

United Community Bancorp
Form 10-Q
May 14, 2009
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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 March 31, 2009

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)

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United States of America
(State or other jurisdiction of

36-4587081
(I.R.S. Employer

incorporation or organization)

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 (Section 232.405 of this chapter) during 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).

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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 May 8, 2009, there were 7,867,974 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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Consolidated Statements of Financial Condition

| <i>(In thousands, except shares)</i> | March 31, 2009 | June 30, 2008 |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|----------------------|
| <u>Assets</u> | | |
| Cash and due from banks | \$ 42,029 | \$ 35,710 |
| Investment securities: | | |
| Securities available for sale at estimated market value | 32,233 | 13,816 |
| Securities held to maturity at amortized cost (market approximates cost) | 175 | 200 |
| Mortgage-backed securities available for sale at estimated market value | 25,917 | 24,211 |
| Loans receivable, net | 278,184 | 284,352 |
| Loans available for sale | 280 | 152 |
| Property and equipment, net | 6,123 | 6,320 |
| Federal Home Loan Bank stock, at cost | 1,926 | 1,926 |
| Accrued interest receivable: | | |
| Loans | 1,216 | 1,090 |
| Investments and mortgage-backed securities | 306 | 261 |
| Other real estate owned, net | 2,732 | 2,895 |
| Cash surrender value of life insurance policies | 6,765 | 6,570 |
| Deferred income taxes | 2,453 | 3,092 |
| Prepaid expenses and other assets | 1,275 | 2,131 |
| Total assets | \$ 401,614 | \$ 382,726 |
| <u>Liabilities and Stockholders' Equity</u> | | |
| Deposits | \$ 339,085 | \$ 320,774 |
| Advance from FHLB | 4,083 | 4,833 |
| Accrued interest on deposits | 17 | 77 |
| Accrued interest on FHLB advance | 9 | 10 |
| Advances from borrowers for payment of insurance and taxes | 275 | 287 |
| Accrued expenses and other liabilities | 2,543 | 2,256 |
| Total liabilities | 346,012 | 328,237 |
| 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 7,867,974 shares outstanding at March 31, 2009 and 8,464,000 shares issued, and 7,902,635 shares outstanding at June 30, 2008 | 36 | 36 |
| Additional paid-in capital | 36,725 | 37,965 |
| Retained earnings | 28,804 | 28,581 |
| Less shares purchased for stock plans | (3,333) | (5,057) |
| Treasury Stock, at cost 596,026 and 561,365 shares at March 31, 2009 and June 30, 2008, respectively | (6,908) | (6,649) |
| Accumulated other comprehensive income: | | |
| Unrealized gain (loss) on securities available for sale, net of income taxes | 278 | (387) |

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| | | |
|--------------------------------------------|------------|------------|
| Total stockholders' equity | 55,602 | 54,489 |
| Total liabilities and stockholders' equity | \$ 401,614 | \$ 382,726 |

See accompanying notes to the consolidated financial statements.

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Consolidated Statements of Operations

(In thousands)

| | (Unaudited) For the three months ended March 31, | | (Unaudited) For the nine months ended March 31, | |
|------------------------------------------------------------|--------------------------------------------------------|----------------|-------------------------------------------------------|----------------|
| | 2009 | 2008 | 2009 | 2008 |
| Interest income: | | | | |
| Loans | \$ 4,550 | \$ 4,668 | \$ 13,677 | \$ 14,009 |
| Investments and mortgage backed securities | 499 | 604 | 1,546 | 2,414 |
| Total interest income | 5,049 | 5,272 | 15,223 | 16,423 |
| Interest expense: | | | | |
| Deposits | 1,741 | 2,871 | 6,066 | 8,934 |
| Borrowed funds | 33 | | 107 | |
| Total interest expense | 1,774 | 2,871 | 6,173 | 8,934 |
| Net interest income | 3,275 | 2,401 | 9,050 | 7,489 |
| Provision for loan losses | 664 | 2,030 | 1,395 | 3,700 |
| Net interest income after provision for loan losses | 2,611 | 371 | 7,655 | 3,789 |
| Other income: | | | | |
| Service charges | 396 | 370 | 1,326 | 949 |
| Gain on sale of loans | 295 | 14 | 316 | 14 |
| Loss on sale of investments | (77) | (18) | (110) | (18) |
| Income from Bank Owned Life Insurance | 65 | 37 | 195 | 164 |
| Other | 56 | 94 | 206 | 270 |
| Total other income | 735 | 497 | 1,933 | 1,379 |
| Other expense: | | | | |
| Compensation and employee benefits | 1,370 | 1,446 | 4,261 | 4,496 |
| Premises and occupancy expense | 272 | 254 | 817 | 711 |
| Deposit insurance premium | 66 | 9 | 195 | 27 |
| Advertising expense | 68 | 62 | 216 | 215 |
| Data processing expense | 63 | 69 | 175 | 188 |
| ATM service fees | 106 | 88 | 321 | 258 |
| Provision for loss on sale of other real estate owned | 168 | | 168 | |
| Other operating expenses | 625 | 553 | 1,817 | 1,557 |
| Total other expense | 2,738 | 2,481 | 7,970 | 7,452 |
| Income (loss) before income taxes | 608 | (1,613) | 1,568 | (2,284) |

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| | | | | |
|--------------------------------------|---------|-----------|---------|------------|
| Provision (benefit) for income taxes | 259 | (631) | 620 | (903) |
| Net income (loss) | \$ 349 | \$ (982) | \$ 948 | \$ (1,381) |
| Basic earnings (loss) per share | \$ 0.05 | \$ (0.13) | \$ 0.13 | \$ (0.18) |
| Diluted earnings (loss) per share | \$ 0.05 | \$ (0.13) | \$ 0.13 | \$ (0.18) |

See accompanying notes to the consolidated financial statements.

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UNITED COMMUNITY BANCORP AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income (Loss)

(In thousands)

| | For the three months ended March 31, | | For the nine months March 31, | |
|-------------------------------------------------------------------------------------------------|-------------------------------------------------|-----------------|------------------------------------------|-----------------|
| | 2009 | 2008 | 2009 | 2008 |
| Net income (loss) | \$ 349 | \$ (982) | \$ 948 | \$ (1,381) |
| Other comprehensive income, net of tax | | | | |
| Unrealized gain (loss) on available for sale securities | (56) | 109 | 595 | 616 |
| Plus reclassification adjustment for losses on available for sale securities included in income | 50 | 12 | 70 | 12 |
| Total comprehensive income (loss) | \$ 343 | \$ (861) | \$ 1,613 | \$ (753) |

See accompanying notes to the consolidated financial statements.

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UNITED COMMUNITY BANCORP AND SUBSIDIARIES

Consolidated Statements of Cash Flows

(Unaudited)

| | Nine months ended March 31, | |
|-----------------------|--------------------------------------------|-------------|
| | 2009 | 2008 |
| <i>(In thousands)</i> | | |
| Operating activities: | | |