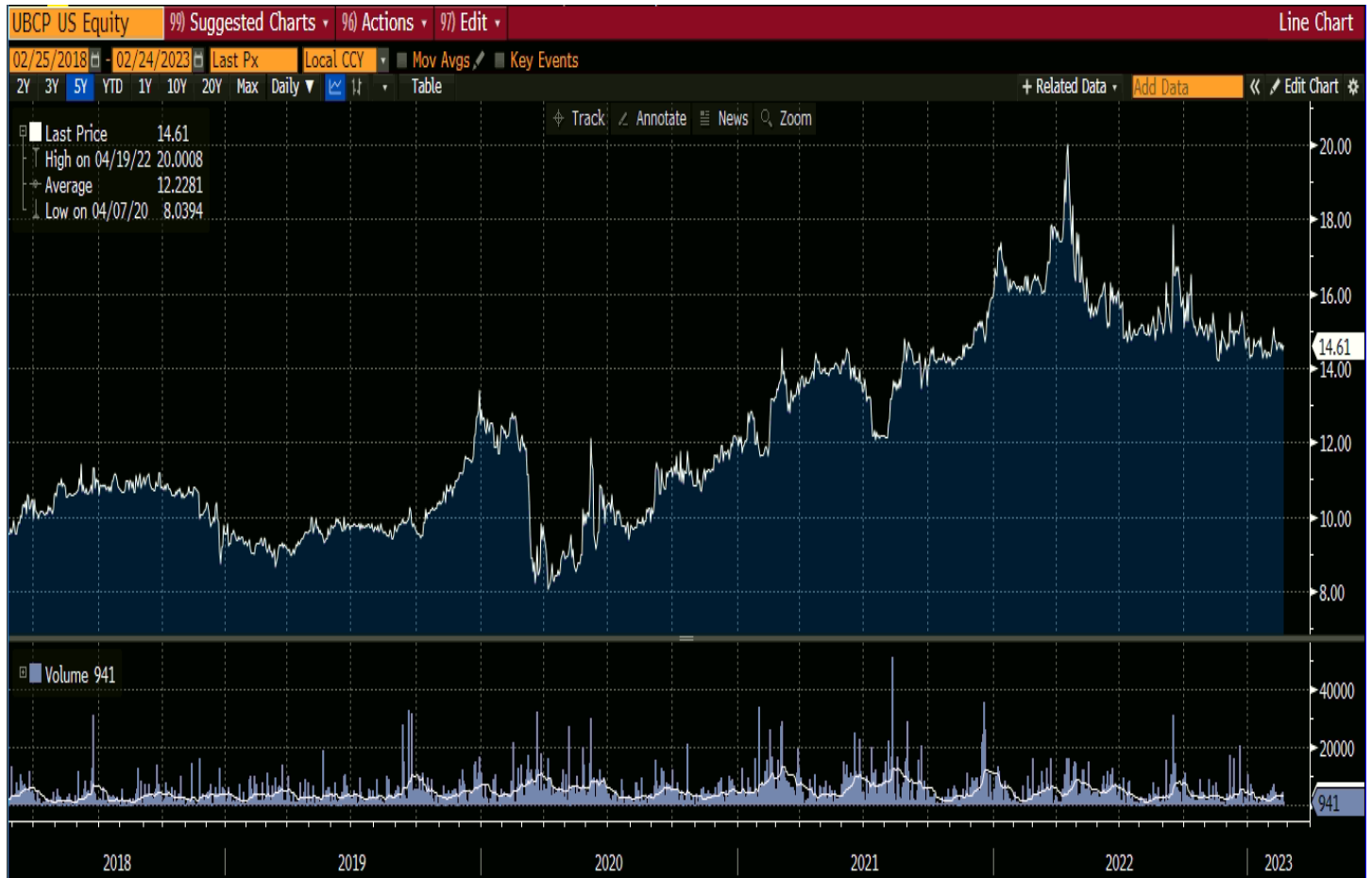
A couple weeks back, and as we had mentioned in our Update Note, UBCP reported in-line results for Q4, which capped off the 2nd best year in UBCP's history, despite an overall challenging macro environment with sharply higher rates. For Q4, UBCP reported \$0.40 in EPS, which was comparable to prior year's Q4 of \$0.41. UBCP was up against difficult comparisons with last year's record high EPS, which included several one-time gains. Last year's Q4 benefited from about \$0.11 in one-time gains, most notably related to negative provision expenses [i.e., positive impact on the income statement] and profits on various marketable security sales. Even after factoring in these items, Q4 results were virtually flat with last year, and full-year EPS of \$1.50 was also in-line with our expectations, which is a favorable outcome overall, in our view.

On a positive note, interest income increased 28.8% YoY during Q4, and this continues a trend witnessed over the full year, which saw a 12.0% rise. As we have emphasized in prior research notes, the biggest driver of results going forward, especially in a world characterized by high inflation and surging interest rates, is that UBCP is once again able to grow its balance sheet, and deploy funds in higher yielding securities. Specifically, securities and other restricted stock balances increased by 50.5% YoY to \$220 million as of December 2022. This line item now represents 29% of UBCP's year-end total balance sheet assets, and is the 2nd largest component after loans. Given these dynamics, the trend towards higher interest income should continue going forward.

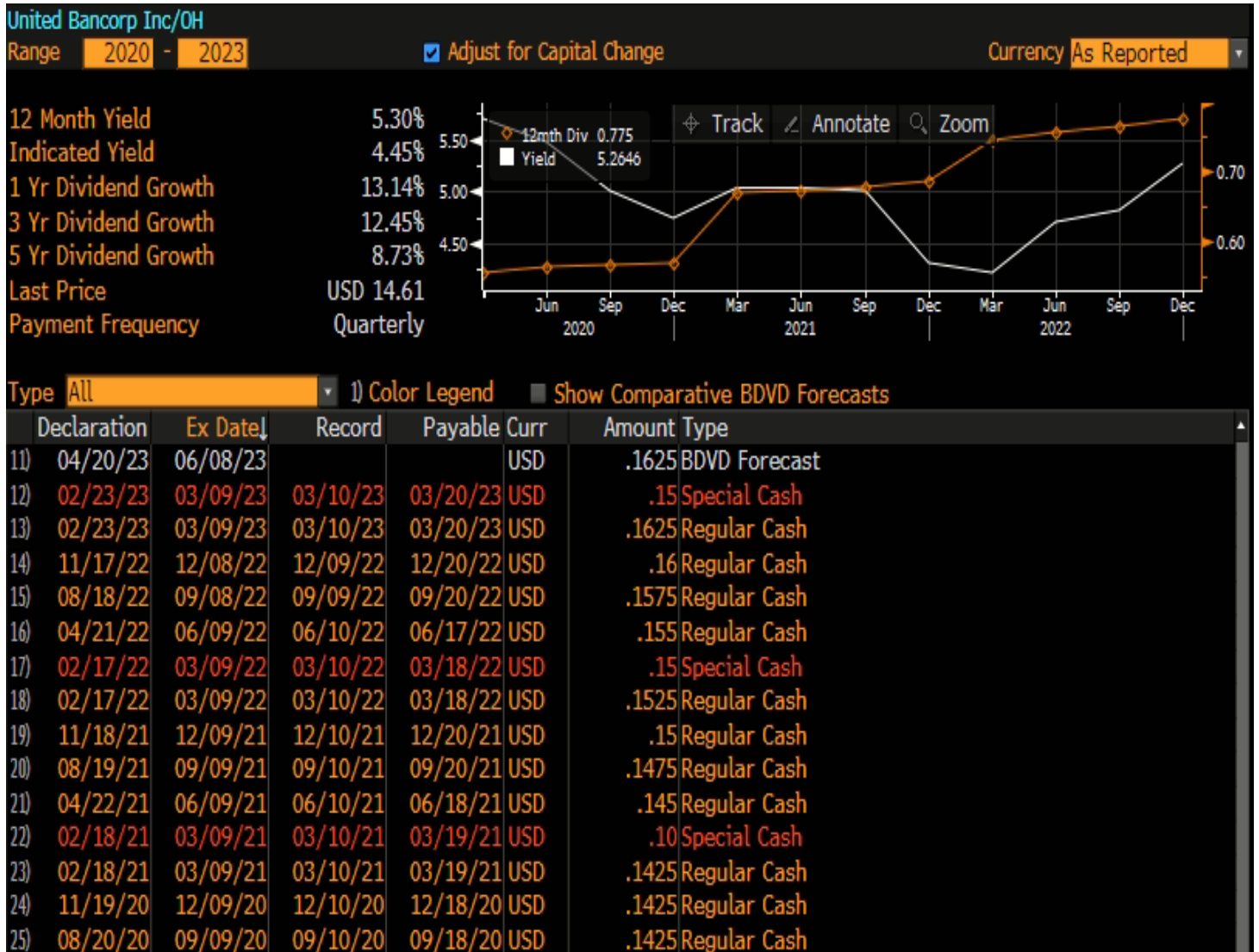
We would urge investors to refer to our recent Update Note dated February 1, 2023 in which we discuss Q4 and full-year 2022 earnings in detail.

Our updated earnings model is included in this report.

5 Year Price Chart



Dividend History



UNITED BANCORP UBCP

Income Statement [US\$ Thousands]

	2015A	2016A	2017A	2018A	2019A	2020A	2021A	2022E	2023E	2024E	2025E	CAGR (FY19-23)
Average Loans		340,803	360,424	387,054	423,479	438,848	451,762	462,692	499,839	534,962	572,547	
Average interest-earning Assets		390,119	415,714	491,313	599,986	645,562	664,024	706,805	747,096	781,523	826,870	
Net Interest Margin		3.81%	3.82%	3.84%	3.67%	3.76%	3.48%	3.67%	3.72%	3.75%	3.74%	
Interest Income	16,082	16,635	17,651	21,320	27,034	27,628	24,707	27,662	27,845	29,712	30,580	
Interest Expense	2,283	1,784	1,764	3,178	6,123	4,734	2,596	3,274	3,456	3,546	3,530	
Net Interest Income	13,799	14,851	15,887	18,142	20,911	22,894	22,111	24,388	24,389	26,166	27,050	3.9%
Provision for Loan Losses	553	301	100	297	908	3,337	(1,255)	(955)	300	400	450	
Customer Service Fees	2,876	2,594	2,502	2,608	2,843	2,580	2,852	2,979	3,158	3,347	3,548	
Earnings on bank-owned insurance	426	463	471	477	533	706	788	-	-	-	200	
Net gains on loan sales	42	97	98	66	54	180	272	36	38	40	43	
Other	458	527	381	509	458	3,449	1,785	1,069	1,133	1,201	1,273	
Total Non-Interest Income	3,802	3,681	3,452	3,660	3,888	6,915	5,697	4,084	4,329	4,589	5,064	2.7%
Salaries & Employee Benefits	6,393	7,021	7,210	7,964	8,776	9,331	9,458	9,884	9,982	10,182	10,386	
Premises Costs & Equipments	1,918	1,897	2,071	2,140	2,263	2,406	2,455	2,480	2,504	2,529	2,555	
Professional Fees	679	720	825	2,173	1,292	1,232	1,147	1,193	1,229	1,266	1,303	
Other G&A	4,179	4,153	4,368	4,146	4,151	4,921	5,331	6,334	5,701	5,758	5,930	
Total Non-Interest Expenses	12,490	13,071	13,649	16,423	16,482	17,890	18,391	19,890	19,416	19,735	20,174	4.2%
Other Impairment	-	-	-	-	-	-	-	-	-	-	-	
Profit from JVs and associates	-	-	-	-	-	-	-	-	-	-	-	
Income before Taxes	4,558	5,160	5,590	5,082	7,409	8,582	10,672	9,537	9,002	10,620	11,490	
Income Tax expense	1,334	1,580	2,044	800	599	629	1,229	879	1,350	1,593	1,723	
Effective tax rate	29.3%	30.6%	36.6%	15.7%	8.1%	7.3%	11.5%	9.2%	15.0%	15.0%	15.0%	
Preferred Dividends	-	-	-	-	-	-	-	-	-	-	-	
Non Controlling Interest	-	-	-	-	-	-	-	-	-	-	-	
- Less Non-vested Restricted Stock	(67)	(31)	(115)	(214)	(256)	(200)	-	-	-	-	-	
Reported Net Income	3,157	3,549	3,431	4,068	6,554	7,753	9,443	8,657	7,652	9,027	9,766	3.9%
Underlying Net Income	3,157	3,549	3,431	4,068	6,554	7,753	9,443	8,657	7,652	9,027	9,766	3.9%
YoY			-3.3%	18.6%	61.1%	18.3%	21.8%	-8.3%	-11.6%	18.0%	8.2%	
Shares Outstanding	4,857	5,016	4,982	4,953	5,526	5,479	5,479	5,483	5,483	5,483	5,483	
Diluted Shares Outstanding	4,933	5,016	4,982	4,953	5,526	5,479	5,479	5,483	5,483	5,483	5,483	
Reported EPS	0.64	0.71	0.69	0.82	1.19	1.39	1.62	1.50	1.40	1.65	1.78	4.1%
Underlying EPS	0.64	0.71	0.69	0.82	1.19	1.39	1.62	1.50	1.40	1.65	1.78	4.1%
YoY EPS Growth		10.6%	-2.7%	19.3%	44.9%	16.8%	16.5%	-7.4%	-7.0%	18.0%	8.2%	
Total Dividends per Share	0.420	0.470	0.510	0.570	0.545	0.570	0.685	0.770	0.800	0.670	0.690	
Core Regular Dividend	0.370	0.420	0.460	0.520	0.545	0.570	0.585	0.620	0.650	0.670	0.690	
Special Dividends	0.050	0.050	0.050	0.050			0.100	0.150	0.150			
YoY Regular Div Growth [excl Specials]		12.1%	13.5%	9.5%	13.0%	4.8%	4.6%	2.6%	6.0%	4.8%	3.1%	3.0%
YoY Total Div Growth [incl Specials]	27.2%	11.9%	8.5%	11.8%	-4.4%	4.6%	20.2%	12.4%	3.9%	-16.3%	3.0%	
Dividend Payout [Div/EPS]	66%	66%	74%	69%	46%	41%	42%	51%	57%	41%	39%	
Shares for Book Value Computation	4,933	5,016	4,982	4,882	5,526	5,637	5,749	5,864	5,982	6,101	6,223	
Return on Average Common Equity	8.4%	8.4%	7.9%	8.6%	11.9%	12.1%	13.5%	13.3%	12.7%	13.9%	13.9%	
Tangible Book Value per Share	8.54	8.50	8.81	10.23	10.24	11.45	11.82	9.92	11.32	12.29	13.38	2.5%
YoY		-0.5%	3.6%	16.1%	0.1%	11.8%	3.2%	-16.1%	14.1%	8.6%	8.9%	

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	2016A	2017A	2018A	2019A	2020A	2021A	2022E	2023E	2024E	2025E
<u>Valuation Metrics</u>										
Price/Earnings - using Current Stock Price	16.9	17.7	13.4	12.3	10.5	9.0	9.7	10.5	8.9	8.2
Price/Book - using Current Stock Price	1.41	1.39	1.08	1.43	1.28	1.24	1.47	1.29	1.19	1.09
Dividend Yield - using Current Stock Price	3.9%	4.2%	5.2%	3.7%	3.9%	4.7%	5.3%	5.5%	4.6%	4.7%
Book Value per Share	8.50	8.81	10.23	10.24	11.45	11.82	9.92	11.32	12.29	13.38
<u>Dividend Ratios</u>										
Core Dividend Growth [excluding Specials]	13.5%	9.5%	13.0%	4.8%	4.6%	2.6%	6.0%	4.8%	3.1%	3.0%
Total Dividend [Core + Special] Growth	11.9%	8.5%	11.8%	-4.4%	4.6%	20.2%	12.4%	3.9%	-16.3%	3.0%
Dividend Payout [Dividend/EPS]	66%	74%	69%	46%	41%	42%	51%	57%	41%	39%
<u>Capital and Liquidity Ratios</u>										
Tier 1 Leverage Ratio	12.9%	12.6%	11.5%	13.1%	13.3%	15.8%	12.1%	11.9%	12.1%	12.3%
Total Capital Ratio	13.6%	13.2%	12.0%	19.0%	18.2%	21.0%	17.0%	16.5%	16.4%	16.3%
Leverage Ratio	11.0%	10.6%	8.8%	9.6%	10.9%	11.0%	8.2%	8.3%	8.8%	9.3%
Tangible Common Equity/Tangible Assets	9.6%	8.5%	8.7%	8.7%	9.9%	9.9%	7.6%	7.7%	8.0%	8.2%
<u>Growth Ratios</u>										
Average loan growth		5.8%	7.4%	9.4%	3.6%	1.3%	5.0%	7.1%	7.0%	7.0%
Average earning assets growth		6.6%	18.2%	22.1%	7.6%	2.9%	6.4%	5.7%	4.6%	5.8%
Average deposit growth		9.4%	25.8%	17.8%	5.0%	5.1%	3.8%	3.2%	3.2%	3.2%
Net interest income growth	7.6%	7.0%	14.2%	15.3%	9.5%	-3.4%	10.3%	0.0%	7.3%	3.4%
EPS growth	10.6%	-2.7%	19.3%	44.9%	16.8%	16.5%	-7.4%	-7.0%	18.0%	8.2%
<u>Asset Quality Ratios</u>										
NPA/Assets	0.53%	0.42%	0.23%	0.60%	0.19%	0.30%	0.41%	0.35%	0.35%	0.35%
NPA/Loans [ending balance]	0.66%	0.58%	0.50%	0.51%	0.14%	0.25%	0.58%	0.51%	0.51%	0.51%
Reserves/NPAs		110.3	147.0	154	816	280	195	153	155	154
<u>Performance Ratios</u>										
Return on Average Assets (RoAA)	0.84%	0.76%	0.83%	1.07%	1.15%	1.33%	1.15%	0.97%	1.09%	1.12%
Return on Av. Equity (ROE)	8.4%	7.9%	8.6%	11.3%	11.5%	13.5%	13.3%	12.7%	13.9%	13.9%
Yield on Av. Int-earnings asset	4.26%	4.25%	4.34%	4.51%	4.28%	3.72%	3.91%	3.73%	3.80%	3.70%
Av. Rate on deposits & borrowings	0.52%	0.49%	0.82%	1.44%	1.07%	0.58%	0.70%	0.69%	0.66%	0.61%
Net Interest Margin (NIM)	3.81%	3.82%	3.84%	3.67%	3.76%	3.61%	3.68%	3.72%	3.75%	3.74%
Efficiency Ratio	70.5%	70.6%	75.3%	66.5%	60.0%	66.1%	69.9%	67.6%	64.2%	62.8%
<u>Leverage Ratios</u>										
Loans/Deposit	104.6%	94.9%	77.6%	80.2%	75.6%	74.5%	77.3%	80.2%	83.2%	86.3%
Av Loans/Av. Deposits	102.9%	99.5%	84.9%	78.9%	77.8%	75.0%	75.9%	78.8%	81.7%	84.8%

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Balance Sheet [US\$ Thousands]

	2015A	2016A	2017A	2018A	2019A	2020A	2021A	2022E	2023E	2024E	2025E	CAGR (FY19-23)
Commercial Loans	67,247	74,541	81,327	93,690	100,977	103,277	90,892	97,254	104,062	111,347	119,141	
Commercial Real Estate	163,459	191,501	198,936	223,461	240,842	246,167	266,777	285,451	305,433	326,813	349,690	
Residential Real Estate	81,498	76,154	75,853	78,767	84,893	85,789	90,132	96,441	103,192	110,416	118,145	
Installment Loans	17,459	14,637	12,473	13,765	14,836	8,258	6,571	7,031	7,523	8,050	8,613	
Total Loans and Advances	329,663	356,721	368,589	409,683	441,548	443,491	454,372	486,178	520,211	556,625	595,589	
- LESS Allowances	(2,437)	(2,341)	(2,122)	(2,043)	(2,231)	(5,113)	(3,673)	(3,306)	(3,405)	(3,507)	(3,612)	
TOTAL Loans and Advances [Less Allowances]	327,226	354,380	366,467	407,640	439,317	438,378	450,699	482,872	516,806	553,118	591,977	4.1%
Cash Equivalents & Due from Banks	4,954	4,233	4,662	15,573	5,697	11,637	7,653	20,202	4,040	-	-	
Interest-bearing Demand Deposits	7,747	7,308	9,653	9,680	9,288	39,955	75,346	78,360	81,494	84,754	88,144	
Available for sale Securities	34,623	39,766	44,959	123,991	188,785	158,067	146,313	152,166	158,252	164,582	171,166	
TOTAL Interest-Earning Assets	374,550	405,687	425,741	556,884	643,087	648,037	680,011	733,599	760,592	802,454	851,286	4.3%
Bank-owned Life Insurance	11,509	11,822	12,114	13,115	17,196	18,109	18,809	18,809	18,809	18,809	18,809	
Property, Plant and Equipment	10,446	11,884	11,740	12,117	12,402	13,743	12,757	13,668	14,587	14,587	14,587	
Federal Home Loan Bank stock	4,210	4,164	4,164	4,243	4,012	4,177	3,704	3,704	3,704	3,704	3,704	
Other Assets [accrued receivables, intangibles, etc]	4,409	4,461	5,573	6,854	6,854	9,336	9,175	6,854	6,854	6,854	6,854	
TOTAL ASSETS	405,124	438,018	459,332	593,213	685,706	693,402	724,456	776,635	804,546	846,409	895,241	4.1%
Demand Deposits	188,328	203,745	237,980	309,505	334,378	376,287	408,296	420,545	433,161	446,156	459,541	
Savings Deposits	77,672	81,825	82,169	111,251	108,218	122,549	140,598	144,816	149,160	153,635	158,244	
Total Low Cost Deposits	266,000	285,570	320,149	420,756	442,596	498,836	548,894	565,361	582,322	599,791	617,785	
Time Deposits	57,622	53,233	65,817	104,687	105,470	80,699	56,242	59,054	62,007	65,107	68,363	
TOTAL Deposits	323,622	338,803	385,966	525,443	548,068	579,535	605,136	624,415	644,328	664,898	686,148	4.1%
Subordinated Debenture & Long-term Debt	4,124	4,124	4,124	4,124	23,543	23,604	23,665	23,665	23,665	23,665	23,665	
Total Non-Equity Funding	327,746	342,927	390,090	529,567	571,611	603,139	628,801	648,080	667,993	688,563	709,813	4.0%
FHLB advances, repurchase agreements, deferred tax, etc	35,882	52,450	25,347	13,003	54,173	21,935	23,954	72,384	79,363	79,363	79,363	
TOTAL Liabilities	363,628	395,377	415,437	542,570	625,784	625,074	652,755	720,464	747,356	767,926	789,176	4.5%
Common Stock - Issued 5,926,851 shares in 2018	5,385	5,425	5,435	5,927	5,959	6,046	6,046	6,046	6,046	6,046	6,046	
Additional Paid-in Capital	18,245	18,024	18,020	22,556	22,871	23,166	23,635	22,556	22,556	22,556	22,556	
Retained Earnings & Other Equity	21,443	22,483	23,260	24,321	27,905	32,497	37,847	26,000	29,265	34,619	40,602	
- Less ESOP, Stock Deferred Comp, Treasury Shares	(3,577)	(3,291)	(2,820)	(2,161)	3,187	6,619	4,173	4,173	4,173	4,173	4,173	
Total Stockholders Equity	41,496	42,641	43,895	50,643	59,922	68,328	71,701	58,775	62,040	67,394	73,377	0.9%
TOTAL LIABILITIES & EQUITY	405,124	438,018	459,332	593,213	685,706	693,402	724,456	776,635	804,546	846,409	895,241	4.1%

UNITED BANCORP UBCP

	2015A	2016A	2017A	2018A	2019A	2020A	2021	2022E	2023E	2024E	2025E
Average Loans		340,803	360,424	387,054	423,479	438,848	444,539	466,786	499,839	534,962	572,547
Average Non-Covered Loans		340,803	360,424	387,054	423,479	438,848	444,539	466,786	499,839	534,962	572,547
Average interest-earning Assets		390,119	415,714	491,313	599,986	645,562	664,024	706,805	747,096	781,523	826,870
Average Common Equity		42,069	43,268	47,269	55,283	64,125	70,015	65,238	60,408	64,717	70,385
Average Total Assets		421,571	448,675	526,273	639,460	689,554	708,929	750,545	790,590	825,477	870,825
Average Securities		44,722	50,843	94,142	165,872	198,048	209,841	226,092	235,136	244,541	254,323
Average Deposits		331,213	362,385	455,705	536,756	563,802	592,336	614,775	634,372	654,613	675,523
Average Customer Loans		343,192	362,655	389,136	425,616	442,520	448,932	470,275	503,194	538,418	576,107
Growth in Loans		8.3%	3.4%	11.2%	7.8%	-0.2%	2.8%	7.1%	7.0%	7.0%	7.0%
Growth in Earning Assets		8.3%	4.9%	30.8%	15.5%	0.8%	4.9%	7.9%	3.7%	5.5%	6.1%
Growth in Core Deposits		7.4%	12.1%	31.4%	5.2%	12.7%	10.0%	3.0%	3.0%	3.0%	3.0%
Non-Interest Income / Revenue	21.6%	19.9%	17.8%	16.8%	15.7%	23.2%	20.5%	14.3%	15.1%	14.9%	15.8%
Efficiency Ratio	71.0%	70.5%	70.6%	75.3%	66.5%	60.0%	66.1%	69.9%	67.6%	64.2%	62.8%
Loans/Deposit	101.1%	104.6%	94.9%	77.6%	80.2%	75.6%	74.5%	77.3%	80.2%	83.2%	86.3%
Av Loans/Av. Deposits		102.9%	99.5%	84.9%	78.9%	77.8%	75.0%	75.9%	78.8%	81.7%	84.8%
% of total Loans											
Commercial Loans	20.4%	20.9%	22.1%	22.9%	22.9%	23.3%	20.0%	20.0%	20.0%	20.0%	20.0%
Commercial Real Estate	49.6%	53.7%	54.0%	54.5%	54.5%	55.5%	58.7%	58.7%	58.7%	58.7%	58.7%
Residential Real Estate	24.7%	21.3%	20.6%	19.2%	19.2%	19.3%	19.8%	19.8%	19.8%	19.8%	19.8%
Installment Loans	5.3%	4.1%	3.4%	3.4%	3.4%	1.9%	1.4%	1.4%	1.4%	1.4%	1.4%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
- LESS Allowances	-0.7%	-0.7%	-0.6%	-0.5%	-0.5%	-1.2%	-0.8%	-0.7%	-0.7%	-0.6%	-0.6%
Total	99.3%	99.4%	99.4%	99.5%	99.5%	98.8%	99.2%	99.3%	99.3%	99.4%	99.4%

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