

# United Bancorp: +41% Q3 EPS Growth, Raising Estimates, 4.6% Div Yield

RAMSEY, NEW JERSEY, UNITED STATES, November 4, 2021 /EINPresswire.com/ -- Evaluate Research has issued a new Update Note on United Bancorp [NASDAQ: UBCP], which reported very strong +41% YoY EPS growth for Q3 ended September, which was fully 92% ahead of our estimate. This is the fifth straight quarter where UBCP has meaningfully surpassed our estimates. UBCP's YTD earnings performance continues to be exceptional especially in light of the past Covid-19 recession, and with the bank's EPS growth and three positive dividend surprises [including a Special Dividend] in 2021, it is clearly fundamentally outperforming almost all small and large banks in the USA and globally. Overall earnings continue to benefit from write-backs [i.e., positive income statement impact] of provisioning expenses as UBCP remains in an enviable position of being over-provisioned, a conservative and prudent position to be in, while asset quality remains strong with low levels of non-accrual loans.

With these strong results, we are increasing our 2021 EPS sizably by 26% to \$1.56, up from our prior estimate of \$1.24. We are maintaining our \$20.00 price target for now, implying over 35% total return potential. Our price target suggests a P/E multiple of 12.8x on our 2021 estimate, which is quite reasonable in our view. With record earnings YTD in 2021 and a sharp increase in our estimates, UBCP is trading at only 9.6x P/E on our 2021 estimate, with an attractive 3.9% current run-rate regular [4.6% total including the Special Dividend paid earlier in 2021] dividend yield, and a forward 10.0x P/E on our 2022 estimates. UBCP continues to be focused on becoming a \$1.0 billion bank in terms of total assets, which would imply 37% further growth.

We recently visited with the senior management of United Bancorp at their headquarters in Martins Ferry, Ohio one month ago. The visit reaffirmed several key tenets of our investment thesis in UBCP, specifically management's focus on organic [as well as possible acquisitions] long-term growth, prudent monitoring of costs, rewarding shareholders with regular and special dividends – all while maintaining a conservative approach which is appropriate for any banking organization. More details in our new Update Note.

UBCP's asset quality has remained pristine, thus enabling the bank to be in a comfortable and enviable position of being overprovisioned in the face of below-expectations nonaccrual levels, which is leading to strong earnings growth in 2021. In fact, we expect this positive trend of write-backs of provisioning to persist for several more quarters, thus providing earnings growth tailwinds for most of fiscal year 2022.

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