

United Community Bancorp  
Form 10-Q  
November 14, 2011

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2011

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number: 0-51800

United Community Bancorp  
(Exact name of registrant as specified in its charter)

United States of America  
(State or other jurisdiction of incorporation  
or organization)

36-4587081  
(I.R.S. Employer Identification No.)

92 Walnut Street, Lawrenceburg, Indiana  
(Address of principal executive offices)

47025  
(Zip Code)

(812) 537-4822  
(Registrant's telephone number, including area code)

N/A

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during

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the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one)

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller Reporting Company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes  No

As of November 4, 2011, there were 7,840,382 shares of the registrant's common stock outstanding, of which 4,655,200 shares were held by United Community MHC.

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## UNITED COMMUNITY BANCORP

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Part I. Financial Information  
Item 1. Financial Statements

## UNITED COMMUNITY BANCORP AND SUBSIDIARIES

## Consolidated Statements of Financial Condition

(In thousands, except share amounts)	September 30, 2011	June 30, 2011
Assets		
Cash and due from banks	\$23,878	\$31,159
Investment securities:		
Securities available for sale - at estimated market value	33,500	49,230
Securities held to maturity - at amortized cost	543	564
Mortgage-backed securities available for sale - at estimated market value	96,988	74,119
Loans receivable, net	283,577	286,173
Loans available for sale	697	196
Property and equipment, net	7,308	7,396
Federal Home Loan Bank stock, at cost	6,588	2,507
Accrued interest receivable:		
Loans	1,232	1,291
Investments and mortgage-backed securities	603	681
Other real estate owned, net	376	139
Cash surrender value of life insurance policies	9,948	7,882
Deferred income taxes	2,467	2,765
Prepaid expenses and other assets	4,482	5,060
Goodwill	2,522	2,522
Intangible asset	989	1,028
Total assets	\$475,698	\$472,712
Liabilities and Stockholders' Equity		
Deposits	\$415,344	\$413,091
Advance from FHLB	1,583	1,833
Accrued interest on deposits	41	44
Accrued interest on FHLB advance	3	3
Advances from borrowers for payment of insurance and taxes	412	230
Accrued expenses and other liabilities	3,107	3,184
Total liabilities	420,490	418,385
Commitments and contingencies		
Stockholders' equity		
Preferred stock, \$0.01 par value; 1,000,000 shares authorized, none issued	\$-	\$-

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Common stock, \$0.01 par value; 19,000,000 shares authorized, 8,464,000 shares issued and 7,840,382 shares outstanding at September 30, 2011 and June 30, 2011	36	36
Additional paid-in capital	37,036	37,089
Retained earnings	26,720	26,616
Less shares purchased for stock plans	(2,655 )	(2,775 )
Treasury Stock, at cost - 623,618 shares at September 30, 2011 and June 30, 2011	(7,091 )	(7,091 )
Accumulated other comprehensive income:		
Unrealized gain on securities available for sale, net of income taxes	1,162	452
<b>Total stockholders' equity</b>	<b>55,208</b>	<b>54,327</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$475,698</b>	<b>\$472,712</b>

See accompanying notes to the consolidated financial statements.

## UNITED COMMUNITY BANCORP AND SUBSIDIARIES

Consolidated Statements of Income  
For the three months ended September 30,

(In thousands, except per share data)	2011	2010
Interest income:		
Loans	\$3,898	\$4,327
Investments and mortgage - backed securities	789	703
Total interest income	4,687	5,030
Interest expense:		
Deposits	1,138	1,613
Borrowed funds	14	22
Total interest expense	1,152	1,635
Net interest income	3,535	3,395
Provision for loan losses	898	719
Net interest income after provision for loan losses	2,637	2,676
Other income:		
Service charges	639	601
Gain on sale of loans	83	227
Gain on sale of investments	236	44
Gain on sale of other real estate owned	-	2
Income from Bank Owned Life Insurance	67	69
Other	101	52
Total other income	1,126	995
Other expense:		
Compensation and employee benefits	1,736	1,671
Premises and occupancy expense	328	309
Deposit insurance premium	137	228
Advertising expense	93	101
Data processing expense	305	282
Acquisition expense	-	38
Other operating expenses	550	622
Total other expense	3,149	3,251
Income before income taxes	614	420
Income tax provision	138	149
Net income	\$476	\$271

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Basic and diluted earnings per share	\$0.06	\$0.04
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UNITED COMMUNITY BANCORP AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income  
For the three months ended September 30,

(In thousands)	2011	2010
Net income	\$476	\$271
Other comprehensive income, net of tax		
Unrealized gain (loss) on available for sale securities	946	273
Reclassification adjustment for net (gains) losses on available for sale securities included in income	(236 )	(29 )
Total comprehensive income	\$1,186	\$515

See accompanying notes to the consolidated financial statements.

## UNITED COMMUNITY BANCORP AND SUBSIDIARIES

## Consolidated Statements of Cash Flows

	(Unaudited)	
	For the three months	
	ended	
	September 30,	
(In thousands)	2011	2010
Operating activities:		
Net income	\$476	\$271
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	144	131
Amortization of intangible asset	39	104
Provision for loan losses	898	719
Deferred loan origination fees costs	(22 )	(15 )
Amortization of premium (discount) on investments	530	(22 )
Proceeds from sale of loans	5,422	12,670
Loans disbursed for sale in the secondary market	(5,840 )	(12,951 )
Gain on sale of loans	(83 )	(227 )
Amortization of acquisition-related CD yield adjustment	(9 )	-
Gain (loss) on sale of available for sale investment securities	(236 )	(44 )
Gain on sale of other real estate owned	-	(2 )
ESOP shares committed to be released	42	(21 )
Stock-based compensation expense	24	54
Deferred income taxes	(156 )	(135 )
Effects of change in operating assets and liabilities:		