

www.evaluateresearch.com

Target Price	US\$ 22.00
Current Price	US\$ 11.67
Total Return	90%
Rating	BUY

Market Cap.	US\$67 mn
Shares Outstanding	5.9 mn
Free Float (%)	Approx. 88%
52 Week Range (US\$)	11.10 / 17.85
Avg. Daily Value	US\$ 19k
Russell 2000 Index	1,851
Insider Holding %	12%

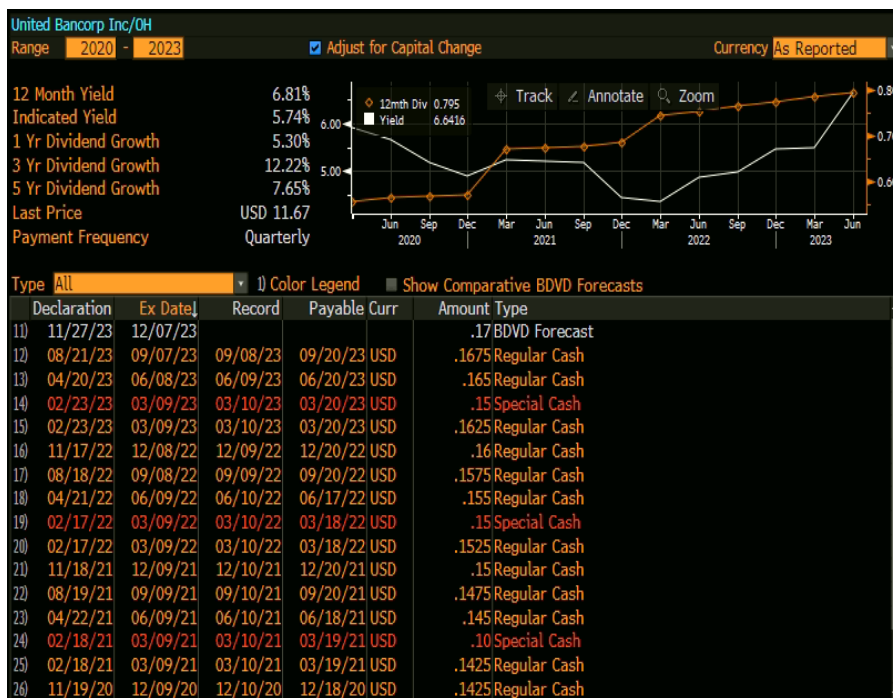


United Bancorp Inc. [UBCP] Regular Dividend Hike

Industry: Banking Regional

7.0% Yield after 13 Dividend Hikes in a Row

United Bancorp [UBCP] reported **yet another dividend hike**, increasing its quarterly dividend to a quarterly run-rate of 16.75 cents, or an annualized level of \$0.67. Along with the Special Dividend announcement of 15.0 cents announced earlier this year, the full year run-rate 2023 regular plus special total dividend is now \$0.82, or a 7.0% dividend yield. The regular quarterly dividend has been hiked by 6.3% YoY. This is now the 4th dividend hike by UBCP this current fiscal/calendar year, and it follows 5 hikes last year. The regular dividend annualized run-rate is now 5.7%.



Risk: Above Average Forecasting and Valuations

(US\$mn except ratios)	2022A	2023E
Net Interest Income	24.4	24.4
Profit Before Tax	9.5	9.0
EPS (US\$)	1.50	1.44
EPS Growth	-7.4%	-4.2%
PE	7.8	8.2
Dividend Yield	6.5%	6.8%
Price/Book	1.19	1.06
ROE	13.2%	13.1%

Analyst :

Sandy Mehta, CFA
sandy@evaluateresearch.com
1-617-448-5749

As a reminder, UBCP has declared 7 Special Dividends during the past 8 years, which highlights the Board's keen focus on rewarding shareholders with a high yield. This regular dividend increase was above our expectations, especially as the overall macro environment for the broad banking sector is challenging in 2023. Broad banking sector "headline" news and risks have died down considerably since a Q1 frenzy, supported by a healthy stock market, and a Fed which is inching closer to pausing its rate hike cycle as inflation increases are tapering off. Nonetheless, there are downgrades by rating agencies and deposit risk

flight at some banks, in addition to concerns on the overall economy, consumer health and commercial real estate exposure.

Given this macro backdrop for the entire banking sector, UBCP's track record on dividends during the past three years is remarkable. Even outside of banking, there are very few companies globally who can match this unrelenting string of dividend hikes!!

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 Q2 and 1H 2023 – Feb 1st Update Note

We have written a detailed Update Note [dated August 4, 2023] a few weeks back on UBCP's solid Q2 and H1 2023 results, so we will not reiterate that commentary again today. We would encourage investors to please access that Update Note on our website [<https://evaluateresearch.com/all-reports/>].

As mentioned in our earnings report, UBCP reported stellar results for Q2, which were above our expectations, and of high quality, which is quite reassuring, especially given the turmoil within the broader banking industry this year. In fact, UBCP has, in the face of a difficult macro, interest rate and industry environment, shown remarkably consistent metrics on key issues such as asset quality, margins, stability of deposits and liquidity, and overall earnings growth. Against extremely difficult comparisons from last year, UBCP reported Q2 EPS of \$0.40, which was flat YoY, and up 21% sequentially QoQ. It should be noted that last year's Q2 benefited from a positive/credit provisioning line-item on the income statement [i.e., negative provisioning] of \$0.05. With a strong first half performance, UBCP is setting a firm foundation from which it should continue to grow its earnings and dividends.

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

We reiterate our Buy rating and maintain our price target of \$22.00 based on the stock currently trading at a 7.8x P/E based on trailing 2022 results, and 8.2x on our 2023 and 6.9x on 2024 estimates. The stock is also trading at 1.2x current Price/Book. Our target price suggests about 90% 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 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, despite the recent decline in the banking industry stocks.

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 14,560 listed equities in the US today, there are only 733 stocks with a dividend yield greater than 7.0 [UBCP's run-rate regular plus special dividend yield]. This places UBCP among the top 5% of all US stocks.

Security Universe	1648063
:: Trading Status: Active	530350
:: Security Attributes: Show Primary Security of company only	93901
:: Country/Territory of Domicile: United States	14560
:: Dividend Indicated Yield - Net > 7	733

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.

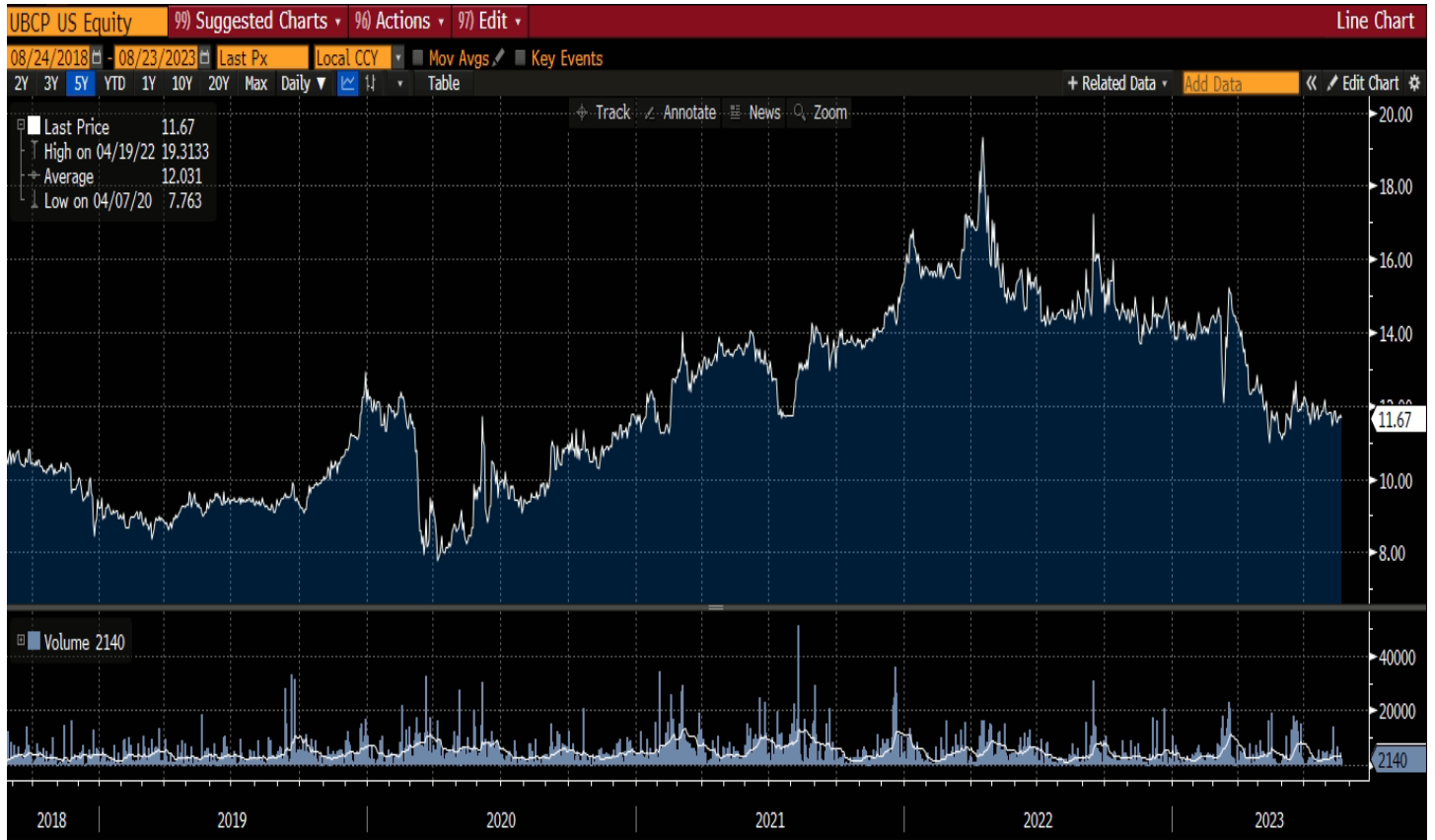
We also ran another screen to see how many US listed equities have a dividend yield higher than the 5.7% total dividend regular UBCP will pay in 2023 on a run-rate basis. Using this total actual dividend figure, UBCP would rank among the top 7% of all US equities, as indicated in the following chart.

Security Universe	1648063
:: Trading Status: Active	530350
:: Security Attributes: Show Primary Security of company only	93901
:: Country/Territory of Domicile: United States	14560
:: Dividend Indicated Yield - Net > 5.7	1029

We would urge investors to refer to our recent Update Note dated August 4, 2023 in which we have discussed Q2 results 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	2022A	2023E	2024E	2025E	CAGR (FY19-23)
Average Loans		340,803	360,424	387,054	423,479	438,848	444,539	454,761	460,698	471,835	490,730	
Average interest-earning Assets		390,119	415,714	491,313	599,986	645,562	664,024	693,269	755,233	771,999	754,871	
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	2,978	3,157	3,346	3,547	
Earnings on bank-owned insurance	426	463	471	477	533	706	802	708	758	811	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	1,780	361	383	406	430	
Total Non-Interest Income	3,802	3,681	3,452	3,660	3,888	6,915	5,706	4,083	4,335	4,603	4,220	2.8%
Salaries & Employee Benefits	6,393	7,021	7,210	7,964	8,776	9,331	9,698	10,305	10,408	10,616	10,829	
Premises Costs & Equipments	1,918	1,897	2,071	2,140	2,263	2,406	2,364	2,217	2,239	2,262	2,284	
Professional Fees	679	720	825	2,173	1,292	1,232	1,217	1,451	1,495	1,539	1,586	
Other G&A	4,179	4,153	4,368	4,146	4,151	4,921	5,113	5,917	5,325	5,379	5,540	
Total Non-Interest Expenses	12,490	13,071	13,649	16,423	16,482	17,890	18,392	19,890	19,467	19,796	20,238	4.2%
Other Impairment	-	-	-	-	-	-	-	-	-	-	-	
Profit from JVs and associates	-	-	-	-	-	-	-	-	-	-	-	
Income before Taxes	4,558	5,160	5,590	5,082	7,409	8,582	10,681	9,536	8,957	10,573	10,582	
Income Tax expense	1,334	1,580	2,044	800	599	629	1,230	879	1,075	1,269	1,270	
Effective tax rate	29.3%	30.6%	36.6%	15.7%	8.1%	7.3%	11.5%	9.2%	12.0%	12.0%	12.0%	
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	9,451	8,657	7,882	9,304	9,312	4.7%
Underlying Net Income	3,157	3,549	3,431	4,068	6,554	7,753	9,451	8,657	7,882	9,304	9,312	4.7%
YoY			-3.3%	18.6%	61.1%	18.3%	21.9%	-8.4%	-9.0%	18.0%	0.1%	
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	1.44	1.70	1.70	4.8%
Underlying EPS	0.64	0.71	0.69	0.82	1.19	1.39	1.62	1.50	1.44	1.70	1.70	4.8%
YoY EPS Growth		10.6%	-2.7%	19.3%	44.9%	16.8%	16.5%	-7.4%	-4.2%	18.0%	0.1%	
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%	56%	39%	41%	
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%	13.2%	13.1%	14.6%	13.4%	
Tangible Book Value per Share	8.54	8.50	8.81	10.23	10.24	11.45	11.82	9.92	11.12	12.15	13.16	2.1%
YoY		-0.5%	3.6%	16.1%	0.1%	11.8%	3.2%	-16.1%	12.1%	9.2%	8.3%	

UNITED BANCORP UBCP

	2016A	2017A	2018A	2019A	2020A	2021A	2022A	2023E	2024E	2025E
<u>Valuation Metrics</u>										
Price/Earnings - using Current Stock Price	16.9	17.7	13.4	9.9	8.5	7.3	7.8	8.2	6.9	6.9
Price/Book - using Current Stock Price	1.41	1.39	1.08	1.15	1.03	0.99	1.19	1.06	0.97	0.89
Dividend Yield - using Current Stock Price	3.9%	4.2%	5.2%	4.6%	4.8%	5.8%	6.5%	6.8%	5.7%	5.9%
Book Value per Share	8.50	8.81	10.23	10.24	11.45	11.82	9.92	11.12	12.15	13.16
<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%	56%	39%	41%
<u>Capital and Liquidity Ratios</u>										
Tier 1 Leverage Ratio	12.9%	12.6%	11.5%	13.1%	13.3%	15.8%	13.0%	13.1%	13.8%	14.4%
Total Capital Ratio	13.6%	13.2%	12.0%	19.0%	18.2%	21.0%	18.1%	18.2%	18.7%	19.1%
Leverage Ratio	11.0%	10.6%	8.8%	9.6%	10.9%	11.0%	8.6%	7.9%	8.4%	8.8%
Tangible Common Equity/Tangible Assets	9.6%	8.5%	8.7%	8.7%	9.9%	9.9%	7.9%	7.2%	8.5%	8.9%
<u>Growth Ratios</u>										
Average loan growth		5.8%	7.4%	9.4%	3.6%	1.3%	2.3%	1.3%	2.4%	4.0%
Average earning assets growth		6.6%	18.2%	22.1%	7.6%	2.9%	4.4%	8.9%	2.2%	-2.2%
Average deposit growth		9.4%	25.8%	17.8%	5.0%	5.1%	5.9%	5.3%	3.3%	3.3%
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%	-4.2%	18.0%	0.1%
<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%	1.17%	0.98%	1.14%	1.17%
Return on Av. Equity (ROE)	8.4%	7.9%	8.6%	11.3%	11.5%	13.5%	13.2%	13.1%	14.6%	13.4%
Yield on Av. Int-earnings asset	4.26%	4.25%	4.34%	4.51%	4.28%	3.72%	3.99%	3.69%	3.85%	4.05%
Av. Rate on deposits & borrowings	0.52%	0.49%	0.82%	1.44%	1.07%	0.58%	0.72%	0.75%	0.75%	0.72%
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%	67.8%	64.3%	64.7%
<u>Leverage Ratios</u>										
Loans/Deposit	104.6%	94.9%	77.6%	80.2%	75.6%	74.5%	70.6%	68.9%	69.3%	69.8%
Av Loans/Av. Deposits	102.9%	99.5%	84.9%	78.9%	77.8%	75.0%	72.5%	69.7%	69.1%	69.6%

UNITED BANCORP UBCP

Balance Sheet [US\$ Thousands]

	2015A	2016A	2017A	2018A	2019A	2020A	2021A	2022A	2023E	2024E	2025E	CAGR (FY19-23)
Commercial Loans	67,247	74,541	81,327	93,690	100,977	103,277	90,892	90,548	92,359	96,053	99,895	
Commercial Real Estate	163,459	191,501	198,936	223,461	240,842	246,167	266,777	270,312	270,312	281,124	292,369	
Residential Real Estate	81,498	76,154	75,853	78,767	84,893	85,789	90,132	94,012	95,892	99,728	103,717	
Installment Loans	17,459	14,637	12,473	13,765	14,836	8,258	6,571	6,003	6,123	6,368	6,623	
	-	-	-	-	-	-	-	-	-	-	-	
Total Loans and Advances	329,663	356,721	368,589	409,683	441,548	443,491	454,372	460,875	464,686	483,274	502,605	
- LESS Allowances	(2,437)	(2,341)	(2,122)	(2,043)	(2,231)	(5,113)	(3,673)	(2,052)	(2,114)	(2,177)	(2,242)	
TOTAL Loans and Advances [Less Allowances]	327,226	354,380	366,467	407,640	439,317	438,378	450,699	458,823	462,573	481,097	500,362	1.3%
Cash Equivalents & Due from Banks	4,954	4,233	4,662	15,573	5,697	11,637	7,653	8,279	92,364	-	-	
Interest-bearing Demand Deposits	7,747	7,308	9,653	9,680	9,288	39,955	75,346	21,801	22,673	23,580	24,523	
Available for sale Securities	34,623	39,766	44,959	123,991	188,785	158,067	146,313	217,624	226,329	235,382	244,797	
TOTAL Interest-Earning Assets	374,550	405,687	425,741	556,884	643,087	648,037	680,011	706,527	803,939	740,059	769,683	5.7%
Bank-owned Life Insurance	11,509	11,822	12,114	13,115	17,196	18,109	18,809	19,000	19,000	19,000	19,000	
Property, Plant and Equipment	10,446	11,884	11,740	12,117	12,402	13,743	12,757	12,144	13,063	13,063	13,063	
Federal Home Loan Bank stock	4,210	4,164	4,164	4,243	4,012	4,177	3,704	2,499	2,499	2,499	2,499	
Other Assets [accrued receivables, intangibles, etc]	4,409	4,461	5,573	6,854	6,854	9,336	9,175	17,230	6,854	6,854	6,854	
TOTAL ASSETS	405,124	438,018	459,332	593,213	685,706	693,402	724,456	757,400	845,355	781,475	811,099	5.4%
Demand Deposits	188,328	203,745	237,980	309,505	334,378	376,287	408,296	402,341	414,411	426,844	439,649	
Savings Deposits	77,672	81,825	82,169	111,251	108,218	122,549	140,598	145,836	150,211	154,717	159,359	
Total Low Cost Deposits	266,000	285,570	320,149	420,756	442,596	498,836	548,894	548,177	564,622	581,561	599,008	
Time Deposits	57,622	53,233	65,817	104,687	105,470	80,699	56,242	101,736	106,823	112,164	117,772	
TOTAL Deposits	323,622	338,803	385,966	525,443	548,068	579,535	605,136	649,913	671,445	693,725	716,780	5.2%
Subordinated Debenture & Long-term Debt	4,124	4,124	4,124	4,124	23,543	23,604	23,665	23,726	23,726	23,726	23,726	
Total Non-Equity Funding	327,746	342,927	390,090	529,567	571,611	603,139	628,801	673,639	695,171	717,451	740,506	5.0%
FHLB advances, repurchase agreements, deferred tax, etc	35,882	52,450	25,347	13,003	54,173	21,935	23,954	24,024	79,363	79,363	79,363	
TOTAL Liabilities	363,628	395,377	415,437	542,570	625,784	625,074	652,755	697,663	774,534	796,814	819,869	5.5%
Common Stock - Issued 5,926,851 shares in 2018	5,385	5,425	5,435	5,927	5,959	6,046	6,046	6,044	6,044	6,044	6,044	
Additional Paid-in Capital	18,245	18,024	18,020	22,556	22,871	23,166	23,635	24,814	22,556	22,556	22,556	
Retained Earnings & Other Equity	21,443	22,483	23,260	24,321	27,905	32,497	37,847	41,945	45,441	51,071	56,600	
- Less ESOP, Stock Deferred Comp, Treasury Shares	(3,577)	(3,291)	(2,820)	(2,161)	3,187	6,619	4,173	(13,066)	(13,066)	(13,066)	(13,066)	
Total Stockholders Equity	41,496	42,641	43,895	50,643	59,922	68,328	71,701	59,737	60,975	66,605	72,134	0.4%
TOTAL LIABILITIES & EQUITY	405,124	438,018	459,332	593,213	685,706	693,402	724,456	757,400	845,355	781,475	811,099	5.4%

UNITED BANCORP UBCP

	2015A	2016A	2017A	2018A	2019A	2020A	2021	2022A	2023E	2024E	2025E
Average Loans		340,803	360,424	387,054	423,479	438,848	444,539	454,761	460,698	471,835	490,730
Average Non-Covered Loans		340,803	360,424	387,054	423,479	438,848	444,539	454,761	460,698	471,835	490,730
Average interest-earning Assets		390,119	415,714	491,313	599,986	645,562	664,024	693,269	755,233	771,999	754,871
Average Common Equity		42,069	43,268	47,269	55,283	64,125	70,015	65,719	60,356	63,790	69,370
Average Total Assets		421,571	448,675	526,273	639,460	689,554	708,929	740,928	801,378	813,415	796,287
Average Securities		44,722	50,843	94,142	165,872	198,048	209,841	230,542	244,214	253,982	264,141
Average Deposits		331,213	362,385	455,705	536,756	563,802	592,336	627,525	660,679	682,585	705,252
Average Customer Loans		343,192	362,655	389,136	425,616	442,520	448,932	457,624	462,781	473,980	492,939
Growth in Loans		8.3%	3.4%	11.2%	7.8%	-0.2%	2.8%	1.8%	0.8%	4.0%	4.0%
Growth in Earning Assets		8.3%	4.9%	30.8%	15.5%	0.8%	4.9%	3.9%	13.8%	-7.9%	4.0%
Growth in Core Deposits		7.4%	12.1%	31.4%	5.2%	12.7%	10.0%	-0.1%	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%	15.0%	13.5%
Efficiency Ratio	71.0%	70.5%	70.6%	75.3%	66.5%	60.0%	66.1%	69.9%	67.8%	64.3%	64.7%
Loans/Deposit	101.1%	104.6%	94.9%	77.6%	80.2%	75.6%	74.5%	70.6%	68.9%	69.3%	69.8%
Av Loans/Av. Deposits		102.9%	99.5%	84.9%	78.9%	77.8%	75.0%	72.5%	69.7%	69.1%	69.6%
% of total Loans											
Commercial Loans	20.4%	20.9%	22.1%	22.9%	22.9%	23.3%	20.0%	19.6%	19.9%	19.9%	19.9%
Commercial Real Estate	49.6%	53.7%	54.0%	54.5%	54.5%	55.5%	58.7%	58.7%	58.2%	58.2%	58.2%
Residential Real Estate	24.7%	21.3%	20.6%	19.2%	19.2%	19.3%	19.8%	20.4%	20.6%	20.6%	20.6%
Installment Loans	5.3%	4.1%	3.4%	3.4%	3.4%	1.9%	1.4%	1.3%	1.3%	1.3%	1.3%
	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%	-0.4%	-0.5%	-0.5%	-0.4%
Total	99.3%	99.4%	99.4%	99.5%	99.5%	98.8%	99.2%	99.6%	99.5%	99.5%	99.6%

Disclaimer

Evaluate Research provides institutional equity research on global public mid-cap companies. All information used in the publication of this report has been compiled from publicly available sources that are believed to be reliable; and we do not seek insider information for writing this report. Opinions, estimates and projections in this report constitute the current judgment of the analyst(s) as on the date of this report. It is not guaranteed as to accuracy, nor is it a complete statement, of the financial products, securities, or markets referred to. Opinions are subject to change without notice. To the extent permitted by law, Evaluate does not accept any liability arising from the use of information in this report.

This document is provided for information purposes only, and is not a solicitation or inducement to buy, sell, subscribe, or underwrite securities or units. Evaluate does not make individually tailored investment recommendations. Any valuation given in a research note is the theoretical result of a study of a range of possible outcomes, and not a forecast of a likely share price. The securities, issuances or investment strategies discussed in this report may not be suitable for all investors. Investments involve many risk and potential loss of capital. Past performance is not necessarily indicative of future results. Evaluate may publish further update notes on these securities/companies but has no scheduled commitment and may cease to follow these securities/companies as may be decided by the research management.

Forward-looking information or statements in this report contain information that is based on assumptions, forecasts and estimates of future results, and therefore involve known and unknown risks or uncertainties which may cause the actual results, performance or achievements of their subject matter to be materially different from the current expectations.

Evaluate makes an effort to use reliable, comprehensive information, but makes no representation that this information is accurate or complete. Evaluate is under no obligation to update or keep current the information contained herein. The compensation of the analyst who prepares any Evaluate research report is determined exclusively by Evaluate's research and senior management.

Evaluate Research Ltd. does not conduct any investment banking, stock brokerage or money management business and accordingly does not itself hold any positions in the securities mentioned in this report. However, Evaluate's directors, affiliates, and employees may have a position in any or related securities mentioned in this report at an appropriate time period after the report has already been disseminated, and in compliance with all CFA Institute Standards.

No part of this report may be reproduced or published without the prior written consent from Evaluate Research Ltd. Please cite the source when quoting.

The companies or funds covered in this research has paid us a fee of US\$14,400 in order for this research to be made available. Any fees are paid upfront without recourse. Evaluate and its analysts are free to issue any opinion on the security or issuance. Evaluate seeks to comply with the CFA Institute Standards as well as NIRI Guidelines (National Investor Relations Institute, USA) for all conduct, research and dissemination of research, particularly governing independence in issuer commissioned research.

Copyright 2015 Evaluate Research Limited. All rights reserved.

Evaluate Research Ltd.

USA Office:

6 East Main Street, Suite 6D
Ramsey, N.J. 07446, USA
Phone: 1-201-995-9005

Analyst:

Sandy Mehta, CFA
sandy@evaluateresearch.com
1-617-448-5749

Client Servicing:

Chuck Hanabergh
chuck@evaluateresearch.com

Pooja Baidya

pooja@evaluateresearch.com

I, Sandy Mehta, certify that the opinions expressed in this report accurately reflect my personal views about the subject and its underlying securities. I further certify that the performance of stocks or securities in this report is not directly tied to my compensation, though my compensation is based on firm profitability, including the investment research and management performance of Evaluate Research Ltd.