

United Community Bancorp
Form 10-Q
November 14, 2007
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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, 2007

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 is a large accelerated filer, an accelerated filer or a non-accelerated filer. (See definition of accelerated filer and large accelerated filer in rule 12b-2 of the exchange act).

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Large accelerated filer Accelerated filer Non-accelerated filer

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 14, 2007, there were 8,464,000 shares of the registrant's common stock outstanding.

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UNITED COMMUNITY BANCORP

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Table of Contents**Part I. Financial Information****Item 1. Financial Statements****UNITED COMMUNITY BANCORP AND SUBSIDIARY**

Consolidating Statements of Financial Condition

<i>(In thousands, except shares)</i>	(Unaudited) September 30, 2007	June 30, 2007
Assets		
Cash and cash equivalents	\$ 30,518	\$ 43,025
Investment securities:		
Securities available for sale - at estimated market value	14,772	17,231
Securities held to maturity - at amortized cost (market approximates cost)	223	223
Mortgage-backed securities available for sale - at estimated market value	25,993	26,701
Loans receivable, net	285,921	273,605
Property and equipment, net	6,693	6,734
Federal Home Loan Bank stock, at cost	1,730	1,730
Accrued interest receivable:		
Loans	1,461	1,440
Investments and mortgage-backed securities	383	444
Other real estate owned, net	3	111
Cash surrender value of life insurance policies	6,418	6,362
Deferred income taxes	2,610	2,349
Prepaid expenses and other assets	995	1,106
Total assets	\$ 377,720	\$ 381,061
Liabilities and Stockholders Equity		
Deposits	\$ 313,784	\$ 316,051
Accrued interest on deposits	52	74
Advances from borrowers for payment of insurance and taxes	301	192
Accrued expenses and other liabilities	2,423	2,283
Total liabilities	316,560	318,600
Commitments and contingencies		
Stockholders equity		
Preferred stock, \$0.01 par value; 1,000,000 shares authorized, none issued		
Common stock, \$0.01 par value; 19,000,000 shares authorized, 8,464,000 shares issued and outstanding at September 30, 2007 and June 30, 2007	36	36
Additional paid-in capital	37,346	37,041
Retained earnings	30,551	31,096
Less unearned ESOP shares	(3,038)	(3,071)
Treasury stock	(3,673)	(2,239)
Accumulated other comprehensive income:		
Unrealized loss on securities available for sale, net of income taxes	(62)	(402)
Total stockholders equity	61,160	62,461

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Total liabilities and stockholders equity	\$ 377,720	\$ 381,061
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Consolidating Statements of Operations

<i>(In thousands, except per share data)</i>	(Unaudited)	
	Three months ended September 30,	
	2007	2006
Interest income:		
Loans	\$ 4,615	\$ 4,165
Investments and mortgage - backed securities	968	926
Total interest income	5,583	5,091
Interest expense:		
Deposits	3,009	2,129
Borrowed funds		96
Total interest expense	3,009	2,225
Net interest income	2,574	2,866
Provision for loan losses	980	45
Net interest income after provision for loan losses	1,594	2,821
Other income:		
Service charges	275	256
Gain on sale of loans		20
Income from Bank Owned Life Insurance	57	56
Other	61	35
Total other income	393	367
Other expense:		
Compensation and employee benefits	1,539	1,254
Premises and occupancy expense	252	232
Deposit insurance premium	9	9
Advertising expense	76	71
Data processing expense	65	87
ATM service fees	89	89
Other operating expenses	382	433
Total other expense	2,412	2,175
Income (loss) before income taxes	(425)	1,013
Provision (benefit) for income taxes:		
Federal	(170)	285
State	(9)	66
	(179)	351
Net income (loss)	\$ (246)	\$ 662

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Basic and diluted earnings (loss) per share	\$ (0.03)	\$ 0.08
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UNITED COMMUNITY BANCORP AND SUBSIDIARY

Consolidated Statements of Comprehensive Income

<i>(in thousands)</i>	(Unaudited)	
	Three months ended	
	September 30,	
	2007	2006
Net income (loss)	\$ (246)	\$ 662
Other comprehensive income, net of tax Unrealized gain on available for sale securities during the period	340	705
Total comprehensive income	\$ 94	\$ 1,367

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Consolidated Statements of Cash Flows

	(Unaudited)	
	Three months ended	
	September 30,	
<i>(In thousands)</i>	2007	2006
Operating activities:		
Net income (loss)	\$ (246)	\$ 662
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation	120	95
Provision for loan losses	980	45
Deferred loan origination fees (costs)	(33)	2
Amortization of premium (discounts) on investments	25	(3)
Proceeds from sale of loans		1,196
Loans disbursed for sale in the secondary market		(1,185)
Gain on sale of loans		(20)
ESOP shares committed to be released	33	121
Stock-based compensation expense	298	
Deferred income taxes	(528)	(47)
Loss on sale of other real estate owned	3	
Effects of change in operating assets and liabilities:		
Accrued interest receivable	40	(40)
Prepaid expenses and other assets	111	438
Accrued interest on deposits	(22)	7
Income taxes payable		105
Accrued expenses and other	332	(143)
Net cash provided by operating activities	1,113	1,233
Investing activities:		
Proceeds from maturity of available for sale investment securities	2,615	8,576
Proceeds from repayment of mortgage-backed securities available for sale	1,589	2,256
Proceeds from sale of other real estate owned	104	
Proceeds from redemption of Federal Home Loan Bank stock		51
Purchases of available for sale investment securities	(496)	(99)
Net increase in loans	(13,406)	(12,229)
Increase in cash surrender value of life insurance	(56)	(56)
Capital expenditures	(79)	(613)
Net cash used by investing activities	(9,729)	(2,114)
Financing activities:		
Net decrease in deposits	(2,267)	(6,481)
Net increase in Federal Home Loan Bank advances		6,500
Dividends paid to stockholders	(299)	(266)
Repurchases of common stock	(1,434)	
Net increase in advances from borrowers for payment of insurance and taxes	109	114
Net cash used by financing activities	(3,891)	(133)
Net decrease in cash and cash equivalents	(12,507)	(1,014)

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Cash and cash equivalents at beginning of period	43,025	15,010
Cash and cash equivalents at end of period	\$ 30,518	13,996

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UNITED COMMUNITY BANCORP AND SUBSIDIARIES

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION

BASIS OF PRESENTATION United Community Bancorp (the Company) is a Federally-chartered corporation, which was organized to be the mid-tier holding company for United Community Bank (the Bank), which is a Federally-chartered, FDIC-insured savings bank. The Company was organized in conjunction with the Bank's reorganization from a mutual savings bank to the mutual holding company structure on March 30, 2006. Financial statements prior to the reorganization were the financial statements of the Bank. United Community MHC, a Federally-chartered corporation, is the mutual holding company parent of the Company. United Community MHC owns 55% of the Company's outstanding common stock and must always own at least a majority of the voting stock of the Company. The Company, through the Bank, operates in a single business segment providing traditional banking services through its office and branches in southeastern Indiana.

The accompanying unaudited financial statements were prepared in accordance with the instructions for Form 10-Q and Regulation S-X and therefore do not include all information or footnotes necessary for complete financial statements in conformity with accounting principles generally accepted in the United States of America. However, all normal recurring adjustments that, in the opinion of management, are necessary for a fair presentation of the financial statements have been included. There are no adjustments other than such normal recurring adjustments. The results for the three month period ended September 30, 2007 are not necessarily indicative of the results that may be expected for the fiscal year ending June 30, 2008. These financial statements should be read in conjunction with the Company's audited consolidated financial statements and the accompanying notes thereto for the fiscal year ended June 30, 2007, which are included on the Company's Annual Report on Form 10-K as filed with the Securities and Exchange Commission on September 27, 2007.

2. EMPLOYEE STOCK OWNERSHIP PLAN As of September 30, 2007 and June 30, 2007, the ESOP owned 313,717 shares of the Company's common stock, which were held in a suspense account until released for allocation to participants.

3. EARNINGS PER SHARE (EPS) Basic EPS is based on the weighted average number of common shares outstanding, adjusted for ESOP shares not yet committed to be released. Diluted EPS reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock or resulted in the issuance of common stock. Basic and diluted weighted average number of common shares outstanding totaled 7,916,106 and 8,144,312 for the three month periods ended September 30, 2007 and 2006, respectively. For the period ended September 30, 2007, 522,558 shares subject to restricted stock and stock option awards were excluded from the computation of diluted weighted average number of shares due to their effect being anti-dilutive. No such awards were outstanding for the period ended September 30, 2006.

4. STOCK-BASED COMPENSATION The Company applies the provisions of SFAS No. 123(R), Share-Based Payment to stock-based compensation, which requires the Company to measure the cost of employee services received in exchange for awards of equity instruments and to recognize this cost in the financial statements over the period during which the employee is required to provide such services. The Company has elected to recognize compensation cost associated with its outstanding stock-based compensation awards with graded vesting on an accelerated basis pursuant to SFAS No. 123(R). The expense is calculated for stock options at the date of grant using the Black-Scholes option pricing model. The expense associated with restricted stock awards is calculated based upon the value of the common stock on the date of grant.

5. DIVIDENDS On July 26, 2007, the Board of Directors of the Company declared a cash dividend on the Company's outstanding shares of stock of \$0.08 per share. The dividend was paid on August 31, 2007. Accordingly, cash dividends approximating \$299,000 were paid to shareholders during the three month period ended September 30, 2007. United Community MHC waived its right to receive cash dividends of approximately \$326,000 on its owned shares of Company common stock.

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On October 25, 2007, the Board of Directors of the Company declared a cash dividend on the Company's outstanding shares of stock of \$0.08 per share, payable on or about November 30, 2007 to shareholders of record as of the close of business on November 12, 2007. United Community MHC intends to waive its right to receive the dividend.

6. SUPPLEMENTAL CASH FLOW INFORMATION

**Three Months Ended
September 30,
2007 2006
(Dollars in thousands)**

Supplemental disclosure of cash flow information is as follows:

Cash paid during the period for:

(2)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

General Electric Company
(Registrant)

Date: April 30, 2018 /s/ Christoph A. Pereira
Christoph A. Pereira
Vice President, Chief Corporate, Securities and Finance Counsel

(3)