



Evaluate Research Issues a new Update Note on United Bancorp: 3rd Dividend Hike in 2021, 4.8% Total Dividend Yield

RAMSEY, NEW JERSEY, UNITED STATES, August 20, 2021 /EINPresswire.com/ -- Evaluate Research has issued a new Update Note on United Bancorp [NASDAQ: UBCP], which reported a surprise dividend hike, increasing its quarterly dividend to a quarterly run-rate of 14.75 cents, and an annualized level of \$0.59. This is now the 3rd dividend increase by UBCP this current calendar year, which is simply remarkable given the US economy is still being impacted by Covid. Along with the 10 cent Special Dividend declared in February this year, the total annual 2021 dividend of \$0.6825 is a 4.8% full-year yield. Both this dividend increase, as well as the Special Dividend announcement, were above our expectations. The regular dividend annualized run-rate is now 4.1%.

As a reminder, UBCP has declared 5 Special Dividends during the past 5 years, which highlights the board's keen focus on rewarding shareholders with a high yield. These dividend hikes continue a strong 39 year tradition of UBCP increasing dividends for shareholders. The Special Dividend suggests management remains quite confident in UBCP's financial strength and earnings outlook.

Presently, UBCP's stock is trading at 1.2x trailing tangible price/book, and a 9.6x P/E, 4.2% yield, and 1.0 price/book based on our 2022 estimates. Our \$20.00 price target implies a forward P/E multiple of 13.4x on our forward 2022 estimate, which is a huge discount to the overall market. Our target price also suggests a 3.0% dividend yield and a 1.4x price/book on our 2022 dividend and year-end book value estimates.

UBCP is in a strong position to benefit from increasing loan demand as the economy continues to recover. In addition to ample liquidity, UBCP remains well capitalized with an 18.1% total risk-based capital ratio as of March 31, 2021, the latest disclosed information in the company's most recent 10-Q filing. Of this, Tier 1 capital [to risk-weighted assets] was also at a healthy 13.3%, suggesting solid levels of both total capital as well as Tier 1 capital. Total stockholders' equity in relation to total assets was 9.5% on June 30, 2021, up from 9.1% at March-end, and up slightly from the 9.4% level reported at Q2-end last year.

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