

United Community Bancorp
Form S-1
December 14, 2005
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As filed with the Securities and Exchange Commission on December 14, 2005

Registration No. 333- _____

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM S-1
REGISTRATION STATEMENT
UNDER THE SECURITIES ACT OF 1933

United Community Bancorp
and
United Community Bank 401(k) Profit Sharing Plan and
Trust

(Exact name of registrant as specified in its charter)

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

6035
(Primary Standard Industrial
Classification Code Number)

To Be Applied For
(IRS Employer Identification No.)

92 Walnut Street

Lawrenceburg, Indiana 47025

(812) 537-4822

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(Address, including zip code, and telephone number,

including area code, of registrant's principal executive offices)

William F. Ritzmann

President and Chief Executive Officer

United Community Bancorp

92 Walnut Street

Lawrenceburg, Indiana 47025

(812) 537-4822

(Name, address, including zip code, and telephone number,

including area code, of agent for service)

Copies to:

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Approximate date of commencement of proposed sale to the public: As soon as practicable after this Registration Statement becomes effective.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act, check the following box. x

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

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If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. "

Calculation of Registration Fee

Title of each class of securities to be registered	Amount to be registered	Proposed maximum offering price per unit	Proposed maximum aggregate offering price (2)	Amount of registration fee
Common Stock \$.01 par value	3,808,800 Shares(1)	\$10.00	\$38,088,000	\$4,076
Participation Interests	(3)		\$2,409,930	(4)

- (1) Includes shares of common stock to be issued to United Community Bank Charitable Foundation, a private foundation.
- (2) Estimated solely for the purpose of calculating the registration fee.
- (3) In addition, pursuant to Rule 416(c) under the Securities Act, this registration statement also covers an indeterminate amount of interests to be offered or sold pursuant to the employee benefit plan described herein.
- (4) The securities of United Community Bancorp to be purchased by the United Community Bank 401(k) Profit Sharing Plan are included in the amount shown for common stock. Accordingly, no separate fee is required for the participation interests. In accordance with Rule 457(h) of the Securities Act, as amended, the registration fee has been calculated on the basis of the number of shares of common stock that may be purchased with the current assets of such Plan.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to Section 8(a), may determine.

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FORM OF

Prospectus Supplement

INTERESTS IN
UNITED COMMUNITY BANK
401(K) PROFIT SHARING PLAN

AND

OFFERING OF 240,993 SHARES OF
UNITED COMMUNITY BANCORP
COMMON STOCK (\$.01 PAR VALUE)

This prospectus supplement relates to the offer and sale to participants in the United Community Bank 401(k) Profit Sharing Plan of participation interests and shares of common stock of United Community Bancorp, Inc.

401(k) Plan participants may direct MG Trust Company, LLC, the trustee for the United Community Bancorp Stock Fund, to use their current account balances to subscribe for and purchase shares of United Community Bancorp common stock to be held in the United Community Bancorp Stock Fund. Based upon the value of the 401(k) Plan assets as of September 30, 2005, the United Community Bancorp Stock Fund trustee may purchase up to 240,993 shares of United Community Bancorp common stock, assuming a purchase price of \$10.00 per share. This prospectus supplement relates to the election of 401(k) Plan participants to direct the United Community Bancorp Stock Fund trustee to invest all or a portion of their 401(k) Plan accounts in United Community Bancorp, Inc. common stock.

The prospectus dated _____, 200_ of United Community Bancorp, which accompanies this prospectus supplement, includes detailed information regarding the reorganization of United Community Bank into the mutual holding company form of ownership and the offering of United Community Bancorp common stock, and the financial condition, results of operations and business of United Community Bank. This prospectus supplement provides information regarding the 401(k) Plan. You should read this prospectus supplement, together with the prospectus, and keep both for future reference.

Please refer to **Risk Factors** beginning on page _____ of the prospectus.

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Neither the Securities and Exchange Commission, the Office of Thrift Supervision, the Federal Deposit Insurance Corporation, nor any other state or federal agency or any state securities commission, has approved or disapproved these securities. Any representation to the contrary is a criminal offense.

These securities are not deposits or accounts and are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency.

This prospectus supplement may be used only in connection with offers and sales by United Community Bancorp of interests or shares of common stock under the 401(k) Plan to employees of United Community Bank. No one may use this prospectus supplement to reoffer or resell interests or shares of common stock acquired through the 401(k) Plan.

You should rely only on the information contained in this prospectus supplement and the attached prospectus. United Community Bancorp, United Community Bank and the 401(k) Plan have not authorized anyone to provide you with information that is different.

This prospectus supplement does not constitute an offer to sell or solicitation of an offer to buy any securities in any jurisdiction to any person to whom it is unlawful to make an offer or solicitation in that jurisdiction. Neither the delivery of this prospectus supplement and the prospectus nor any sale of common stock shall under any circumstances imply that there has been no change in the affairs of United Community Bank or the 401(k) Plan since the date of this prospectus supplement, or that the information contained in this prospectus supplement or incorporated by reference is correct as of any time after the date of this prospectus supplement.

The date of this Prospectus Supplement is _____, 200_.

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THE OFFERING

Securities Offered

The securities offered in connection with this prospectus supplement are participation interests in the 401(k) Plan. Assuming a purchase price of \$10.00 per share, the trustee may acquire up to _____ shares of United Community Bancorp common stock for the new United Community Bancorp Stock Fund. The participation interests offered under this prospectus supplement are conditioned on the completion of the reorganization and stock offering of United Community Bank. Your investment in the United Community Bancorp Stock Fund in connection with the reorganization of United Community Bank is also governed by the purchase priorities contained in the plan of reorganization. See the *Reorganization and Stock Offering - Subscription Rights and Limitations on Purchases of Shares* sections of the prospectus attached to this prospectus supplement for a discussion of the purchase priorities contained in the plan of reorganization.

This prospectus supplement contains information regarding the Plan. The attached prospectus contains information regarding the reorganization of United Community Bank and the financial condition, results of operations and business of United Community Bank. The address of the principal executive office of United Community Bank is 92 Walnut Street, Lawrenceburg, Indiana 47025. The telephone number of United Community Bank is (812) 537-4822.

Election to Purchase United Community Bancorp Common Stock in the Reorganization

In connection with the reorganization of United Community Bank, the 401(k) Plan will permit you to direct the trustee to transfer all or part of the funds which represent your current beneficial interest in the assets of the 401(k) Plan to the United Community Bancorp Stock Fund. The trustee of the Stock Fund will subscribe for United Community Bancorp common stock offered for sale in connection with the reorganization in accordance with each participant's direction. However, please note that, in order to maintain a cash buffer within the United Community Bancorp Stock Fund, _____ percent (____%) of your investment direction will be held in cash. Approximately _____% (____%) of your investment direction will be held in cash. Approximately _____% (____%) of the total amount that you transfer will be used to purchase common stock in the offering, rounded down to the nearest \$10.00 increment, with any remainder also held in cash within the Stock Fund. Prior to the completion of the reorganization and stock offering, the funds you elect to transfer to the Stock Fund will be transferred to the Plan's _____ fund. If there is not enough common stock in the reorganization to fill all subscriptions, the common stock will be apportioned and the trustee for the 401(k) Plan may not be able to purchase all of the common stock you requested. In such case, **[the trustee will purchase shares in the open market, on your behalf, after the reorganization to fulfill your initial request] / [all or a portion of the funds you elected to transfer will not be used to purchase common stock, and will instead remain in the _____ fund. After the close of the offering, you may reinvest in the funds held in the _____ fund amount the Plan's other investment funds, including the Stock Fund.]** Please note that open market purchases may be made at prices higher or lower than the initial public offering price of \$10.00 per share.

Plan participants may direct a transfer of funds to the United Community Bancorp Stock Fund. However, as mentioned above, your transfer directions are subject to subscription rights and purchase priorities. Your order for shares in the stock offering will be filled based on your purchase priority in the offering. United Community Bank has granted subscription rights to the following persons in the following order of priority: (1) depositors with \$50.00 or more on deposit at United Community Bank as of

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August 31, 2004; (2) the United Community Bank Employee Stock Ownership Plan; (3) depositors with \$50.00 or more on deposit at United Community Bank as of December 31, 2005; and (4) depositors of United Community Bank as of _____, 2006. No individual or group of individuals may purchase more than \$150,000 of United Community Bancorp common stock in the offering. If you fall into one of the above subscription offering categories, you have subscription rights in the offering and you may use funds in your 401(k) Plan account to purchase shares of United Community Bancorp common stock.

In addition to using funds allocated to your 401(k) Plan accounts, you may also purchase United Community Bancorp common stock in the offering using other funds. You have received or will soon receive stock offering materials in the mail, including a Stock Order Form. If you choose to place an order for stock in the offering using funds other than those in your 401(k) Plan accounts, you must complete and submit a separate Stock Order Form to the location and by the deadline indicated on that form.

Value of Participation Interests

As of September 30, 2005, the market value of the assets of the 401(k) Plan equaled approximately \$2,409,930. United Community Bank has informed each participant of the value of his or her beneficial interest in the Plan as of September 30, 2005. The value of Plan assets represents past contributions to the Plan on your behalf, plus or minus earnings or losses on the contributions, less previous withdrawals and loans.

Method of Directing Transfer

The last two pages of this prospectus supplement contain a form for you to direct a transfer to the United Community Bancorp Stock Fund (the Investment Form). If you wish to transfer all, or part, in multiples of not less than 1%, of your beneficial interest in the assets of the Plan to the United Community Bancorp Stock Fund, you should complete the Investment Form. If you do not wish to invest in the Stock Fund through the 401(k) Plan, you do not need to take any action. The minimum investment in the United Community Bancorp Stock Fund during the initial public offering is \$250.

Time for Directing Transfer

The deadline for submitting the Investment Form with your directions to transfer amounts from your other investment funds to the United Community Bancorp Stock Fund in connection with the reorganization is _____, 2006. **You must submit the Investment Form to _____ by __:__ p.m. on _____, 2006.**

Irrevocability of Transfer Direction

Once you submit your Investment Form to transfer amounts credited to your account in the 401(k) Plan to the United Community Bancorp Stock Fund, you cannot change your investment direction prior to the completion of the reorganization and stock offering. You may be able to change your investments in other investment funds under the 401(k) Plan, subject, however, to the terms of the Plan and any "blackout" notices to the contrary that you receive from the Plan Administrator. Following the closing of the stock offering and the trustee's initial purchase of units in the

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United Community Bancorp Stock Fund, and subject to the terms and requirements of the 401(k) Plan, including any blackout notices, you may direct the investment of additional funds into the Stock Fund, which will continue to be an investment option under the 401(k) Plan.

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Purchase Price of United Community Bancorp Common Stock

The trustee will use the funds transferred to the United Community Bancorp Stock Fund to purchase shares of United Community Bancorp common stock in the reorganization. As discussed above, the United Community Bancorp Stock Fund will be comprised of stock units and a cash buffer. The trustee will pay the same price for shares of United Community Bancorp common stock, \$10.00 per share, as all other persons who purchase shares of United Community Bancorp common stock in the offering.

Nature of a Participant's Interest in United Community Bancorp Common Stock

The Stock Fund trustee will hold United Community Bancorp common stock in the name of the 401(k) Plan. The trustee will credit units of the United Community Bancorp Stock Fund acquired at your investment direction to your account under the 401(k) Plan.

Voting and Tender Rights of United Community Bancorp Common Stock

The Stock Fund trustee generally will exercise voting and tender rights attributable to all United Community Bancorp common stock held by the United Community Bancorp Stock Fund as directed by participants with interests in the Stock Fund. With respect to each matter as to which holders of United Community Bancorp common stock have a right to vote, you will be given voting instruction rights reflecting your proportionate interest in the Stock Fund. **[The number of shares of United Community Bancorp common stock held in the United Community Bancorp Stock Fund that are voted for and against each matter will be proportionate to the number of voting instruction rights exercised by participants. If there is a tender offer for United Community Bancorp common stock, the Plan provides that each participant will be allotted a number of tender instruction rights reflecting the participant's proportionate interest in the United Community Bancorp Stock Fund. The percentage of shares of United Community Bancorp common stock held in the Stock Fund that will be tendered will be the same as the percentage of the total number of tender instruction rights that are exercised in favor of the tender offer. The remaining shares of United Community Bancorp common stock held in the United Community Bancorp Stock Fund will not be tendered. The Plan makes provisions for participants to exercise their voting instruction rights and tender instruction rights on a confidential basis].**

DESCRIPTION OF THE PLAN

Introduction

Effective _____, 200_, United Community Bank amended and restated the United Community Bank 401(k) Profit Sharing Plan, originally effective as of April 1, 1997, in its entirety. United Community Bank intends for the Plan to comply, in form and in operation, with all applicable provisions of the Internal Revenue Code of 1986, as amended, and the Employee Retirement Income Security Act of 1974, as amended, or ERISA. United Community Bank may change the Plan from time to time in the future to ensure continued compliance with these laws. United Community Bank may also amend the Plan from time to time in the future to add, modify, or eliminate certain features of the plan, as it sees fit. As a plan governed by ERISA, federal law provides you with various rights and protections as a plan participant. Although the Plan is governed by many of the provisions of ERISA, the Pension Benefit Guaranty Corporation does not guarantee your retirement benefits under the 401(k) Plan.

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Reference to Full Text of the Plan. The following portions of this prospectus supplement provide an overview of the material provisions of the 401(k) Plan. United Community Bank qualifies this overview in its entirety, however, by reference to the full text of the Plan. You may obtain copies of the full Plan document by contacting _____ at United Community Bank. You should carefully read the full text of the Plan document to understand your rights and obligations under the plan.

Eligibility and Participation

Eligible employees of United Community Bank may participate in the 401(k) Plan as of the January 1st or July 1st coinciding with or next following their satisfaction of the eligibility requirements. **[Generally, employees who are at least 18 years of age may participate in the Plan upon their completion of one year of service.]**

As of _____, 200_, _____ of the _____ employees at United Community Bank elected to participate in the Plan.

Contributions Under the 401(k) Plan

Plan Participant Contributions. Subject to certain Internal Revenue Code limitations, the 401(k) Plan permits each participant to contribute up to 100% of their annual compensation to the Plan (See Limitations on Contributions below.). **[Participants may change their rate of contribution with respect to pre-tax deferrals upon providing thirty (30) days notice to the Bank.]**

United Community Bank Contributions. The 401(k) Plan provides that United Community Bank may make matching contributions. United Community Bank currently matches 50% of each participant's salary deferrals, up to a maximum of 10% of annual compensation. United Community Bank may also make discretionary contributions on behalf of Plan participants. Employer contributions (matching and discretionary) are allocated to each participant who has completed 500 hours of service during the Plan Year (i.e., the calendar year) and remains employed on the last day of the Plan Year (or who terminated employment during the Plan Year due to disability, retirement or death).

Limitations on Contributions

Limitations on Employee Salary Deferrals. Although the Plan permits you to defer up to 100% of your compensation, by law your total deferrals under the Plan, together with similar plans, may not exceed \$15,000 for 2006. Employees who are age 50 and over may make additional catch-up contributions to the Plan, in amounts up to \$5,000 for 2006. (The Internal Revenue Service will periodically increase these annual limitations.) Contributions in excess of these limitations, or excess deferrals, will be included in an affected participant's gross income for federal income tax purposes in the year the contributions are made, provided they are distributed to the participant no later than the first April 15th following the close of the taxable year in which the excess deferrals were made. Excess deferrals distributed after that date will be treated, for federal income tax purposes, as earned and received by the participant in the taxable year of the distribution.

Limitations on Annual Additions and Benefits. Under the requirements of the Internal Revenue Code, the Plan provides that the total amount of contributions and forfeitures (annual additions) credited to a participant during any year under all defined contribution plans of United

Community Bank (including the

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401(k) Plan and the proposed United Community Bank Employee Stock Ownership Plan) may not exceed the lesser of 100% of the participant's compensation, or \$42,000 for 2005 (\$44,000 for 2006).

Limitations on Plan Contributions for Highly Compensated Employees. Special provisions of the Internal Revenue Code limit the amount of salary deferrals and matching contributions that may be made to the 401(k) Plan in any year on behalf of highly compensated employees in relation to the amount of deferrals and matching contributions made by or on behalf of all other employees eligible to participate in the Plan. If contributions exceed these limitations, the Plan must adjust the contribution levels for highly compensated employees.

In general, a highly compensated employee includes any employee who (1) was a five percent owner of the sponsoring employer at any time during the year or preceding year, or (2) had compensation for the preceding year in excess of \$100,000 and, if the sponsoring employer so elects, was in the top 20% of employees by compensation for such year. These dollar amounts may be adjusted periodically by the IRS.

Top-Heavy Plan Requirements. If the Plan is a Top-Heavy Plan for any calendar year, United Community Bank may be required to make certain minimum contributions to the Plan on behalf of non-key employees. In general, the Plan will be treated as a Top-Heavy Plan for any calendar year if, as of the last day of the preceding calendar year, the aggregate balance of the accounts of participants who are Key Employees exceeds 60% of the aggregate balance of the accounts of all participants. A Key Employee generally includes any employee who, at any time during the calendar year or any of the four preceding years, is:

- (1) an officer of United Community Bank whose annual compensation exceeds \$140,000;
- (2) 5% owner, meaning an employee who owns more than 5% of the outstanding stock of United Community Bancorp, or who owns stock that possesses more than 5% of the total combined voting power of all stock of United Community Bancorp; or
- (3) 1% owner, meaning an employee who owns more than 1% of the outstanding stock of United Community Bancorp or who owns stock that possesses more than 1% of the combined voting power of the total stock of United Community Bancorp *and* whose annual compensation exceeds \$150,000.

401(k) Plan Investments

Investment of Contributions. Prior to _____, 200_, contributions under the Plan were invested in the funds specified below. The annual percentage return on these funds (net of fees) for the prior three years was:

	2004	2003	2002

[List Funds]

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Effective _____, 200_, the 401(k) Plan changed certain investment choices available under the Plan. The Plan currently offers the following investment choices:

[Names of Funds]. [Descriptions of Funds.]

The annual percentage return (net of fees) for the prior three years on the investment choices offered under the Plan after _____, 200_ was:

	2004	2003	2002
	<u> </u>	<u> </u>	<u> </u>

[List Funds.]

The 401(k) Plan now offers the United Community Bancorp Stock Fund as an additional choice to the investment alternatives described above. The Stock Fund invests primarily in the common stock of United Community Bancorp, Participants in the Plan may direct the trustee to invest all or a portion of their Plan account balances in United Community Bancorp common stock.

The United Community Bancorp Stock Fund consists of investments in the common stock of United Community Bancorp and cash. Each participant's proportionate undivided beneficial interest in the United Community Bancorp Stock Fund is measured by units. The daily unit value is calculated by determining the market value of the common stock held and adding to that any cash held by the trustee. This total will be divided by the number of units outstanding to determine the unit value of the United Community Bancorp Stock Fund.

Upon payment of a cash dividend, the trustee will determine the unit value prior to distributing the dividend. The trustee may use the dividend to purchase shares of United Community Bancorp common stock. The trustee will, to the extent practicable, use amounts held in the Stock Fund to purchase shares of common stock. Pending investment in the common stock, assets held in the Stock Fund will be placed in bank deposits and other short-term investments.

As of the date of this prospectus supplement, no shares of United Community Bancorp common stock have been issued or are outstanding and there is no established market for the United Community Bancorp common stock. Accordingly, there is no record of the historical performance of the United Community Bancorp Stock Fund. The performance of the Stock Fund will depend on a number of factors, including the financial condition and profitability of United Community Bancorp and United Community Bank and general market conditions for United Community Bancorp common stock.

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Benefits Under the Plan

Vesting. 401(k) Plan participants are 100% vested in their elective salary deferrals. Employer contributions to the 401(k) Plan vest 100% upon the completion of three years of service; participants are 0% vested prior to their completion of three years of service.

Withdrawals and Distributions From the Plan

Withdrawals Before Termination of Employment. You may receive in-service distributions from the 401(k) Plan under limited circumstances in the form of hardship distributions and loans. In order to qualify for a hardship withdrawal, you must have an immediate and substantial need to meet certain expenses and have no other reasonably available resources to meet the financial need. If you qualify for a hardship distribution, the Plan trustee will make the distribution proportionately from the investment funds in which you have invested your account balances. Participants and beneficiaries are also eligible for Plan loans, subject to the procedures and requirements established by the Plan Administrator. You may obtain additional information from _____ at United Community Bank.

Distribution Upon Retirement or Disability. Upon retirement or disability, you may receive a full lump sum payment or installment payments from the 401(k) Plan equal to the value of your account. **Distribution Upon Death.** If you die before your benefits are paid from the 401(k) Plan, your benefits will be paid to your surviving spouse or beneficiary under one or more of the forms available under the Plan.

Distribution Upon Termination for Any Other Reason. If you terminate employment for any reason other than retirement, disability or death and your account balance exceeds [\$1,000], the Plan trustee will make your distribution on your normal retirement date, unless you request otherwise. If your account balances do not exceed [\$1,000], the trustee will generally distribute your benefits to you as soon as administratively practicable following termination of employment.

Distributions: Rollovers and Direct Transfers to Another Qualified Plan or to an IRA. You may roll over virtually all distributions from the 401(k) Plan to another qualified retirement plan or to an individual retirement account.

Nonalienation of Benefits. Except with respect to federal income tax withholding and as provided for under a qualified domestic relations order, benefits payable under the 401(k) Plan will not be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, charge, garnishment, execution, or levy of any kind, either voluntary or involuntary, and any attempt to anticipate, alienate, sell, transfer, assign, pledge, encumber, charge or otherwise dispose of any rights to benefits payable under the Plan will be void.

Applicable federal tax law requires the 401(k) Plan to impose substantial restrictions on your right to withdraw amounts held under the Plan before your termination of employment with United Community Bank. Federal law may also impose an excise tax on withdrawals from the Plan before you attain 59 1/2 years of age, regardless of whether the withdrawal occurs during your employment with United Community Bank or after your termination of employment.

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Administration of the Plan

Trustees. The trustee of the 401(k) Plan is the named fiduciary of the Plan for purposes of ERISA. The board of directors of United Community Bank has appointed William F. Ritzmann as trustee of the 401(k) Plan. The board of directors has also appointed a separate, independent trustee for the United Community Bancorp Stock Fund. MG Trust Company, LLC serves as Stock Fund trustee.

The Plan trustee receives, holds and invests the assets of the Plan (other than the Stock Fund) and distributes them to participants and beneficiaries in accordance with the terms of the Plan. The Stock Fund trustee holds the assets of the Stock Fund and invests them in United Community Bancorp common stock on behalf of Plan participants.

Reports to Plan Participants

United Community Bank, as Plan Administrator, will furnish you a statement at least quarterly showing the balance in your account as of the end of that period, the amount of contributions allocated to your account for that period, and any adjustments to your account to reflect earnings or losses.

Plan Administrator

The current Plan Administrator is United Community Bank. The Plan Administrator is responsible for the administration of the 401(k) Plan, interpretation of the provisions of the Plan, prescribing procedures for filing applications for benefits, preparation and distribution of information explaining the Plan, maintenance of records, books of account and all other data necessary for the proper administration of the Plan, preparation and filing of all returns and reports required to be filed with the U.S. Department of Labor and the Internal Revenue Service, and for all disclosures to participants, beneficiaries and others required under ERISA.

Amendment and Termination

United Community Bank expects to continue the 401(k) Plan indefinitely. Nevertheless, United Community Bank may terminate the Plan at any time. If United Community Bank terminates the Plan in whole or in part, regardless of any contrary provisions of the Plan, all affected participants will become fully vested in their accounts. United Community Bank reserves the right to make, from time to time, changes which do not cause any part of the trust to be used for, or diverted to, any purpose other than the exclusive benefit of participants or their beneficiaries; provided, however, that United Community Bank may amend the plan as it determines necessary or desirable, with or without retroactive effect, to comply with ERISA or the Internal Revenue Code.

Merger, Consolidation or Transfer

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If the 401(k) Plan merges or consolidates with another plan or transfers the trust assets to another plan, and if either the Plan or the other plan is then terminated, you would receive a benefit immediately after the merger, consolidation or transfer that would be equal to or greater than the benefit you would have been entitled to receive immediately before the merger, consolidation or transfer.

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Federal Income Tax Consequences

The following summarizes only briefly the material federal income tax aspects of the 401(k) Plan. You should not rely on this summary as a complete or definitive description of the material federal income tax consequences relating to the Plan. Statutory provisions change, as do their interpretations, and their application may vary in individual circumstances. Finally, the consequences under applicable state and local income tax laws may not be the same as under the federal income tax laws. **You should consult with your tax advisor with respect to any transaction involving the 401(k) Plan and any distribution from the Plan.**

As a qualified retirement plan, the Internal Revenue Code affords the Plan tax advantages, including the following:

- (1) The sponsoring employer is allowed an immediate tax deduction for the amount contributed to the Plan each year;
- (2) Participants pay no current income tax on amounts contributed by the employer on their behalf; and
- (3) Earnings of the plan are tax-deferred, thereby permitting the tax-free accumulation of income and gains on investments.

United Community Bank administers the Plan to comply with the operational requirements of the Internal Revenue Code as of the applicable effective date of any change in the law. If United Community Bank should receive an adverse determination letter regarding the Plan's tax exempt status from the Internal Revenue Service, all participants would generally recognize income equal to their vested interest in the Plan, the participants would not be permitted to transfer amounts distributed from the Plan to an Individual Retirement Account or to another tax-qualified retirement plan, and United Community Bank would be denied certain deductions with respect to the Plan.

Lump Sum Distribution. A distribution from the 401(k) Plan to a participant or the beneficiary of a participant will qualify as a lump sum distribution if it is made within one taxable year, on account of the participant's death, disability or separation from service, or after the participant attains age 59 1/2, and consists of the balance credited to the participant under the 401(k) Plan and all other profit sharing plans, if any, maintained by United Community Bank. The portion of any lump sum distribution included in taxable income for federal income tax purposes consists of the entire amount of the lump sum distribution, less the amount of after-tax contributions, if any, you have made to any other profit sharing plans maintained by United Community Bank, if the distribution includes those amounts.

United Community Bancorp Common Stock Included in Lump Sum Distribution. If a lump sum distribution includes United Community Bancorp common stock, the distribution generally is taxed in the manner described above. The total taxable amount is reduced, however, by the amount of any net unrealized appreciation with respect to United Community Bancorp common stock; that is, the excess of the value of United Community Bancorp common stock at the time of the distribution over its cost or other basis of the securities to the trust. The tax basis of United Community Bancorp common stock, for purposes of computing gain or loss on its subsequent sale, equals the value of United Community Bancorp common stock at the time of distribution, less the amount of net unrealized appreciation. Any gain on a

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subsequent sale or other taxable disposition of United Community Bancorp common stock, to the extent of the amount of net unrealized appreciation at the time of distribution, is long-term capital gain, regardless of how long you hold the United Community Bancorp common stock, or the holding period. Any gain on a subsequent sale or other taxable disposition of United Community Bancorp common stock that exceeds the amount of net unrealized appreciation at the time of distribution is considered long-term capital gain, regardless of the holding period. The recipient of a distribution may elect to include the amount of any net unrealized appreciation in the total taxable amount of the distribution, to the extent allowed under IRS regulations.

We have provided you with a brief description of the material federal income tax aspects of the 401(k) Plan that are generally applicable under the Internal Revenue Code. We do not intend this to be a complete or definitive description of the federal income tax consequences of participating in or receiving distributions from the Plan. Accordingly, you should consult a tax advisor concerning the federal, state and local tax consequences of participating in and receiving distributions from the Plan.

Restrictions on Resale

Any affiliate of United Community Bancorp under Rules 144 and 405 of the Securities Act of 1933, as amended, who receives a distribution of common stock under the 401(k) Plan, may re-offer or resell such shares only under a registration statement filed under the Securities Act of 1933, as amended, assuming the availability of a registration statement, or under Rule 144 or some other exemption from the registration requirements. An affiliate of United Community Bank is someone who, directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, United Community Bank. Generally, a director, principal officer or major shareholder of a corporation is deemed to be an affiliate of that corporation.

Any person who may be an affiliate of United Community Bank may wish to consult with counsel before transferring any common stock they own. In addition, participants should consult with counsel regarding the applicability to them of Section 16 of the Securities Exchange Act of 1934, as amended, which may restrict the sale of United Community Bancorp common stock acquired under the 401(k) Plan or other sales of United Community Bancorp common stock.

Persons who are *not* deemed to be affiliates of United Community Bank at the time of resale may resell freely any shares of United Community Bancorp common stock distributed to them under the 401(k) Plan, either publicly or privately, without regard to the registration and prospectus delivery requirements of the Securities Act of 1933, as amended, or compliance with the restrictions and conditions contained in the exemptions available under federal law. A person deemed an affiliate of United Community Bank at the time of a proposed resale may publicly resell common stock only under a re-offer prospectus or in accordance with the restrictions and conditions contained in Rule 144 of the Securities Act of 1933, as amended, or some other exemption from registration, and may not use this prospectus in connection with any such resale. In general, Rule 144 restricts the amount of common stock which an affiliate may publicly resell in any three-month period to the greater of one percent of United Community Bancorp common stock then outstanding or the average weekly trading volume reported on the Nasdaq Stock Market during the four calendar weeks before the sale. Affiliates may sell only through brokers without solicitation and only at a time when United Community Bancorp is current in filing all required reports under the Securities Exchange Act of 1934, as amended.

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SEC Reporting and Short-Swing Profit Liability

Section 16 of the Securities Exchange Act of 1934, as amended, imposes reporting and liability requirements on officers, directors and persons who beneficially own more than ten percent of public companies such as United Community Bancorp. Section 16(a) of the Securities Exchange Act of 1934, as amended, requires the filing of reports of beneficial ownership. Within ten days of becoming a person required to file reports under Section 16(a), a Form 3 reporting initial beneficial ownership must be filed with the Securities and Exchange Commission. Reporting persons must also report certain changes in beneficial ownership involving allocation or reallocation of assets held in their Plan accounts, either on a Form 4 within two days after a transaction, or annually on a Form 5 within 45 days after the close of a company's fiscal year.

In addition to the reporting requirements described above, Section 16(b) of the Securities Exchange Act of 1934, as amended, provides for the recovery by United Community Bancorp of profits realized from the purchase and sale, or sale and purchase, of the common stock within any six-month period by any officer, director or any person who beneficially owns more than ten percent of the common stock.

The SEC has adopted rules that exempt many transactions involving the 401(k) Plan from the short-swing profit recovery provisions of Section 16(b). The exemptions generally involve restrictions upon the timing of elections to buy or sell employer securities for the accounts of any officer, director or other person who beneficially owns more than ten percent of the common stock.

Except for distributions of the common stock due to death, disability, retirement, termination of employment or under a qualified domestic relations order, persons who are governed by Section 16(b) may be required, under limited circumstances involving the purchase of common stock within six months of a distribution, to hold shares of the common stock distributed from the Plan for six months after the distribution date.

LEGAL OPINION

The validity of the issuance of the common stock of United Community Bancorp will be passed upon by Muldoon Murphy & Aguggia LLP, Washington, D.C. Muldoon Murphy & Aguggia LLP acted as special counsel for United Community Bank in connection with the reorganization and stock offering of United Community Bank.

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SPECIAL ONE-TIME FORM FOR USE IN STOCK OFFERING

SAMPLE ONLY

UNITED COMMUNITY BANK

401(k) Profit Sharing Plan

INVESTMENT FORM

Name of Plan Participant: _____

(Please Print)

Social Security Number: _____

1. Instructions. In connection with the offering to the public of the common stock of United Community Bancorp (the Common Stock), the United Community Bank 401(k) Profit Sharing Plan (the 401(k) Plan) now permits participants to direct their current 401(k) Plan account balances into a new fund: the United Community Bancorp Stock Fund (the Stock Fund). The percentages of your accounts that you direct to be transferred into the Stock Fund will be used to purchase shares of Common Stock in the offering. Please note that approximately _____ percent (___%) of the total amount that you transfer into the Stock Fund will not be used to purchase shares of Common Stock, but will instead be held as cash, as discussed on Page 1 of the attached Prospectus Supplement. Approximately _____ percent (___%) of the total amount that you transfer will be used to purchase Common Stock in the offering, rounded down to the nearest \$10.00 increment, with any remainder also held in cash within the Stock Fund.

To transfer all or part of your 401(k) Plan funds to the Stock Fund, **you should complete and file this form with _____ at United Community Bank. This form must be received no later than _____ p.m. on _____, 2006.** If you need any assistance in completing this form, please contact _____ at (812)537-4822. If you do not complete and return this form by _____ p.m. on _____, 2006, your 401(k) Plan funds will continue to be invested in accordance with your prior investment directions, or in accordance with the terms of the 401(k) Plan if you have not provided investment directions. **You need not submit this form if you do not wish to purchase Common Stock in the offering with your 401(k) Plan funds. PLEASE KEEP A COPY OF THE COMPLETED FORM FOR YOUR RECORDS.**

2. Purchaser Information. Your ability to purchase Common Stock in the offering and to direct your 401(k) Plan funds into the Stock Fund may be based upon your subscription rights. Please indicate only the earliest date that applies to you:

- .. Check here if you had \$50.00 or more on deposit with United Community Bank as of August 31, 2004.

- .. Check here if you had \$50.00 or more on deposit with United Community Bank as of December 31, 2005.

- .. Check here if you had a deposit with United Community Bank as of _____, 2006.

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3. **Investment Directions.** I hereby authorize the Plan Administrator to direct the trustee to transfer the following percentages (in whole percentages only) of each of my 401(k) Plan account balances into the Stock Fund:

Investment Funds

[List Funds]

Percentage

____ %
____ %
____ %
____ %
____ %
____ %
____ %
____ %
____ %
____ %

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I understand that, if there is not enough Common Stock available in the stock offering to fill my subscription in whole or in part pursuant to the investment directions above, any funds not used to purchase Common Stock will **[be used to purchase shares on the open market]/[remain in _____ fund until I provide directions to reinvest the funds in accordance with the terms of the Plan.]**

4. Acknowledgment of Participant. I understand that this Investment Form shall be subject to all of the terms and conditions of the 401(k) Plan. I acknowledge that I have received a copy of the Prospectus and the Prospectus Supplement.

Signature of Participant

Date

Acknowledgment of Receipt by Plan Administrator. This Investment Form was received by United Community Bank on the date noted below.

By:

Date

THE PARTICIPATION INTERESTS REPRESENTED BY THE COMMON STOCK OFFERED HEREBY ARE NOT DEPOSIT ACCOUNTS AND ARE NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY OTHER GOVERNMENT AGENCY, AND ARE NOT GUARANTEED BY UNITED COMMUNITY BANCORP, UNITED COMMUNITY MHC OR UNITED COMMUNITY BANK. THE COMMON STOCK IS SUBJECT TO AN INVESTMENT RISK, INCLUDING THE POSSIBLE LOSS OF THE PRINCIPAL INVESTED.

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PROSPECTUS

[LOGO]

United Community Bancorp
(Proposed Holding Company for United Community Bank)

Up to 3,172,160 Shares of Common Stock

This is the initial public offering of shares of common stock of United Community Bancorp, a company to be formed in connection with the reorganization of United Community Bank into the mutual holding company form of organization. The shares we are offering will represent approximately 43.1% of our outstanding common stock. United Community MHC, a mutual holding company to be formed in connection with the reorganization, will own approximately 55.0% of our outstanding common stock. The remaining 1.9% of our common stock will be held by United Community Bank Charitable Foundation, a charitable foundation to be formed in connection with the reorganization. We intend to have our common stock quoted on the Nasdaq National Market.

If you are or were a depositor of United Community Bank:

You may have priority rights to purchase shares of common stock.

If you are a participant in the United Community Bank 401(k) Profit Sharing Plan:

You may direct that all or part of your current account balances in this plan be invested in shares of common stock.

You will be receiving separately a supplement to this prospectus that describes your rights under this plan.

If you fit neither of the categories above, but are interested in purchasing shares of our common stock:

You may have an opportunity to purchase shares of common stock after priority orders are filled.

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We are offering up to 3,172,160 shares of common stock for sale on a best efforts basis, subject to certain conditions. We must sell a minimum of 2,344,640 shares to complete the offering. If, as a result of regulatory considerations, demand for the shares or changes in market conditions, the independent appraiser determines our market value has increased, we may sell up to 3,647,984 shares without giving you further notice or the opportunity to change or cancel your order. The offering is expected to terminate at 12:00 noon, Eastern time, on **[Expiration Date]**. We may extend this termination date without notice to you until **[Extension Date #1]**, unless the Office of Thrift Supervision approves a later date, which will not be beyond **[Expiration Date #2]**.

Keefe, Bruyette & Woods, Inc. will use its best efforts to assist us in our selling efforts, but is not required to purchase any of the common stock that is offered for sale. Purchasers will not pay a commission to purchase shares of common stock in the offering. All shares offered for sale are offered at a price of \$10.00 per share.

The minimum purchase is 25 shares. Once submitted, orders are irrevocable unless the offering is terminated or extended beyond **[Extension Date #1]**. If the offering is extended beyond **[Extension Date #1]**, subscribers will have their funds promptly returned unless they reconfirm their subscription. Funds received before completion of the offering will be held in an escrow account at United Community Bank or, at our discretion, at another insured financial institution, and will earn interest at our statement savings rate, which is currently ____% per annum. In addition, if we do not sell the minimum number of shares or if we terminate the offering for any other reason, we will promptly return your funds with interest at our statement savings rate.

We expect our directors and executive officers, together with their associates, to subscribe for 482,500 shares, which equals 15.2% of the shares offered for sale at the maximum of the offering range.

On _____, 2006, the Office of Thrift Supervision conditionally approved the plan of reorganization and stock issuance. However, such approval does not constitute a recommendation or endorsement of this offering by that agency.

This investment involves a degree of risk, including the possible loss of principal.

Please read **Risk Factors** beginning on page .

OFFERING SUMMARY

Price Per Share: \$10.00

	<u>Minimum</u>	<u>Maximum</u>	<u>Maximum</u> <u>As Adjusted</u>
Number of shares	2,344,640	3,172,160	3,647,984
Gross offering proceeds	\$ 23,446,400	\$ 31,721,600	\$ 36,479,840
Estimated offering expenses	\$ 1,098,000	\$ 1,154,000	\$ 1,275,000
Estimated net proceeds	\$ 22,348,400	\$ 30,567,600	\$ 35,204,840
Estimated net proceeds per share	\$ 9.53	\$ 9.64	\$ 9.65

These securities are not deposits or savings accounts and are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency.

Neither the Securities and Exchange Commission, the Office of Thrift Supervision nor any state securities regulator has approved or disapproved of these securities or determined if this prospectus is accurate or complete.

Any representation to the contrary is a criminal offense.

For assistance, please contact the stock information center at _____.

Keefe, Bruyette & Woods

The date of this prospectus is _____, 2006

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[map of Indiana showing current and future office locations of United Community Bank appears here]

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Summary

This summary highlights selected information from this document and may not contain all the information that is important to you. To understand the reorganization and stock offering more fully, you should read this entire document carefully. For assistance, please contact our stock information center at (____) _____.

The Companies

United Community MHC

92 Walnut Street

Lawrenceburg, Indiana 47025

(812) 537-4822

United Community MHC is a federally chartered mutual holding company that we are forming to own 55.0% of the common stock of United Community Bancorp. As a savings and loan holding company, United Community MHC will be examined by, and must comply with the rules and regulations of, the Office of Thrift Supervision. As a mutual holding company, United Community MHC will be a non-stock company whose members are the depositors of United Community Bank. Under federal regulations, so long as United Community MHC exists, it will own a majority of the voting stock of United Community Bancorp, and through its board of directors, will be able to exercise voting control over most matters put to a vote of stockholders. The same persons who will comprise the board of directors of United Community Bancorp and United Community Bank will also comprise the board of directors of United Community MHC. United Community MHC is not currently an operating company and has not engaged in any business to date. United Community MHC will be formed upon completion of the reorganization. We do not expect that United Community MHC will engage in any business activity other than owning a majority of

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the common stock of United Community Bancorp.

United Community Bancorp

92 Walnut Street

Lawrenceburg, Indiana 47025

(812) 537-4822

This offering is made by United Community Bancorp. United Community Bancorp is a federally chartered mid-tier stock holding company that we are forming. As a savings and loan holding company, United Community Bancorp will be examined by, and must comply with the rules and regulations of, the Office of Thrift Supervision. United Community Bancorp is not currently an operating company and has not engaged in any business to date.

After the reorganization, United Community Bancorp will own all of United Community Bank's capital stock and will direct, plan and coordinate United Community Bank's business activities. In the future, United Community Bancorp might also acquire or organize other operating subsidiaries, including other financial institutions or financial services companies, although it currently has no specific plans or agreements to do so.

United Community Bank

92 Walnut Street

Lawrenceburg, Indiana 47025

(812) 537-4822

United Community Bank is a community-oriented financial institution dedicated to serving the financial services needs of consumers and businesses within its market area. United Community Bank is subject to extensive regulation, examination and supervision by the Office of Thrift Supervision, its primary federal regulator, and the Federal Deposit Insurance Corporation, its deposit insurer. We attract deposits from the general public and local municipalities and use such funds to originate primarily one-to-four-family residential real estate loans. To a lesser but growing extent, we originate multi-family and nonresidential real estate loans, construction loans, commercial loans and consumer loans.

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At September 30, 2005, we operated out of our main office and three branch offices in Lawrenceburg, Indiana, and a temporary office in Aurora, Indiana, pending construction of a permanent facility. At September 30, 2005, we had total assets of \$321.3 million, deposits of \$289.1 million and total equity of \$29.8 million.

Our Operating Strategy (page ___)

Our mission is to operate and grow a profitable community-oriented and independent financial institution serving primarily retail customers and small businesses in our market area. After the reorganization, we plan to continue our strategy of:

offering a full range of financial services to retail customers and businesses in our market area;

expanding our branch network into new market areas;

increasing deposits by continuing to offer exceptional customer service and emphasizing our commercial deposit offerings;

managing our net interest margin and net interest spread by seeking to increase lending levels and by originating higher-yielding loans;

pursuing opportunities to increase commercial and multi-family lending in our primary market area;

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applying disciplined underwriting practices to
maintain the high quality of our loan portfolio;
and

managing our investment and borrowings
portfolios to manage interest rate risk.

Opening new branch offices is an integral part of our growth strategy. In August 2005, we opened a branch office in a temporary facility in Aurora, Indiana. We are in the process of building a permanent full-service facility for the Aurora branch which we anticipate will be completed in June 2006. In addition, we have acquired property and intend to build and open a full-service branch office in both St. Leon, Indiana, and Milan, Indiana. Aurora and St. Leon are located in Dearborn County, Indiana. Milan is located in adjacent Ripley County.

We consider our primary market area to be Dearborn County and the surrounding Indiana counties, as well as the Greater Cincinnati metropolitan area and Northern Kentucky.

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The Reorganization

Description of the

Reorganization (page ____)

Currently, we are a federally chartered mutual savings bank with no stockholders. Our depositors currently have the right to vote on certain matters such as the election of directors and this reorganization.

The mutual holding company reorganization process that we are now undertaking involves a series of transactions by which we will convert our organization from the mutual form of organization to the mutual holding company form of organization. In the mutual holding company structure, United Community Bank will become a federally chartered stock savings bank to be named United Community Bank and all of its stock will be owned by United Community Bancorp. In addition, 43.1% of United Community Bancorp's stock will be owned by the public, including our employee stock ownership plan, 1.9% of United Community Bancorp's stock will be owned by United Community Bank Charitable Foundation and 55.0% of United Community Bancorp's stock will be owned by United Community MHC. Our depositors will become members of United Community MHC and will have similar voting rights in United Community MHC as they currently have in United Community Bank.

After the reorganization, our ownership structure will be as follows:

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Our normal business operations will continue without interruption during the reorganization. The same directors who adopted the plan of reorganization and stock issuance and who continue to be directors of United Community Bank at the time of the reorganization will serve as directors of United Community MHC, United Community Bancorp and United Community Bank after the reorganization. The initial officers of United Community MHC, United Community Bancorp and United Community Bank will be persons who are currently officers of United Community Bank.

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The Offering

Purchase Price

The purchase price is \$10.00 per share.

Number of Shares to be Sold

We are offering for sale between 2,344,640 and 3,172,160 shares of United Community Bancorp common stock in this reorganization to persons other than United Community MHC and the charitable foundation. With regulatory approval, we may increase the number of shares to be sold to 3,647,984 shares without giving you further notice or the opportunity to change or cancel your order. The Office of Thrift Supervision will consider the level of subscriptions, the views of our independent appraiser, our financial condition and results of operations and changes in market conditions in connection with a request to increase the offering size.

How We Determined the Offering

Range (page)

We decided to offer between 2,344,640 and 3,172,160 shares, which is our offering range, based on an independent appraisal of our pro forma market value prepared by Keller & Company, Inc., an appraisal firm experienced in appraisals of financial institutions. Keller & Company will receive fees totaling \$37,000 for its appraisal services, plus \$1,000 for each appraisal valuation update and reimbursement of out-of-pocket expenses. Keller & Company estimates that as of November 14, 2005, our pro forma market value on a fully converted basis was between \$54.4 million and \$73.6 million, with a midpoint of \$64.0 million. The term fully converted means that Keller & Company assumed that 100.0% of our common stock had been sold to the public or contributed to the charitable foundation, rather than the 45.0% that will be sold or contributed in connection with this offering.

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In preparing its appraisal, Keller & Company considered the information in this prospectus, including our financial statements.

Keller & Company also considered the following factors, among others:

our historical, present and projected operating results and financial condition and the economic and demographic characteristics of our market areas;

a comparative evaluation of the operating and financial statistics of United Community Bank with those of other similarly-situated, publicly-traded savings associations and savings association holding companies;

the effect of the capital raised in this offering on our net worth and earnings potential;

the trading market for securities of comparable institutions and general conditions in the market for such securities; and

our intention to make a contribution to the United Community Bank Charitable Foundation of 1.9% of United Community Bancorp's common stock and \$250,000 in cash.

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Our board of directors determined that the common stock should be sold at \$10.00 per share and that 43.1% of the shares of our common stock should be offered for sale to the public in the offering. The following table shows the number of shares that will be sold in the offering, issued to United Community MHC and contributed to the charitable foundation, based on the estimated valuation range and the purchase price.

	At Minimum	At Maximum	Percent of
	of Offering	of Offering	Shares
	Range	Range	Outstanding
Shares sold in the offering	2,344,640	3,172,160	43.1%
Shares issued to United Community MHC	2,992,000	4,048,000	55.0
Shares contributed to the charitable foundation	103,360	139,480	1.9
Total	5,440,000	7,360,000	100.0%

Two measures that some investors use to analyze whether a stock might be a good investment are the ratio of the offering price to the issuer's tangible book value and the ratio of the offering price to the issuer's annual core earnings. Keller & Company considered these ratios in preparing its appraisal, among other factors. Tangible book value is the same as total equity, less intangibles, and represents the difference between the issuer's tangible assets and liabilities. Core earnings, for purposes of the appraisal, is defined as net earnings after taxes, plus non-recurring expenses and minus non-recurring income, adjusted for income taxes in each case. Keller &

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Company's appraisal also incorporates an analysis of a peer group of publicly traded fully converted savings associations and fully converted savings association holding companies that Keller & Company considered as comparable to us.

The following table presents a summary of selected pricing ratios for the peer group companies and the pricing ratios for us, utilized by Keller & Company in its appraisal. The ratios are presented on a fully-converted basis. Our ratios are based on core earnings for the twelve months ended September 30, 2005 and tangible book value as of September 30, 2005.

	Fully Converted	Fully Converted
	Price to	Price to Tangible
	Core Earnings	Book Value
	Multiple	Ratio
	<u> </u>	<u> </u>
United Community Bancorp (pro forma):		
Minimum	16.39x	68.84%
Maximum	19.66	76.08
Peer group companies as of November 14, 2005:		
Average	16.61x	117.35%
Median	13.66	123.52

Compared to the average pricing ratios of the peer group, at the maximum of the offering range, our stock would be priced at a premium of 18.42% to the peer group on a price-to-core earnings

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basis and a discount of 35.17% to the peer group on a price-to-tangible book basis. This means that, at the maximum of the offering range, a share of our common stock would be more expensive than the peer group on a core earnings per share basis and less expensive than the peer group on a tangible book value per share basis.

The independent appraisal does not indicate market value. You should not assume or expect that the valuation described above means that our common stock will trade at or above the \$10.00 purchase price after the reorganization.

Mutual Holding Company Data

The following table presents a summary of selected pricing ratios, on a non-fully-converted basis, for publicly traded mutual holding companies and the pricing ratios for us.

	Non-Fully Converted Price to Earnings Multiple	Non-Fully Converted Price to Tangible Book Value Ratio
United Community Bancorp		
(pro forma):		
Minimum	20.83x	111.11%
Maximum	27.78	131.06
Publicly traded mutual holding companies as of November 14, 2005 ⁽¹⁾ :		
Average	35.08x	171.54%
Median	34.84	160.78

(1) The information for publicly traded mutual holding companies

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may not be meaningful to investors because it presents average and median information for mutual holding companies that issued a different percentage of their stock in their offerings than the 45.0% that we are offering to the public. In addition, the effect of stock repurchases also affects the ratios to a greater or lesser degree depending upon repurchase activity.

Possible Change in Offering Range

(page _____)

Keller & Company will update its appraisal before we complete the stock offering. If, as a result of regulatory considerations, demand for the shares or changes in market conditions, Keller & Company determines that our pro forma market value has increased, we may sell up to 3,647,984 shares without further notice to you. If the pro forma market value of the common stock to be sold in the offering at the time the appraisal is updated is either below \$2,344,640 or above \$3,647,984, then, after consulting with the Office of Thrift Supervision, we may either: terminate the stock offering and promptly return all funds; promptly return all funds, set a new offering range and give all subscribers the opportunity to place a new order for shares of United Community Bancorp common stock; or take such other actions as may be permitted by the Office of Thrift Supervision and the Securities and Exchange Commission.

Possible Termination of the Offering

We must sell a minimum of 2,344,640 shares to complete the

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Conditions to Completing the

Reorganization

offering. If we do not sell the minimum number of shares, or if we terminate the offering for any other reason, we will promptly return all funds with interest at our current statement savings rate. We are conducting the reorganization under the terms of our plan of reorganization and stock issuance. We cannot complete the reorganization and related offering unless:

the plan of reorganization and stock issuance is approved by at least *a majority of votes eligible to be cast* by members of United Community Bank (depositors of United Community Bank);

we sell at least the minimum number of shares offered; and

we receive the final approval of the Office of Thrift Supervision to complete the reorganization and offering.

Reasons for the

Reorganization (page _____)

Our primary reasons for the reorganization are to:

increase the capital of United Community Bank;

support future lending and operational growth;

support future branching activities and/or the acquisition of other financial institutions or financial services companies or their assets; and

enhance our ability to attract and retain qualified directors and management through stock-based compensation plans.

While we exceed all of our regulatory capital requirements and are considered well capitalized for regulatory purposes, our core capital level of \$29.5 million, or 9.2% of adjusted total assets, at September 30, 2005 restricts our ability both to grow and continue to maintain our well capitalized status. Accordingly, we require additional capital in order to increase our lending activities and expand our operations.

As discussed in *Management's Discussion and Analysis of Financial Condition and Results of Operations Operating Strategy*, we have branch expansion plans that are already underway. The new branches have been and are expected to continue to be funded by cash generated by our business and we do not expect to borrow funds for these expansion plans. Funding for these branches is also not contingent on this offering. Although we are interested in establishing branches in addition to branch expansion plans that are already underway, we do not have any additional specific plans or arrangements for further expansion. We do not now have any specific acquisition plans.

We chose to conduct a mutual holding company reorganization and minority stock offering rather than a full mutual-to-stock conversion because it permits us, by issuing less than 50.0% of our common stock to the public, to control the amount of capital being raised,

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which will enable us to deploy the proceeds of the offering more prudently and to provide for the control of United Community Bancorp by United Community MHC through its majority ownership position. We chose to sell 43.1% of our shares to the public, rather than a smaller portion, because we believe that we will be able to deploy the capital raised through an offering of this size.

We also will be able to increase our philanthropic endeavors to the communities we serve through the formation and funding of United Community Bank Charitable Foundation.

We Will Form the United Community

Bank Charitable Foundation (page

_____)

To continue our long-standing commitment to our local communities, we intend to establish a charitable foundation, named the United Community Bank Charitable Foundation, as part of the reorganization. Subject to separate approval by at least a majority of votes eligible to be cast by members of United Community Bank, the charitable foundation will be funded with a number of shares of United Community Bancorp common stock that will result in the charitable foundation owning 1.9% of our outstanding shares and \$250,000 in cash. At the midpoint of the offering range, we would contribute 121,600 shares of United Community Bancorp common stock. At the midpoint of the offering range, our contribution to the charitable foundation would reduce net earnings by \$968,000, after tax, in the year in which the charitable foundation is established, which is expected to be fiscal 2006. United Community Bank Charitable Foundation will make grants and donations to non-profit and community groups and projects located within our market areas. The amount of common stock that we would offer for sale would be

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greater if the reorganization were to be completed without the formation of United Community Bank Charitable Foundation. For a further discussion of the financial impact of the charitable foundation, including its effect on those who purchase shares in the offering and on the shares issued to stockholders of United Community Bancorp, see *Comparison of Independent Valuation and Pro Forma Financial Information With and Without the Foundation*.

Benefits of the Reorganization to Management (page _____)

We intend to adopt the following benefit plans and employment agreements:

Employee Stock Ownership Plan. We intend to establish an employee stock ownership plan that will provide retirement benefits to our employees. The plan will purchase 3.92% of the shares issued in the reorganization, including shares issued to United Community MHC and contributed to United Community Bank Charitable Foundation, with the proceeds of a loan from United Community Bancorp. As the loan is repaid and shares are released from collateral, the shares will be allocated to the accounts of participants based on a participant's compensation as a percentage of total plan compensation. Non-employee directors are not eligible to participate in the employee stock ownership plan. We will incur additional compensation expense as a result of this plan. See *Pro Forma Data* for an illustration of the effects of this plan.

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Equity Incentive Plan. We intend to implement an equity-based incentive plan no earlier than six months after the reorganization. Under Office of Thrift Supervision regulations, the plan must be approved by a majority of the total votes eligible to be cast by our stockholders, other than United Community MHC, unless we obtain a waiver that allows approval by a majority of votes cast, other than by United Community MHC. Under this plan, we may award stock options and shares of restricted stock to employees and directors. Shares of restricted stock will be awarded at no cost to the recipient. Stock options will be granted at an exercise price equal to 100% of the fair market value of our common stock on the option grant date. We will incur additional compensation expense as a result of this plan. See *Pro Forma Data* for an illustration of the effects of this plan. Under this plan, we may grant stock options in an amount up to 4.9% of the number of shares issued in the offering, including shares issued to United Community MHC and contributed to the charitable foundation, and restricted stock awards in an amount equal to 1.96% of the shares issued in the offering, including shares issued to United Community MHC and contributed to the charitable foundation. The equity incentive plan will comply with all applicable Office of Thrift Supervision regulations.

The following table presents the total value of all shares to be available for restricted stock awards under the equity incentive plan, based on a range of market prices from \$8.00 per share to \$14.00 per

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share. Ultimately, the value of the grants will depend on the actual trading price of our common stock, which depends on numerous factors.

Share Price	Value of			
	106,624 Shares Awarded at Minimum of Range	125,440 Shares Awarded at Midpoint of Range	144,256 Shares Awarded at Maximum of Range	165,894 Shares Awarded at 15% Above Maximum of Range
(In thousands)				
\$8.00	\$ 853	\$ 1,004	\$ 1,154	\$ 1,327
10.00	1,066	1,254	1,443	1,659
12.00	1,279	1,505	1,731	1,991
14.00	1,493	1,756	2,020	2,323

The following table presents the total value of all stock options available for grant under the equity incentive plan, based on a range of market prices from \$8.00 per share to \$14.00 per share. For purposes of this table, the value of the stock options was determined using the Black-Scholes option-pricing formula. See *Pro Forma Data*. Ultimately, financial gains can be realized on a stock option only if the market price of the common stock increases above the price at which the option is granted.

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Exercise Price	Option Value	Value of			Options Granted at 15% Above Maximum of Range
		266,560 Options Granted at Minimum of Range	313,600 Options Granted at Midpoint of Range	360,640 Options Granted at Maximum of Range	
(In thousands)					
\$ 8.00	\$ 5.09	\$ 1,357	\$ 1,596	\$ 1,836	\$ 2,111
10.00	4.08	1,088	1,279	1,471	1,692
12.00	3.23	674	1,013	1,165	1,340
14.00	2.53	861	793	912	1,049

Employment Agreements. United Community Bancorp

intends to enter into three-year employment agreements with William F. Ritzmann, our President and Chief Executive Officer and Elmer G. McLaughlin, Executive Vice President and Chief Operating Officer. United Community Bancorp also intends to enter into a two-year employment agreement with Vicki A. March, Senior Vice President, Chief Financial Officer and Treasurer. These agreements will provide for severance benefits if the executives are terminated following a change in control of United Community Bancorp or United Community Bank.

Based solely on cash compensation earned for the year ended June 30, 2005 and excluding any benefits that would be payable under any employee benefit plan, if a change in control of United Community Bancorp and United Community Bank occurred, and we terminated these officers, the total payments due under the employment agreements would equal approximately \$1.41 million.

Supplemental Executive Retirement Plan. This plan will provide benefits to eligible employees if their retirement benefits under the employee stock ownership plan and the 401(k) plan are reduced because of federal tax law limitations. The plan will also provide benefits to eligible employees if they retire or are terminated following a change in control but before the complete allocation of shares under the employee stock ownership plan.

Employee Severance Compensation Plan. This plan will provide severance benefits to eligible employees if there is a change in control. Based solely on compensation levels as of December 31, 2004 and years of service at September 30, 2005, if a change in control of United Community Bancorp and United Community Bank occurred, and we terminated all employees covered by the severance compensation plan, the total payment due under the plan would equal approximately \$1.45 million.

The following table summarizes, at the maximum of the offering range, the total number and value of the shares of common stock that the employee stock ownership plan expects to acquire and the total value of all restricted stock awards that are expected to be available under the equity incentive plan. At the maximum of the offering

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range, we will sell 3,172,160 shares and have 7,360,000 shares outstanding.

	Number of Shares to be Granted or Purchased			
	As a % of			
	Common			
At	Stock Sold	As a % of	Common	Total
Maximum	at Maximum	of Offering	Stock	Estimated
of Offering	of Offering	of Offering	Outstanding	Value of Grants
Range	Range	Range	Range	Range
(Dollars in thousands)				
Employee stock ownership plan (1)	288,512	9.10%	3.92%	\$ 2,885
Restricted stock awards (1)	144,256	4.55	1.96	1,443
Stock options (2)	360,640	11.37	4.90	1,471
Total	793,408	25.01%	10.78%	\$ 5,799

(1) Assumes the value of United Community Bancorp's common stock is \$10.00 per share for purposes of determining the total estimated value of the grants.

(2) Assumes the value of a stock option is \$4.08, which was determined using the Black-Scholes option-pricing formula. See *Pro Forma Data*.

Tax Consequences (page _____)

As a general matter, the reorganization will not be a taxable transaction for purposes of federal or state income taxes to us or persons who receive or exercise subscription rights. Our special counsel, Muldoon Murphy & Aguggia LLP, has issued a federal tax opinion to us that, among other items, provides:

the reorganization will qualify as a tax-free reorganization and no gain or loss will be recognized by us as a result of the reorganization; no gain or loss will be recognized by our account holders

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upon the issuance to them of deposit accounts in United Community Bank immediately after the reorganization;

it is more likely than not that the fair market value of the rights to subscribe for shares of our common stock is zero and, accordingly, that no income will be realized by our members upon the issuance or exercise of the subscription rights;

it is more likely than not that the tax basis to the purchasers in the offering will be the amount paid for our common stock, and that the holding period for shares of common stock will begin on the date of completion of the offering; and

the holding period for shares of common stock purchased in the community offering or syndicated community offering will begin on the day after the date of the purchase.

We have also received an opinion from Clark, Schaefer, Hackett & Co. stating that, assuming the reorganization does not result in any federal income tax liability to us or our account holders,

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implementation of the plan of reorganization and stock issuance will not result in any Indiana income tax liability to those entities or persons. See *The Reorganization and Stock Offering Material Income Tax Consequences*.

Persons Who Can Order Stock in the

We have granted rights to subscribe for shares of our common stock

Offering (page _____)

in a subscription offering to the following persons in the following order of priority:

Note: Subscription rights are not transferable, and persons with subscription rights may not subscribe for shares for the benefit of any other person. If you violate this prohibition, you may lose your rights to purchase shares and may face criminal prosecution and/or other sanctions.

1. Persons with \$50 or more on deposit at United Community Bank as of August 31, 2004.
2. Our employee stock ownership plan.
3. Persons with \$50 or more on deposit at United Community Bank as of December 31, 2005.
4. United Community Bank's depositors as of _____, 2006 who were not able to subscribe for shares under categories 1 and 3.

If we receive subscriptions for more shares than are to be sold in this offering, we may be unable to fill or may only partially fill your order. Shares will be allocated in order of the priorities described above under a formula outlined in the plan of reorganization and stock issuance. If we increase the number of shares to be sold above 3,172,640, our employee stock ownership plan will have the first priority right to purchase any shares exceeding that amount to the

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extent that its subscription has not previously been filled. Any shares remaining will be allocated in the order of priorities described above. See *The Reorganization and Stock Offering Subscription Offering and Subscription Rights* for a description of the allocation procedure.

We may offer shares not sold in the subscription offering to the general public in a community offering or through a syndicate of broker-dealers. People and trusts for the benefit of people who are residents of Dearborn County, Indiana will have first preference to purchase shares in the community offering. The community offering and syndicated community offering, if held, may begin at any time during or immediately following the subscription offering. You are not allowed to transfer your subscription rights and we will act to ensure that you do not do so. You will be required to certify that you are purchasing shares solely for your own account and that you have no agreement or understanding with another person involving the transfer of the shares that you purchase. We will not accept any stock orders that we believe involve the transfer of subscription rights. **Eligible depositors who enter into**

agreements to allow ineligible investors to participate in the subscription offering may be violating federal law and may be subject to civil enforcement actions or criminal prosecution.

The subscription offering will end at 12:00 noon, Eastern time, on **[Expiration Date]**. We expect that the community offering will terminate at the same time, although it may continue for up to 45

Subscription Rights Are Not

Transferable

Deadline for Ordering Stock

(page _____)

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days after the end of the subscription offering, or longer if regulators approve a later date. No single extension may be for more than 90 days. If we extend the offering beyond [**Extension Date #1**] or if we intend to sell fewer than 2,344,640 shares or more than 3,172,160, all subscribers will be notified and given the opportunity to confirm, change or cancel their orders. If you do not respond to this notice, we will return your funds promptly, in full and with interest, at our statement savings rate.

Purchase Limitations (page __)

Our plan of reorganization and stock issuance establishes limitations on the purchase of stock in the offering. These limitations include the following:

The minimum purchase is 25 shares.

No individual (or individuals on a single deposit account) may purchase more than \$150,000 of common stock (which equals 15,000 shares) in the subscription offering.

No individual, no individual together with any associates, and no group of persons acting in concert may purchase more than \$650,000 of common stock (which equals 65,000 shares) in the offering.

Subject to the Office of Thrift Supervision's approval, we may increase or decrease the purchase and ownership limitations at any time.

How to Purchase Common Stock

If you want to place an order for shares in the offering, you must

(page __)

complete an original stock order and certification form and send it to us, together with full payment. You must sign the certification that is on the reverse side of the stock order and certification form. We must receive your stock order and certification form before the end of the subscription offering or the end of the community offering, as appropriate. Once we receive your order, you cannot cancel or change it without our consent.

To ensure that we properly identify your subscription rights, you must list all of your deposit accounts as of the eligibility dates on the stock order and certification form. If you fail to do so, your subscription may be reduced or rejected if the offering is oversubscribed. To preserve your purchase priority, you must register the shares only in the name or names of eligible purchasers at the applicable date of eligibility. You may not add the names of others who were not eligible to purchase common stock in the offering on the applicable date of eligibility.

We may, in our sole discretion, reject orders received in the community offering either in whole or in part. For example, we may reject an order submitted by a person who we believe is making false representations or who we believe is attempting to violate, evade or circumvent the terms and conditions of the plan of reorganization and stock issuance. If your order is rejected in part, you cannot cancel the remainder of your order.

You may pay for shares in the subscription offering or the community offering in any of the following ways:

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By check or money order made payable to United Community Bancorp.

By authorizing a withdrawal from an account at United Community Bank. To use funds in an existing Individual Retirement Account at United Community Bank, you must transfer your account to an unaffiliated institution or broker, and open a self-directed Individual Retirement Account. Individual Retirement Accounts at United Community Bank are not self-directed and common stock may only be purchased using a self-directed Individual Retirement Account. Please contact your broker or financial institution as quickly as possible to see if you may transfer your Individual Retirement Account from United Community Bank because completing the transfer may take several days.

We will pay interest on your subscription funds at the rate we pay on statement savings accounts, which is currently ____%, from the date we receive your funds until the reorganization is completed or terminated. All funds authorized for withdrawal from deposit accounts with us will earn interest at the applicable account rate until the offering is completed or terminated. If, as a result of a withdrawal from a certificate of deposit, the balance falls below the minimum balance requirement, the remaining funds will earn interest at our statement savings rate. There will be no early withdrawal penalty for withdrawals from certificates of deposit used

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to pay for common stock.

How We Will Use the Proceeds of this Offering (page __)

The following table summarizes how the proceeds of this offering will be used, based on the sale of shares at the minimum and maximum of the offering range.

	2,344,640	3,172,160
	Shares at	Shares at
	\$10.00	\$10.00
	Per Share	Per Share
	_____	_____
	(In thousands)	
Offering proceeds	\$ 23,446	\$ 31,722
Less: offering expenses	1,098	1,211
	_____	_____
Net offering proceeds	22,348	30,511
Less:		
Proceeds contributed to United Community Bank	11,174	15,256
Proceeds used for loan to employee stock ownership plan	2,132	2,885
Proceeds contributed to the charitable foundation	250	250
Proceeds contributed to United Community MHC	100	100
	_____	_____
Proceeds remaining for United Community Bancorp	\$ 8,692	\$ 12,020
	_____	_____

United Community Bancorp may use the portion of the proceeds that it retains to, among other things, invest in securities, pay dividends to stockholders, repurchase shares of its common stock (subject to regulatory restrictions), finance the possible acquisition of financial institutions or other businesses that are related to banking or for general corporate purposes. United Community Bank may use the portion of the proceeds that it receives to fund new loans, open new branches, invest in securities and expand its business activities.

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**Purchases by Directors and
Executive Officers (page _____)**

We expect that our directors and executive officers, together with their associates, will subscribe for 482,500 shares, which equals 15.2% of the shares offered for sale at the maximum of the offering range.

Directors and executive officers will pay the same \$10.00 per share price as everyone else who purchases shares in the offering. Like all of our depositors, our directors and executive officers have subscription rights based on their deposits and, in the event of an oversubscription, their orders will be subject to the allocation provisions set forth in our plan of reorganization and stock issuance.

Purchases by our directors and executive officers will count towards the minimum number of shares we must sell to close the offering.

**Market for United Community
Bancorp Common Stock (page _____)**

We intend to have our common stock quoted on the Nasdaq National Market. Keefe, Bruyette & Woods, Inc. currently intends to become a market maker in the common stock, but is under no obligation to do so. We cannot assure you that other market makers will be obtained or that an active and liquid trading market for our common stock will develop or, if developed, will be maintained. After shares of the common stock begin trading, you may contact a stock broker to buy or sell shares.

**United Community Bancorp's
Dividend Policy (page _____)**

We have not yet determined whether we will pay a dividend on the common stock. After the reorganization, we will consider a policy of paying regular cash dividends. Our ability to pay dividends will depend on a number of factors, including capital requirements, regulatory limitations and our operating results and financial condition. We anticipate that United Community MHC will waive receipt of any dividends that we may pay.

Possible Conversion of United

In the future, we may undertake a transaction commonly known as a

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Community MHC to Stock Form

(page _____)

second-step conversion in which we would sell to the public the shares held by United Community MHC. In a second-step conversion, members of United Community MHC would have subscription rights to purchase common stock of United Community Bancorp or its successor, and the public stockholders of United Community Bancorp would be entitled to exchange their shares of common stock for an equal percentage of shares of the new holding company. This percentage may be adjusted to reflect any assets owned by United Community MHC. United Community Bancorp's public stockholders, therefore, would own approximately the same percentage of the resulting entity as they owned before the second-step conversion. Any second-step conversion would require the approval of the stockholders of United Community Bancorp, other than United Community MHC, and the members of United Community MHC. The board of directors has no current plan to undertake a second-step conversion transaction.

Stock Information Center

If you have any questions regarding the offering or our reorganization, please call the stock information center at (____) _____.

The stock information center is open Monday through Friday, except bank holidays, from 9:00 a.m. to 5:00 p.m., Eastern time.

To ensure that each purchaser in the subscription and community offering receives a prospectus at least 48 hours before the

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expiration date of the subscription and community offering in accordance with federal law, no prospectus will be mailed any later than five days before the expiration date, sent via overnight delivery any later than three days before the expiration date or hand delivered any later than two days before the expiration date. Order forms will be distributed only when preceded or accompanied by a prospectus.

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Risk Factors

You should consider carefully the following risk factors before purchasing United Community Bancorp common stock.

Risks Related to Our Business

Our primary market area depends substantially on the gaming industry, and a downturn in that industry could hurt our business and our prospects.

Our business is concentrated in the Lawrenceburg, Indiana area. Lawrenceburg is the site of a riverboat casino that opened in 1996. The economy of the Lawrenceburg metropolitan area significantly depends on services and industries related to gaming and tourism. Any event that negatively and materially impacts the gaming and tourism industry will adversely impact the Lawrenceburg economy.

Gaming revenue is vulnerable to fluctuations in the national economy. A prolonged downturn in the national economy could have a significant adverse effect on the economy of the Lawrenceburg area. Virtually any development or event that could dissuade travel or spending related to gaming and tourism, whether inside or outside of Lawrenceburg, could adversely affect the Lawrenceburg economy. Consequently, the Lawrenceburg economy is more susceptible than the economies of other cities to issues such as higher gasoline and other fuel prices, unemployment levels, recession, rising interest rates, and other economic conditions, whether domestic or foreign.

A deterioration in economic conditions generally, and a slowdown in gaming and tourism activities in particular, could result in the following consequences, any of which could adversely affect our business, financial condition, results of operations and prospects and expose us to a greater risk of loss:

Loan delinquencies may increase;

Problem assets and foreclosures may increase;

Demand for our products and services may decline; and

Collateral for loans made by us may decline in value, reducing the amount of money that our customers may borrow against the collateral, and reducing the value of assets and collateral associated with our loans.

An expansion of permissible gaming activities in other states, particularly in Kentucky and/or Ohio, may lead to a decline in gaming revenue in Lawrenceburg, Indiana, which could hurt our business and our prospects.

Lawrenceburg, Indiana competes with other areas of the country for gaming revenue, and it is possible that the expansion of gaming operations in other states, as a result of changes in laws or otherwise, could significantly reduce gaming revenue in the Lawrenceburg area. This is particularly true of gaming operations in Kentucky and/or Ohio, states from which Lawrenceburg generally draws substantial year-round clientele. Kentucky and/or Ohio legislative proposals could permit gaming activities. The establishment of casino gaming in Kentucky and/or Ohio, or other states, could have a substantial adverse effect on gaming revenue in Lawrenceburg which would adversely affect the Lawrenceburg economy and our business.

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We rely heavily on municipal deposits as a source of funds and a reduced level of those deposits may hurt our profits.

Historically, municipal deposits, consisting primarily of tax revenues from the local river boat casino operations, have been a significant source of funds for our lending and investment activities. At September 30, 2005, \$139.2 million, or 48.1% of our total deposits, consisted of municipal deposits. Municipal deposits are generally short-term deposits and are generally considered rate-sensitive instruments. Consequently, if our municipal deposits decrease to a level where we would need to resort to other sources of funds for our lending and investment activities, such as borrowings from the Federal Home Loan Bank of Indianapolis, the interest expense associated with these other funding sources may be higher than the rates we pay on the municipal deposits, which would also hurt our profits.

Rising interest rates may hurt our earnings and asset value.

Interest rates have recently been at historically low levels. However, since June 30, 2004, the U.S. Federal Reserve has increased its target for the federal funds rate 12 times, from 1.0% to 4.0%. While these short-term market interest rates (which we use as a guide to price our deposits) have increased, longer-term market interest rates (which we use as a guide to price our longer-term loans) have not. This flattening of the market yield curve has had a negative impact on our interest rate spread and net interest margin, and if short-term interest rates continue to rise, and if rates on our deposits and borrowings continue to reprice upwards faster than the rates on our long-term loans and investments, we would continue to experience compression of our interest rate spread and net interest margin, which would have a negative effect on our profitability.

Changes in interest rates also affect the value of our interest-earning assets, and in particular our securities portfolio. Generally, the value of fixed-rate securities fluctuates inversely with changes in interest rates. Unrealized gains and losses on securities available for sale are reported as a separate component of equity, net of tax. Decreases in the fair value of securities available for sale resulting from increases in interest rates could have

an adverse effect on stockholders' equity. In addition, we invest in callable securities that expose us to reinvestment risk, particularly during periods of rising market interest rates when issuers of callable securities tend to call or redeem their securities. Reinvestment risk is the risk that we may have to reinvest the proceeds from called securities at lower rates of return than the rates earned on the called securities. For further discussion of how changes in interest rates could impact us, see *Management's Discussion and Analysis of Financial Condition and Results of Operations - Operations Risk Management - Interest Rate Risk Management*.

Our increased emphasis on multi-family residential and nonresidential real estate and land lending may expose us to increased lending risks.

At September 30, 2005, \$72.5 million, or 34.5%, of our loan portfolio consisted of multi-family residential and nonresidential real estate and land loans. We have grown our loan portfolio in recent years, particularly with respect to multi-family residential and nonresidential real estate and land loans and intend to continue to emphasize these types of lending. These types of loans generally expose a lender to greater risk of non-payment and loss than one- to four-family residential mortgage loans because repayment of the loans often depends on the successful operation of the property and the income stream of the borrowers. Such loans typically involve larger loan balances to single borrowers or groups of related borrowers compared to one- to four-family residential mortgage loans. In addition, since such loans generally entail greater credit risk than one- to four-family residential mortgage loans, we may need to increase our allowance for loan losses in the future to account for the likely increase in probable incurred credit losses associated with the growth of such loans. Also, many of our multi-family residential and nonresidential real estate and land borrowers have more than one loan outstanding with us. Consequently, an adverse development with respect to one loan or one credit relationship can expose us to a significantly greater risk of loss compared to an adverse development with respect to a one- to four-family residential mortgage loan. At September 30, 2005, our largest multi-family residential and nonresidential real estate and land lending relationship was a \$4.3 million commercial real estate loan relationship. This loan

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relationship was within our maximum lending limit to one borrower at September 30, 2005. See *Our Business Lending Activities Loans to One Borrower*.

If we do not achieve profitability on new branches, the new branches may hurt our earnings.

We cannot assure you that our branch expansion strategy and our branch upgrading will increase our earnings in the short term or within a reasonable period of time, if at all. Numerous factors will affect our branch expansion strategy, such as our ability to select suitable branch locations, real estate acquisition costs, competition, interest rates, managerial resources, our ability to hire and retain qualified personnel, the effectiveness of our marketing strategy and our ability to attract deposits. It takes time for a new branch to generate significant deposits and loan volume to offset expenses, some of which, like salaries and occupancy expense, are relatively fixed costs. We can provide no assurance that we will be successful in increasing the volume of our loans and deposits by expanding our branch network. Building and staffing new branch offices will increase our operating expenses. We can provide no assurance that we will be able to manage the costs and implementation risks associated with this strategy so that expansion of our branch network will be profitable.

Strong competition within our market areas could hurt our profits and slow growth.

We face intense competition both in making loans and attracting deposits. In particular, several financial institutions have recently opened new offices or branches in Dearborn County. This competition has made it more difficult for us to make new loans and at times has forced us to offer higher deposit rates. Price competition for loans and deposits might result in us earning less on our loans and paying more on our deposits, which would reduce net interest income. Competition also makes it more difficult to grow loans and deposits. As of June 30, 2005, the most recent date for which information is available, we held 36.3% of the deposits in Dearborn County, Indiana. Competition also makes it more difficult to hire and retain experienced employees. Some of the institutions with which we compete have substantially greater resources and lending limits than we have and may offer services that we do not provide. We expect competition to increase in the future as a result of legislative,

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regulatory and technological changes and the continuing trend of consolidation in the financial services industry. Our profitability depends upon our continued ability to compete successfully in our market areas. For more information about our market areas and the competition we face, see *Our Business Market Areas* and *Our Business Competition*.

We operate in a highly regulated environment and we may be adversely affected by changes in laws and regulations.

We are subject to extensive regulation, supervision and examination by the Office of Thrift Supervision, our primary federal regulator, and by the Federal Deposit Insurance Corporation, as insurer of our deposits. United Community MHC, United Community Bancorp and United Community Bank will all be subject to regulation and supervision by the Office of Thrift Supervision. Such regulation and supervision governs the activities in which an institution and its holding company may engage, and are intended primarily for the protection of the insurance fund and the depositors and borrowers of United Community Bank rather than for holders of United Community Bancorp common stock. Regulatory authorities have extensive discretion in their supervisory and enforcement activities, including the imposition of restrictions on our operations, the classification of our assets and determination of the level of our allowance for loan losses. Any change in such regulation and oversight, whether in the form of regulatory policy, regulations, legislation or supervisory action, may have a material impact on our operations.

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Risks Related to this Offering

Additional expenses following the offering from operating as a public company and from new stock-based benefit plans will adversely affect our profitability.

Following the offering, our noninterest expenses are likely to increase as a result of the financial accounting, legal and various other additional expenses usually associated with operating as a public company. We also will recognize additional annual salaries and employee benefits expenses stemming from the shares purchased or granted to employees and executives under new benefit plans. These additional expenses will adversely affect our profitability. We cannot determine the actual amount of these new stock-related compensation and benefit expenses at this time because applicable accounting practices require that they be based on the fair market value of the shares of common stock at specific points in the future; however, we expect them to be material. We will recognize expenses for our employee stock ownership plan when shares are committed to be released to participants' accounts and will recognize expenses for restricted stock awards and stock options over the vesting period of awards made to recipients. These benefit expenses in the first year following the offering have been estimated to be approximately \$511,000 at the maximum of the offering range as set forth in the pro forma financial information under *Pro Forma Data* assuming the \$10.00 per share purchase price as fair market value. Actual expenses, however, may be higher or lower, depending on the price of our common stock. For further discussion of these plans, see *Our Management Benefit Plans*.

We will need to implement additional finance and accounting systems, procedures and controls in order to satisfy our new public company reporting requirements.

Upon the completion of this offering, we will become a public reporting company. The federal securities laws and the regulations of the Securities and Exchange Commission require that we file annual, quarterly and current reports and that we maintain effective disclosure controls and procedures and internal controls over financial reporting. We expect that the obligations of being a public company, including substantial public

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reporting obligations, will require significant expenditures and place additional demands on our management team. These obligations will increase our operating expenses and could divert our management's attention from our operations. Compliance with the Sarbanes-Oxley Act of 2002 and the related rules and regulations of the Securities and Exchange Commission will require us to certify the adequacy of our internal controls and procedures, which will require us to upgrade our accounting systems, which will increase our operating costs.

Our low return on equity may negatively impact the value of our common stock.

Return on equity, which equals net income divided by average equity, is a ratio used by many investors to compare the performance of a particular company with other companies. For the year ended June 30, 2005 and the three months ended September 30, 2005, our return on equity was 7.02% and 7.50%, respectively. Our pro forma return on equity for the same periods is expected to be 3.96% and 4.17%, respectively, assuming the midpoint of the offering range. Our peer group used in the valuation of United Community Bancorp had an average return on equity of 8.11% for the 12 months ended September 30, 2005, while all publicly traded fully converted thrifts had an average return on equity of 12.73% for the same period. Over time, we intend to use the net proceeds from this offering to increase earnings per share and book value per share, without assuming undue risk, with the goal of achieving a return on equity that is competitive with other publicly held subsidiaries of mutual holding companies. This goal could take a number of years to achieve, and we cannot assure you that it will be attained. Consequently, you should not expect a competitive return on equity in the near future. Failure to achieve a competitive return on equity might make an investment in our common stock unattractive to some investors and might cause our common stock to trade at lower prices than comparable companies with higher returns on equity. See *Pro Forma Data* for an illustration of the financial impact of this offering. The information in *Pro Forma Data* does not reflect the impact that the new expenses we expect to incur as a result of our expansion and operating as a public company will have on our return on equity.

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We have broad discretion in allocating the proceeds of the offering. Our failure to utilize effectively such proceeds would reduce our profitability.

United Community Bancorp intends to contribute approximately 50.0% of the net proceeds of the offering to United Community Bank. We may use the remaining net proceeds to pay dividends to stockholders, repurchase common stock, purchase securities, finance the acquisition of other financial institutions or other businesses that are related to banking, or for other general corporate purposes. We expect to use a portion of the net proceeds to fund the purchase by our employee stock ownership plan of shares in the offering. United Community Bank may use the proceeds it receives to fund new loans, purchase loans, purchase securities, establish or acquire new branches, acquire financial institutions or other businesses that are related to banking, or for general corporate purposes. We have not allocated specific amounts of proceeds for any of these purposes, and we will have significant flexibility in determining how much of the net proceeds we apply to different uses and the timing of such applications. Our failure to utilize these funds effectively would reduce our profitability.

Issuance of shares for benefit programs may dilute your ownership interest.

We intend to adopt an equity incentive plan following the reorganization. If stockholders approve the new equity incentive plan, we intend to issue shares to our officers and directors through this plan. If the restricted stock awards under the equity incentive plan are funded from authorized but unissued stock, your ownership interest in the shares issued to persons other than United Community MHC could be diluted by up to approximately 4.17%, assuming awards of common stock equal to 1.96% of the shares issued in the offering, including shares issued to United Community MHC and contributed to United Community Bank Charitable Foundation, are awarded under the plan. If the shares issued upon the exercise of stock options under the equity incentive plan are issued from authorized but unissued stock, your ownership interest in the shares issued to persons other than United Community MHC could be diluted by up to approximately 9.82%, assuming stock option grants equal to 4.9% of the shares issued in the reorganization, including shares issued to United Community MHC and contributed to United Community Bank Charitable Foundation, are granted under the plan. See *Pro*

Forma Data and Our Management Benefit Plans.

United Community MHC's majority control of our common stock will enable it to exercise voting control over most matters put to a vote of stockholders and will prevent stockholders from forcing a sale or a second-step conversion transaction you may find advantageous.

United Community MHC will own a majority of United Community Bancorp's common stock after the offering and, through its board of directors, will be able to exercise voting control over most matters put to a vote of stockholders. The same directors and officers who will manage United Community Bancorp and United Community Bank will also manage United Community MHC. As a federally chartered mutual holding company, the board of directors of United Community MHC must ensure that the interests of depositors of United Community Bank are represented and considered in matters put to a vote of stockholders of United Community Bancorp. Therefore, the votes cast by United Community MHC may not be in your personal best interests as a stockholder. For example, United Community MHC may exercise its voting control to defeat a stockholder nominee for election to the board of directors of United Community Bancorp. In addition, stockholders will not be able to force a merger or second-step conversion transaction without the consent of United Community MHC. Some stockholders may desire a sale or merger transaction, since stockholders typically receive a premium for their shares, or a second-step conversion transaction, since fully converted institutions tend to trade at higher multiples than mutual holding companies.

Office of Thrift Supervision policy on remutualization transactions could prohibit acquisition of United Community Bancorp, which may adversely affect our stock price.

Current Office of Thrift Supervision regulations permit a mutual holding company to be acquired by a mutual institution in a remutualization transaction. The possibility of a remutualization transaction has recently resulted in a degree of takeover speculation for mutual holding companies that is reflected in the per share price of

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mutual holding companies' common stock. However, the Office of Thrift Supervision has issued a policy statement indicating that it views remutualization transactions as raising significant issues concerning disparate treatment of minority stockholders and mutual members of the target entity and raising issues concerning the effect on the mutual members of the acquiring entity. Under certain circumstances, the Office of Thrift Supervision intends to give these issues special scrutiny and reject applications providing for the remutualization of a mutual holding company unless the applicant can clearly demonstrate that the Office of Thrift Supervision's concerns are not warranted in the particular case. Should the Office of Thrift Supervision prohibit or otherwise restrict these transactions in the future, our per share stock price may be adversely affected. For further information, see

Restrictions on Acquisition of United Community Bancorp and United Community Bank Regulatory Restrictions.

Office of Thrift Supervision regulations and anti-takeover provisions in our charter restrict the accumulation of our common stock, which may adversely affect our stock price.

Office of Thrift Supervision regulations provide that for a period of three years following the date of the completion of the reorganization, no person, acting alone, together with associates or in a group of persons acting in concert, may directly or indirectly offer to acquire or acquire the beneficial ownership of more than 10.0% of our common stock without the prior written approval of the Office of Thrift Supervision. In addition, United Community Bancorp's charter provides that, for a period of five years from the date of the reorganization, no person, other than United Community MHC may acquire directly or indirectly the beneficial ownership of more than 10.0% of any class of any equity security of United Community Bancorp. In the event a person acquires shares in violation of this charter provision, all shares beneficially owned by such person in excess of 10.0% will be considered 'excess shares' and will not be counted as shares entitled to vote or counted as voting shares in connection with any matters submitted to the stockholders for a vote. These factors make it more difficult and less attractive for stockholders to acquire a significant amount of our common stock, which may adversely affect our stock price.

Our stock price may decline when trading commences.

We cannot guarantee that if you purchase shares in the offering that you will be able to sell them at or above the \$10.00 purchase price. The shares of several recent minority offerings by mutual holding companies have traded below the initial offering price after completion of the offering. After the shares of our common stock begin trading, the trading price of the common stock will be determined by the marketplace, and will be influenced by many factors outside of our control, including prevailing interest rates, investor perceptions and general industry, geopolitical and economic conditions. Publicly traded stocks, including stocks of financial institutions, often experience substantial market price volatility. These market fluctuations might not be related to the operating performance of particular companies whose shares are traded.

There may be a limited market for our common stock, which may adversely affect our stock price.

Although we intend to have our stock quoted on the Nasdaq National Market, there is no guarantee that the shares will be actively traded. If an active trading market for our common stock does not develop, you may not be able to sell all of your shares of common stock on short notice and the sale of a large number of shares at one time could temporarily depress the market price. There also may be a wide spread between the bid and asked price for our common stock. When there is a wide spread between the bid and asked price, the price at which you may be able to sell our common stock may be significantly lower than the price at which you could buy it at that time.

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Risks Related to the Formation of the Charitable Foundation

The contribution to United Community Bank Charitable Foundation will decrease the ownership interest and voting interest in the shares issued to persons other than United Community MHC by 4.2% after the contribution.

Purchasers of shares other than United Community MHC will have their ownership and voting interests diluted by 4.2% at the close of the reorganization when United Community Bancorp issues and contributes an additional number of shares to United Community Bank Charitable Foundation. For a further discussion regarding the effect of the contribution to the charitable foundation, see *Pro Forma Data* and *Comparison of Independent Valuation and Pro Forma Financial Information With and Without the Foundation*.

Our contribution to United Community Bank Charitable Foundation may not be tax deductible, which could hurt our profits.

We believe that our contribution to United Community Bank Charitable Foundation, valued at \$1.7 million at the maximum of the offering, pre-tax, will be deductible for federal income tax purposes. However, we do not have any assurance that the Internal Revenue Service will grant tax-exempt status to the foundation. If the contribution is not deductible, we would not receive any tax benefit from the contribution. In addition, even if the contribution is tax deductible, we may not have sufficient profits to be able to use the deduction fully. In the event it is more likely than not that we will be unable to use the entire deduction, we will be required to establish a valuation allowance related to any deferred tax asset that has been recorded for this contribution.

Establishment of United Community Bank Charitable Foundation will hurt our profits for fiscal year 2006.

United Community Bancorp intends to contribute \$250,000 in cash and 1.9% of United Community

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Bancorp's common stock to United Community Bank Charitable Foundation. This contribution will be an additional operating expense and will reduce net income during the fiscal year in which the foundation is established, which is expected to be the year ending June 30, 2006. Based on the pro forma assumptions, at the midpoint of the offering range, the contribution to United Community Bank Charitable Foundation would reduce net earnings by \$968,000, after tax, in fiscal year 2006. See *Pro Forma Data*.

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A Warning About Forward-Looking Statements

This prospectus contains forward-looking statements, which can be identified by the use of words such as

believes, expects, anticipates, estimates or similar expressions. Forward-looking statements include:

statements of our goals, intentions and expectations;

statements regarding our business plans, prospects, growth and operating strategies;

statements regarding the quality of our loan and investment portfolios; and

estimates of our risks and future costs and benefits.

These forward-looking statements are subject to significant risks and uncertainties. Actual results may

differ materially from those contemplated by the forward-looking statements due to, among others, the following

factors:

general economic conditions, either nationally or in our market areas, that are worse than expected;

changes in the interest rate environment that reduce our interest margins or reduce the fair value of financial instruments;

increased competitive pressures among financial services companies;

changes in consumer spending, borrowing and savings habits;

legislative or regulatory changes that adversely affect our business;

adverse changes in the securities markets;

inability of key third-party providers to perform their obligations to United Community Bank;

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changes in accounting policies and practices, as may be adopted by the bank regulatory agencies, the Financial Accounting Standards Board or the Public Company Accounting Oversight Board; and

our ability to successfully implement our branch expansion strategy.

Any of the forward-looking statements that we make in this prospectus and in other public statements we make may turn out to be wrong because of inaccurate assumptions we might make, because of the factors illustrated above or because of other factors that we cannot foresee. Consequently, no forward-looking statement can be guaranteed.

Table of Contents**Selected Financial and Other Data**

The summary financial information presented below is derived in part from our financial statements. The following is only a summary and you should read it in conjunction with the financial statements and notes beginning on page F-1. The information at June 30, 2005 and 2004 and for the years ended June 30, 2005, 2004 and 2003 is derived in part from the audited financial statements of United Community Bank that appear elsewhere in this prospectus. The information at and for the years ended June 30, 2002 and 2001 is derived in part from audited financial statements of United Community Bank that do not appear in this prospectus. The selected data at September 30, 2005 and for the three months ended September 30, 2005 and 2004 was not audited, but in the opinion of management, reflects all adjustments necessary for a fair presentation. All of these adjustments are normal and recurring. The results of operations for the three months ended September 30, 2005 are not necessarily indicative of the results of operations that may be expected for the entire year.

	At	At June 30,				
	September 30, 2005	2005	2004	2003	2002	2001
(In thousands)						
Financial Condition Data:						
Total assets	\$ 321,315	\$ 331,505	\$ 257,145	\$ 267,145	\$ 232,942	\$ 214,121
Cash and cash equivalents	18,345	76,263	6,681	15,801	8,998	16,637
Securities held-to-maturity	265	265	669	761	846	923
Securities available-for-sale	31,704	9,937	16,025	32,199	32,265	21,698
Mortgage-backed securities available-for-sale	48,592	28,199	40,082	60,942	18,034	5,664
Loans receivable, net	206,022	200,878	179,257	145,753	160,115	162,129
Deposits	289,134	299,379	227,939	237,924	206,862	189,949
Advances from Federal Home Loan Bank				328	594	464
Total equity	29,765	29,736	27,584	26,230	23,533	21,794

For the Three Months

	Ended September 30,		For the Year Ended June 30,				
	2005	2004	2005	2004	2003	2002	2001
(In thousands)							
Operating Data:							
Interest income	\$ 4,130	\$ 3,210	\$ 13,470	\$ 12,488	\$ 14,011	\$ 14,974	\$ 16,024
Interest expense	1,819	999	4,655	4,134	6,091	7,524	9,167

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Net interest income	2,311	2,211	8,815	8,354	7,920	7,450	6,857
Provision for loan losses	30	30	857	120	620		
Net interest income after provision for loan losses	2,281	2,181	7,958	8,234	7,300	7,450	6,857
Other income	360	320	1,708	1,373	2,933	1,121	773
Other expense	1,757	1,690	6,979	6,252	5,760	5,202	4,541
Income before income taxes	884	811	2,687	3,355	4,473	3,369	3,089
Provision for income taxes	323	281	642	1,199	1,658	1,353	1,205
Net income	\$ 561	\$ 530	\$ 2,045	\$ 2,156	\$ 2,815	\$ 2,016	\$ 1,884

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	At or for the		At or for the Year Ended June 30,				
	Three Months						
	Ended						
	September 30,						
	2005	2004	2005	2004	2003	2002	2001
Performance Ratios: (1)							
Return on average assets	0.69%	0.80%	0.75%	0.82%	1.12%	0.90%	0.91%
Return on average equity	7.50	7.52	7.02	7.99	11.42	8.90	9.40
Interest rate spread (2)	2.88	3.50	3.33	3.23	3.13	3.23	3.04
Net interest margin (3)	3.01	3.54	3.44	3.35	3.31	3.54	3.42
Noninterest expense to average assets	2.18	2.46	2.55	2.39	2.30	2.33	2.20
Efficiency ratio (4)	65.78	66.77	68.06	64.27	53.07	60.69	59.52
Average interest-earning assets to average interest-bearing liabilities	105.65	102.48	105.64	107.46	107.19	108.12	108.28
Average equity to average assets	9.26	10.28	10.64	10.31	9.46	10.14	9.70
Capital Ratios:							
Tangible capital	9.20	10.19	8.76	10.46	9.29	9.49	9.34
Core capital	9.19	10.19	8.76	10.46	9.29	9.49	9.34
Total risk-based capital	16.04	16.67	15.59	17.26	8.87	16.23	14.96
Asset Quality Ratios:							
Nonperforming loans as a percent of total loans	0.73	0.80	0.72	0.61	0.47	0.36	0.49
Allowance for loan losses as a percent of total loans	1.09	0.82	1.10	0.85	1.00	0.60	0.63
Allowance for loan losses as a percent of nonperforming loans	150.13	102.03	153.21	138.15	209.90	120.57	77.34
Net charge-offs (recoveries) to average outstanding loans during the period		0.01	0.07	0.03	0.07	0.05	0.04
Other Data:							
Number of:							
Real estate loans outstanding	2,339	2,203	2,288	2,198	2,213	2,574	2,812
Deposit accounts	18,464	18,168	18,362	18,205	18,194	18,086	17,633
Offices	5	4	4	4	4	4	4

- (1) Performance ratios for the three months ended September 30, 2005 and 2004 are annualized.
- (2) Represents the difference between the weighted average yield on average interest-earning assets and the weighted average cost on average interest-bearing liabilities.
- (3) Represents net interest income as a percent of average interest-earning assets.
- (4) Represents noninterest expense divided by the sum of net interest income and noninterest income.

Table of Contents**Use of Proceeds**

The following table shows how we expect to use the net proceeds of the offering. The actual net proceeds will depend on the number of shares of common stock sold in the offering and the expenses incurred in connection with the offering. Payments for shares made through withdrawals from deposit accounts at United Community Bank will reduce United Community Bank's deposits and will not result in the receipt of new funds for investment. See *Pro Forma Data* for the assumptions used to arrive at these amounts.

	Minimum of Offering Range		Midpoint of Offering Range		Maximum of Offering Range		15% of Maximum of Offering Range	
	Shares at		Shares at		Shares at		Shares at	
	\$10.00 Per Share	Percent of Net Proceeds	\$10.00 Per Share	Percent of Net Proceeds	\$10.00 Per Share	Percent of Net Proceeds	\$10.00 Per Share	Percent of Net Proceeds
	(Dollars in thousands)							
Offering proceeds	\$ 23,446		\$ 27,584		\$ 31,722		\$ 36,480	
Less: offering expenses	1,098		1,154		1,211		1,275	
Net offering proceeds	22,348	100.0%	26,430	100.0%	30,511	100.0%	35,205	100.0%
Less:								
Proceeds contributed to United Community Bank	11,174	50.0	13,215	50.0	15,256	50.0	17,603	50.0
Proceeds used for loan to employee stock ownership plan	2,132	9.6	2,509	9.5	2,885	9.5	3,318	9.4
Proceeds contributed to charitable foundation	250	1.1	250	1.0	250	0.8	250	0.7
Proceeds contributed to United Community MHC	100	0.4	100	0.3	100	0.3	100	0.3
Proceeds remaining for United Community Bancorp	\$ 8,692	38.9%	\$ 10,356	39.2%	\$ 12,020	39.4%	\$ 13,934	39.6%

United Community Bancorp intends to invest the proceeds it retains from the offering initially in short-term, liquid investments. Over time, United Community Bancorp may use the proceeds it retains from the offering:

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to invest in securities;

to pay dividends to stockholders;

to repurchase shares of its common stock, subject to regulatory restrictions;

to finance the possible acquisition of financial institutions or other businesses that are related to banking; and

for general corporate purposes.

Under current Office of Thrift Supervision regulations, United Community Bancorp may not repurchase shares of its common stock during the first year following the reorganization, except to fund stock-based benefit plans or, with prior regulatory approval, when extraordinary circumstances exist.

United Community Bank intends to invest the proceeds it receives from the offering initially in short-term, liquid investments. Over time, United Community Bank may use the proceeds that it receives from the offering, which are shown in the table above as the amount contributed to United Community Bank:

to fund new loans;

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to invest in securities;

to finance the possible expansion of its business activities, including developing new branch locations; and

for general corporate purposes.

United Community Bank may need regulatory approvals to engage in some of the activities listed above.

It currently has no specific plans or agreements regarding any expansion activities or acquisitions other than the planned branch office openings discussed under **Our Business Properties**. Financing for opening these branches is not contingent on this offering.

Except as described above, neither United Community Bancorp nor United Community Bank has any specific plans for the investment of the proceeds of this offering and has not allocated a specific portion of the proceeds to any particular use. For a discussion of our business reasons for undertaking the reorganization, see *The Reorganization and Stock Offering Reasons for the Reorganization*.

Our Dividend Policy

Following the reorganization, our board of directors intends to adopt a policy of paying regular cash dividends, but has not decided the amount that may be paid or when the payments may begin. In addition, the board of directors may declare and pay periodic special cash dividends in addition to, or in lieu of, regular cash dividends. In determining whether to declare or pay any dividends, whether regular or special, the board of directors will take into account United Community Bancorp's financial condition and results of operations, tax considerations, capital requirements, industry standards and economic conditions. The regulatory restrictions that affect the payment of dividends by United Community Bank to United Community Bancorp discussed below will also be considered. United Community Bancorp cannot guarantee that it will pay dividends or that, if paid, United Community Bancorp will not reduce or eliminate dividends in the future.

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If United Community Bancorp pays dividends to its stockholders, it also will be required to pay dividends to United Community MHC, unless United Community MHC elects to waive the receipt of dividends. We anticipate that United Community MHC will waive any dividends that United Community Bancorp may pay. Any decision to waive dividends will be subject to regulatory approval.

United Community Bancorp will not be subject to Office of Thrift Supervision regulatory restrictions on the payment of dividends. However, United Community Bancorp's ability to pay dividends may depend, in part, upon its receipt of dividends from United Community Bank because United Community Bancorp initially will have no source of income other than earnings from the investment of the net proceeds from the offering that it retains. Office of Thrift Supervision regulations limit dividends and other distributions from United Community Bank to United Community Bancorp. In addition, United Community Bank may not make a distribution that would constitute a return of capital during the three-year term of the business plan submitted in connection with the reorganization. No insured depository institution may make a capital distribution if, after making the distribution, the institution would be undercapitalized. See *Regulation and Supervision Regulation of Federal Savings Associations Limitation on Capital Distributions*.

Any payment of dividends by United Community Bank to United Community Bancorp that would be deemed to be drawn out of United Community Bank's bad debt reserves would require United Community Bank to pay federal income taxes at the then-current income tax rate on the amount deemed distributed. See *Federal and State Taxation Federal Income Taxation* and note 15 of the notes to financial statements included in this prospectus. United Community Bancorp does not contemplate any distribution by United Community Bank that would result in this type of tax liability.

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Market for the Common Stock

We have not previously issued common stock and there is currently no established market for the common stock. Upon completion of the reorganization, we expect to meet the listing standards of and expect that our shares of common stock will be quoted on, the Nasdaq National Market. Keefe, Bruyette & Woods, Inc. intends to become a market maker in our common stock following the reorganization, but is under no obligation to do so. We cannot assure you that other market makers will be obtained or that an active and liquid trading market for the common stock will develop or, if developed, will be maintained.

The development of a public market having the desirable characteristics of depth, liquidity and orderliness depends on the existence of willing buyers and sellers, the presence of which is not within our control or that of any market maker. The number of active buyers and sellers of our common stock at any particular time may be limited, which may have an adverse effect on the price at which our common stock can be sold. There can be no assurance that persons purchasing the common stock will be able to sell their shares at or above the \$10.00 price per share in the offering. Purchasers of our common stock should have a longer term investment intent and should recognize that there may be a limited trading market in the common stock.

Table of Contents**Capitalization**

The following table presents the historical capitalization of United Community Bank at September 30, 2005 and the capitalization of United Community Bancorp reflecting the offering (referred to as pro forma information). The pro forma capitalization gives effect to the assumptions listed under *Pro Forma Data*, based on the sale of the number of shares of common stock indicated in the table. This table does not reflect the issuance of additional shares under the proposed equity incentive plan. **A change in the number of shares to be issued in the offering may materially affect pro forma capitalization.** United Community Bancorp is offering its common stock on a best efforts basis. United Community Bancorp must sell a minimum of 2,344,640 shares to complete the offering.

	United Community Bancorp Pro Forma				
	United Community Bank	Capitalization Based Upon the Sale of			
Capitalization	2,758,400		3,647,984		
as of	2,344,640 Shares at \$10.00	Shares at \$10.00	3,172,160 Shares at \$10.00	Shares at \$10.00	
September 30, 2005	Per Share	Per Share	Per Share	Per Share	
(In thousands)					
Deposits (1)	\$ 289,134	\$ 289,134	\$ 289,134	\$ 289,134	\$ 289,134
Borrowings					
Total deposits and borrowed funds	\$ 289,134	\$ 289,134	\$ 289,134	\$ 289,134	\$ 289,134
Stockholders' equity:					
Preferred stock:					
1,000,000 shares, \$.01 par value per share, authorized; none issued or outstanding	\$	\$	\$	\$	\$
Common stock:					
19,000,000 shares, \$.01 par value per share, authorized; specified number of shares assumed to be issued and outstanding (2)		54	64	74	85
Additional paid-in capital		22,265	26,338	30,408	35,091
Retained earnings (3)	29,525	29,525	29,525	29,525	29,525
Accumulated other comprehensive income	240	240	240	240	240

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Shares issued to the foundation	1,034	1,216	1,398	1,608
Less:				
Capitalization of United Community MHC	100	100	100	100
Foundation contribution expense - shares (4)	682	803	923	1,061
Foundation contribution - cash (4)	165	165	165	165
Common stock acquired by employee stock ownership plan (5)	2,132	2,509	2,885	3,318
Common stock to be acquired by equity incentive plan (6)	1,066	1,255	1,443	1,659
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total stockholders' equity	\$ 29,765	\$ 48,973	\$ 52,551	\$ 60,246
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total pro forma stockholders' equity as a percentage of pro forma total assets (1)	14.39%	15.29%	16.16%	17.15%
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

- (1) Does not reflect withdrawals from deposit accounts for the purchase of common stock in the offering. Withdrawals to purchase common stock will reduce pro forma deposits by the amounts of the withdrawals.
- (2) Reflects total issued and outstanding shares of 5,440,000, 6,400,000, 7,360,000 and 8,464,000 at the minimum, midpoint, maximum and adjusted maximum of the offering range, respectively. Issued and outstanding shares include shares sold in the offering, issued to United Community MHC and contributed to United Community Bank Charitable Foundation.
- (3) Retained earnings are restricted by applicable regulatory capital requirements.
- (4) Represents the expense, net of tax, of the contribution of common stock to United Community Bank Charitable Foundation based on an estimated tax rate of 34.0%. The actual rate experienced by United Community Bancorp may vary. The realization of the tax benefit is limited annually to 10.0% of our annual taxable income. However, for federal and state tax purposes, we can carry forward any unused portion of the deduction for five years following the year in which the contribution is made.
- (5) Assumes that 3.92% of the common stock issued in the reorganization, including shares issued to United Community MHC and contributed to United Community Bank Charitable Foundation, will be acquired by the employee stock ownership plan in the offering with funds borrowed from United Community Bancorp. Under U.S. generally accepted accounting principles, the amount of common stock to be purchased by the employee stock ownership plan represents unearned compensation and is, accordingly, reflected as a reduction of equity. As shares are released to plan participants accounts, a corresponding reduction in the charge against equity will occur. Since the funds are borrowed from United Community Bancorp, the borrowing will be eliminated in consolidation and no liability or interest expense will be reflected in the financial statements of United Community Bancorp. See *Pro Forma Data* and *Our Management Benefit Plans Employee Stock Ownership Plan*.
- (6) Assumes the purchase in the open market at \$10.00 per share, under the proposed equity incentive plan, of a number of shares equal to 1.96% of the shares of common stock issued in the reorganization, including shares issued to United Community MHC and contributed to United Community Bank Charitable Foundation. The shares are reflected as a reduction of stockholders' equity. The equity incentive plan will be submitted to stockholders for approval at a meeting following the reorganization. See *Risk Factors Risks Related to this Offering Issuance of shares for benefit programs may dilute your ownership interest, Pro Forma Data* and *Our Management Benefit Plans Future Equity Incentive Plan*.

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Regulatory Capital Compliance

At September 30, 2005, United Community Bank exceeded all regulatory capital requirements to be considered a well capitalized institution. The following table presents United Community Bank's capital position relative to its regulatory capital requirements at September 30, 2005, on a historical and pro forma basis. The table reflects receipt by United Community Bank of 50.0% of the net proceeds of the offering. For purposes of the table, the amount expected to be borrowed by the employee stock ownership plan and the cost of the shares expected to be awarded under the equity incentive plan as restricted stock (3.92% and 1.96% of the shares of common stock issued, including shares issued to United Community MHC and contributed to United Community Bank Charitable Foundation, respectively) are deducted from pro forma regulatory capital. For a discussion of the assumptions underlying the pro forma capital calculations presented below, see *Use of Proceeds*, *Capitalization* and *Pro Forma Data*. The definitions of the terms used in the table are those provided in the capital regulations issued by the Office of Thrift Supervision. For a discussion of the capital standards applicable to United Community Bank, see *Regulation and Supervision* *Regulation of Federal Savings Associations* *Capital Requirements*.

		Pro Forma at September 30, 2005							
		Minimum of Offering Range		Midpoint of Offering Range		Maximum of Offering Range		15% Above Maximum of Offering Range	
Historical		2,344,640		2,758,400		3,172,160		3,647,984	
at		Shares		Shares		Shares		Shares	
September 30, 2005		at \$10.00 Per Share		at \$10.00 Per Share		at \$10.00 Per Share		Shares at \$10.00 Per Share	
		Percent		Percent		Percent		Percent	
Percent of		Percent of		of		of		of	
Amount	Assets (1)	Amount	Assets	Amount	Assets	Amount	Assets	Amount	Assets

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(Dollars in thousands)

U.S. generally accepted accounting principles equity	\$ 29,765	9.26%	\$ 37,641	11.43%	\$ 39,117	11.83%	\$ 40,593	12.22%	\$ 42,291	12.67%
Tangible Capital:										
Capital level (2)	\$ 29,525	9.20%	\$ 37,401	11.38%	\$ 38,877	11.77%	\$ 40,353	12.16%	\$ 42,051	12.61%
Requirement	4,813	1.50	4,931	1.50	4,954	1.50	4,976	1.50	5,001	1.50
Excess	\$ 24,712	7.70%	\$ 32,470	9.88%	\$ 33,923	10.27%	\$ 35,377	10.66%	\$ 37,050	11.11%
Core Capital:										
Capital level (2)	\$ 29,499	9.19%	\$ 37,375	11.37%	\$ 38,851	11.76%	\$ 40,327	12.16%	\$ 42,025	12.60%
Requirement	12,836	4.00	13,151	4.00	13,210	4.00	13,269	4.00	13,337	4.00
Excess	\$ 16,663	5.19%	\$ 24,224	7.37%	\$ 25,641	7.76%	\$ 27,058	8.16%	\$ 28,688	8.60%
Total Risk-Based Capital:										
Capital level (3)	\$ 31,482	16.04%	\$ 39,358	19.89%	\$ 40,834	20.60%	\$ 42,310	21.32%	\$ 44,008	22.41%
Requirement	15,704	8.00	15,830	8.00	15,854	8.00	15,878	8.00	15,905	8.00
Excess	\$ 15,778	8.04%	\$ 23,528	11.89%	\$ 24,980	12.60%	\$ 26,432	13.60%	\$ 28,103	14.41%

- (1) Tangible capital shown as a percentage of adjusted total assets of \$320.1 million. Risk-based and core capital levels are shown as a percentage of risk-weighted assets of \$196.3 million.
- (2) A portion of the unrealized gains on available-for-sale securities accounts for the difference between capital calculated under U.S. generally accepted accounting principles and each of tangible capital and core capital. See note 14 to the notes to financial statements for additional information.
- (3) Pro forma amounts and percentages assume net proceeds are invested in assets that carry a 20.0% risk-weighting.

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Pro Forma Data

The following tables show information about our net income and stockholders' equity reflecting the reorganization. The information provided illustrates our pro forma net income and stockholders' equity based on the sale of common stock at the minimum of the offering range, the midpoint of the offering range, the maximum of the offering range and 15% above the maximum of the offering range. The actual net proceeds from the sale of the common stock cannot be determined until the reorganization is completed. Net proceeds indicated in the following tables are based upon the following assumptions:

All shares of stock will be sold in the subscription and community offerings;

Our employee stock ownership plan will purchase a number of shares equal to 3.96% of the shares issued in the reorganization, including shares issued to United Community MHC and contributed to United Community Bank Charitable Foundation, with a loan from United Community Bancorp that will be repaid in equal installments over a period of 15 years;

Keefe, Bruyette & Woods, Inc. will receive a fee equal to 1.5% of the aggregate purchase price of the shares sold in the offering, except that no fee will be paid with respect to shares contributed to the charitable foundation or purchased by the employee stock ownership plan or by our officers, directors and employees and members of their immediate families;

Total expenses of the offering, excluding fees paid to Keefe, Bruyette & Woods, Inc., will be \$850,000; and

We will make a charitable contribution of a number of shares of United Community Bancorp common stock equal to 1.9% of the shares issued in the reorganization, including shares issued to United Community MHC, with an assumed value of \$10.00 per share, plus \$250,000 in cash. The number of shares contributed to the foundation would equal 103,360, 121,600, 139,840 and 160,816 at the minimum, midpoint, maximum and adjusted maximum of the offering range, respectively.

Actual expenses may vary from this estimate, and the fees paid will depend upon whether a syndicate of broker-dealers or other means is necessary to sell the shares (which would increase offering expenses), and other factors.

Pro forma net income for the three months ended September 30, 2005 and the year ended June 30, 2005

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have been calculated as if the reorganization was completed at the beginning of each period, and the net proceeds had been invested at 4.36% for the three months ended September 30, 2005 and 3.25% for the year ended June 30, 2005, which represents the one-year treasury rate on each date. We believe that the one-year treasury rate represents a more realistic yield on the investment of the offering proceeds than the arithmetic average of the weighted average yield earned on our interest-earning assets and the weighted average rate paid on our deposits, which is the reinvestment rate required by Office of Thrift Supervision regulations.

A pro forma after-tax return of 2.88% is used for the three months ended September 30, 2005 and 2.15% for the year ended June 30, 2005, after giving effect to a combined federal and state income tax rate of 34.0% for each period. The actual rate experienced by United Community Bancorp may vary. Historical and pro forma per share amounts have been calculated by dividing historical and pro forma amounts by the number of shares of common stock indicated in the tables.

When reviewing the following tables, you should consider the following:

The final column gives effect to a 15% increase in the offering range, which may occur without any further notice if Keller & Company increases its appraisal to reflect the results of this

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offering, changes in our financial condition or results of operations or changes in market or economic conditions after the offering begins or due to regulatory considerations. See *The Reorganization and Stock Offering How We Determined the Offering Range and the \$10.00 Purchase Price*.

Since funds on deposit at United Community Bank may be withdrawn to purchase shares of common stock, the amount of funds available for investment will be reduced by the amount of withdrawals for stock purchases. The pro forma tables do not reflect withdrawals from deposit accounts.

Historical per share amounts have been computed as if the shares of common stock expected to be issued in the reorganization had been outstanding at the beginning of the period covered by the table. However, neither historical nor pro forma stockholders' equity has been adjusted to reflect the investment of the estimated net proceeds from the sale of the shares in the reorganization, the additional employee stock ownership plan expense or the proposed equity incentive plan.

Pro forma stockholders' equity (book value) represents the difference between the stated amounts of our assets and liabilities. Book value amounts do not represent fair market values or amounts available for distribution to stockholders in the unlikely event of liquidation. The amounts shown do not reflect the federal income tax consequences of the restoration to income of United Community Bank's special bad debt reserves for income tax purposes, which would be required in the unlikely event of liquidation. See *Federal and State Taxation*.

The amounts shown as pro forma stockholders' equity per share do not represent possible future price appreciation of United Community Bancorp's common stock.

The pro forma tables do not reflect the impact of the net expenses we initially expect to incur as a result of the construction of branch offices in Aurora, St. Leon and Milan, Indiana, and our operating as a public company.

The following pro forma data may not represent the actual financial effects of the reorganization or our operating results after the reorganization. The pro forma data rely exclusively on the assumptions outlined above and in the notes to the pro forma tables. The pro forma data do not represent the fair market value of our common stock, the current fair market value of our assets or liabilities or the amount of money that would be available for distribution to stockholders if we are liquidated after the reorganization.

We are offering our common stock on a best efforts basis. United Community Bancorp must sell a minimum of 2,344,640 shares to complete the offering.

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	Three Months Ended September 30, 2005			
	Minimum of Offering Range	Midpoint of Offering Range	Maximum of Offering Range	15% Above Maximum of Offering Range
	2,344,640 Shares	2,758,400 Shares	3,172,160 Shares	3,647,984 Shares
	at \$10.00	at \$10.00	at \$10.00	at \$10.00
	Per Share	Per Share	Per Share	Per Share
	(Dollars in thousands, except per share amounts)			
Gross proceeds	\$ 23,446	\$ 27,584	\$ 31,722	\$ 36,480
Less: estimated offering expenses	(1,098)	(1,154)	(1,211)	(1,275)
Estimated net proceeds	22,368	26,430	30,511	35,205
Less: cash contributed to charitable foundation	(250)	(250)	(250)	(250)
Less: cash to United Community MHC	(100)	(100)	(100)	(100)
Less: common stock acquired by employee stock ownership plan (1)	(2,132)	(2,509)	(2,885)	(3,318)
Less: common stock to be acquired by equity incentive plan (2)	(1,066)	(1,254)	(1,443)	(1,659)
Net investable proceeds	<u>\$ 18,800</u>	<u>\$ 22,317</u>	<u>\$ 25,833</u>	<u>\$ 29,878</u>
Pro Forma Net Income:				
Pro forma net income (3):				
Historical	\$ 561	\$ 561	\$ 561	\$ 561
Pro forma income on net investable proceeds	135	161	186	215
Less: pro forma employee stock ownership plan adjustments (1)	(23)	(28)	(32)	(36)
Less: pro forma restricted stock award expense (2)	(35)	(41)	(48)	(55)
Less: pro forma stock option expense (4)	(36)	(42)	(49)	(56)
Pro forma net income	<u>\$ 602</u>	<u>\$ 611</u>	<u>\$ 618</u>	<u>\$ 629</u>
Pro forma net income per share (3):				
Historical	\$ 0.11	\$ 0.09	\$ 0.08	\$ 0.07
Pro forma income on net investable proceeds	0.03	0.03	0.03	0.03
Less: pro forma employee stock ownership plan adjustments (1)	(0.01)	(0.01)	(0.01)	(0.01)
Less: pro forma restricted stock award expense (2)	(0.01)	(0.01)	(0.01)	(0.01)
Less: pro forma stock option expense (4)	(0.01)	(0.01)	(0.01)	(0.01)
Pro forma net income per share	<u>\$ 0.12</u>	<u>\$ 0.10</u>	<u>\$ 0.09</u>	<u>\$ 0.08</u>
Offering price as a multiple of pro forma net income per share	20.83x	25.00x	27.78x	31.25x
Number of shares used to calculate pro forma net income per share (5)	5,230,306	6,153,301	7,076,297	8,137,741

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Pro Forma Stockholders Equity:

Pro forma stockholders equity (book value) (4):

Historical	\$ 29,765	\$ 29,765	\$ 29,765	\$ 29,765
Estimated net proceeds	22,348	26,430	30,511	35,205
Plus: shares issued to the foundation	1,034	1,216	1,398	1,608
Less: after-tax cost of foundation shares	(682)	(803)	(923)	(1,061)
Less: after-tax cost of foundation cash	(165)	(165)	(165)	(165)
Less: capitalization of United Community MHC	(100)	(100)	(100)	(100)
Less: common stock acquired by employee stock ownership plan (1)	(2,132)	(2,509)	(2,885)	(3,318)
Less: common stock to be acquired by equity incentive plan (2)	(1,066)	(1,254)	(1,443)	(1,659)
Pro forma stockholders equity	\$ 49,002	\$ 52,580	\$ 56,158	\$ 60,275

Pro forma stockholders equity per share (4):

Historical	\$ 5.47	\$ 4.65	\$ 4.04	\$ 3.52
Estimated net proceeds	4.11	4.13	4.15	4.16
Plus: shares issued to the foundation	0.19	0.19	0.19	0.19
Less: after-tax cost of foundation shares	(0.13)	(0.13)	(0.13)	(0.13)
Less: after-tax cost of foundation cash	(0.03)	(0.03)	(0.02)	(0.02)
Less: capitalization of United Community MHC	(0.02)	(0.02)	(0.01)	(0.01)
Less: common stock acquired by employee stock ownership plan (1)	(0.39)	(0.39)	(0.39)	(0.39)
Less: common stock to be acquired by equity incentive plan (2)	(0.20)	(0.20)	(0.20)	(0.20)
Pro forma stockholders equity per share	\$ 9.00	\$ 8.20	\$ 7.63	\$ 7.12

Offering price as a percentage of pro forma stockholders equity per share	111.11%	121.95%	131.06%	140.45%
Number of shares used to calculate pro forma stockholders equity per share (5)	5,440,000	6,400,000	7,360,000	8,464,000

(footnotes on page _____)

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	Year Ended June 30, 2005			
	Minimum of Offering Range	Midpoint of Offering Range	Maximum of Offering Range	15% Above Maximum of Offering Range
	2,344,640 Shares	2,758,400 Shares	3,172,160 Shares	3,647,984 Shares
	at \$10.00	at \$10.00	at \$10.00	at \$10.00
	Per Share	Per Share	Per Share	Per Share
(Dollars in thousands, except per share amounts)				
Gross proceeds	\$ 23,446	\$ 27,584	\$ 31,722	\$ 36,480
Less: estimated offering expenses	(1,098)	(1,154)	(1,211)	(1,275)
Estimated net proceeds	22,348	26,430	30,511	35,205
Less: cash contribution to charitable foundation	(250)	(250)	(250)	(250)
Less: cash to United Community MHC	(100)	(100)	(100)	(100)
Less: common stock acquired by employee stock ownership plan (1)	(2,132)	(2,509)	(2,885)	(3,318)
Less: common stock to be acquired by equity incentive plan (2)	(1,066)	(1,254)	(1,443)	(1,659)
Net investable proceeds	<u>\$ 18,800</u>	<u>\$ 22,317</u>	<u>\$ 25,833</u>	<u>\$ 29,878</u>
Pro Forma Net Income:				
Pro forma net income (3):				
Historical	\$ 2,045	\$ 2,045	\$ 2,045	\$ 2,045
Pro forma income on net investable proceeds	403	479	554	641
Less: pro forma employee stock ownership plan adjustments (1)	(94)	(110)	(127)	(146)
Less: pro forma restricted stock award expense (2)	(141)	(166)	(190)	(219)
Less: pro forma stock option expense (4)	(144)	(169)	(194)	(223)
Pro forma net income	<u>\$ 2,069</u>	<u>\$ 2,079</u>	<u>\$ 2,088</u>	<u>\$ 2,098</u>
Pro forma net income per share (3):				
Historical	\$ 0.39	\$ 0.33	\$ 0.29	\$ 0.25
Pro forma income on net investable proceeds	0.08	0.08	0.08	0.08
Less: pro forma employee stock ownership plan adjustments (1)	(0.02)	(0.02)	(0.02)	(0.02)
Less: pro forma restricted stock award expense (2)	(0.03)	(0.03)	(0.03)	(0.03)
Less: pro forma stock option expense (4)	(0.03)	(0.03)	(0.03)	(0.03)
Pro forma net income per share	<u>\$ 0.39</u>	<u>\$ 0.33</u>	<u>\$ 0.29</u>	<u>\$ 0.25</u>
Offering price as a multiple of pro forma net income per share	25.64x	30.30x	34.48x	40.00x
Number of shares used to calculate pro forma net income per share (5)	5,240,969	6,165,845	7,090,722	8,154,330

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Pro Forma Stockholders Equity:

Pro forma stockholders equity (book value) (4):

Historical	\$ 29,736	\$ 29,736	\$ 29,736	\$ 29,736
Estimated net proceeds	22,348	26,430	30,511	35,205
Plus: shares issued to the foundation	1,034	1,216	1,398	1,608
Less: after-tax cost of foundation shares	(682)	(803)	(923)	(1,061)
Less: after-tax cost of foundation cash	(165)	(165)	(165)	(165)
Less: capitalization of United Community MHC	(100)	(100)	(100)	(100)
Less: common stock acquired by employee stock ownership plan (1)	(2,132)	(2,509)	(2,885)	(3,318)
Less: common stock to be acquired by equity incentive plan (2)	(1,066)	(1,254)	(1,443)	(1,659)
Pro forma stockholders equity	\$ 48,973	\$ 52,551	\$ 56,129	\$ 60,246

Pro forma stockholders equity per share (4):

Historical	\$ 5.47	\$ 4.65	\$ 4.04	\$ 3.51
Estimated net proceeds	4.11	4.13	4.15	4.16
Plus: shares issued to the foundation	0.19	0.19	0.19	0.19
Less: after-tax cost of foundation shares	(0.13)	(0.13)	(0.13)	(0.13)
Less: after-tax cost of foundation cash	(0.03)	(0.03)	(0.02)	(0.02)
Less: capitalization of United Community MHC	(0.02)	(0.02)	(0.01)	(0.01)
Less: common stock acquired by employee stock ownership plan (1)	(0.39)	(0.39)	(0.39)	(0.39)
Less: common stock to be acquired by equity incentive plan (2)	(0.20)	(0.20)	(0.20)	(0.20)
Pro forma stockholders equity per share	\$ 9.00	\$ 8.20	\$ 7.63	\$ 7.11

Offering price as a percentage of pro forma stockholders equity per share	111.11%	121.95%	131.06%	140.65%
Number of shares used to calculate pro forma stockholders equity per share (5)	5,440,000	6,400,000	7,360,000	8,464,000

(footnotes on following page)

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- (1) Assumes that the employee stock ownership plan will acquire a number of shares equal to 3.92% of the shares issued in the reorganization, including shares issued to United Community MHC and contributed to United Community Bank Charitable Foundation (213,248, 250,880, 288,512 and 331,789 shares at the minimum, midpoint, maximum and adjusted maximum of the offering range, respectively). The employee stock ownership plan will borrow the funds used to acquire these shares from the net proceeds from the reorganization retained by United Community Bancorp. The amount of this borrowing has been reflected as a reduction from gross proceeds to determine estimated net investable proceeds. This borrowing will have an interest rate equal to the prime rate as published in *The Wall Street Journal*, which is currently _____%, and a term of 15 years. United Community Bank intends to make contributions to the employee stock ownership plan in amounts at least equal to the principal and interest requirement of the debt. Interest income that United Community Bancorp will earn on the loan will offset the interest paid on the loan by United Community Bank. As the debt is paid down, shares will be released for allocation to participants' accounts and stockholders' equity will be increased.

The adjustment to pro forma net income for the employee stock ownership plan reflects the after-tax compensation expense associated with the plan. Applicable accounting principles require that compensation expense for the employee stock ownership plan be based upon shares committed to be released and that unallocated shares be excluded from earnings per share computations. An equal number of shares (1/15 of the total, based on a 15-year loan) will be released each year over the term of the loan. The valuation of shares committed to be released would be based upon the average market value of the shares during the year, which, for purposes of this calculation, was assumed to be equal to the \$10.00 per share purchase price. If the average market value per share is greater than \$10.00 per share, total employee stock ownership plan expense would be greater. See *Our Management Benefit Plans Employee Stock Ownership Plan*.

- (2) Assumes that United Community Bancorp will purchase in the open market a number of shares equal to 1.96% of the shares issued in the offering, including shares issued to United Community MHC and contributed to United Community Bank Charitable Foundation (106,624, 125,440, 144,256 and 165,894 shares at the minimum, midpoint, maximum and adjusted maximum of the offering range, respectively), that will be reissued as restricted stock awards under an equity incentive plan to be adopted following the reorganization. Repurchases will be funded with cash on hand at United Community Bancorp or with dividends paid to United Community Bancorp by United Community Bank. The cost of these shares has been reflected as a reduction from gross proceeds to determine estimated net investable proceeds. In calculating the pro forma effect of the restricted stock awards, it is assumed that the required stockholder approval has been received, that the shares used to fund the awards were acquired at the beginning of the respective period and that the shares were acquired at the \$10.00 per share purchase price. The issuance of authorized but unissued shares of the common stock instead of shares repurchased in the open market would dilute the ownership interests of existing stockholders, other than United Community MHC, by approximately 4.17%.

The adjustment to pro forma net income for the restricted stock awards reflects the after-tax compensation expense associated with the awards. It is assumed that the fair market value of a share of United Community Bancorp common