

United Community Bancorp
Form S-1/A
May 02, 2011
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As filed with the Securities and Exchange Commission on May 2, 2011

Registration No. 333-172827

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

PRE-EFFECTIVE AMENDMENT NO. 1 TO
FORM S-1
REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

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

(Exact name of registrant as specified in its charter)

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Indiana		
State or other jurisdiction of	(Primary Standard Industrial	(IRS Employer
incorporation or organization	Classification Code Number)	Identification Number)
	92 Walnut Street	

Lawrenceburg, Indiana 47025

(812) 537-4822

(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 47025

Lawrenceburg, Indiana

(812) 537-4822

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

Paul M. Aguggia, Esq.
Victor L. Cangelosi, Esq.
Edward G. Olifer, Esq.
Kilpatrick Townsend & Stockton LLP
607 14th Street, NW, Suite 900
Washington, DC 20005
(202) 508-5800

Raymond A. Tiernan, Esq.
Phillip R. Bevan, Esq.
Elias, Matz, Tiernan & Herrick L.L.P.
734 15th Street, NW, 11th Floor
Washington, DC 20005
(202) 347-0300

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:

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.

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

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Smaller reporting company

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 (1)	Amount of registration fee
Common Stock, \$0.01 par value	8,430,938 shares	\$8.00	\$67,447,504	(2)
Participation Interests	(3)		(3)	(4)

- (1) Estimated solely for the purpose of calculating the registration fee pursuant to Regulation 457(o) under the Securities Act.
- (2) A filing fee of \$7,831.00 was paid with the initial filing of the Registration Statement on Form S-1 on March 15, 2011.
- (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 common stock. Accordingly, no separate fee is required for the participation interests pursuant to Rule 457(h)(2) of the Securities Act.

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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Prospectus Supplement

**INTERESTS IN
UNITED COMMUNITY BANK
401(K) PROFIT SHARING PLAN
AND
OFFERING OF 406,875 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 in shares of common stock of United Community Bancorp, Inc., a newly formed Indiana corporation. United Community Bancorp is offering common stock for sale in connection with the conversion of United Community Bank from the partially public mutual holding company form of organization to the fully public stock holding company structure.

In connection with the stock offering, 401(k) Plan participants may direct MG Trust Company (the United Community Bancorp Stock Fund trustee) to use their account balances (excluding funds already invested in United Community Bancorp common stock) to subscribe for and purchase shares of United Community Bancorp common stock in the stock offering. Based upon the value of the 401(k) Plan assets as of March 3, 2011, 401(k) Plan participants may purchase up to 406,875 shares of United Community Bancorp common stock, assuming a purchase price of \$8.00 per share. This prospectus supplement relates to the election of 401(k) Plan participants to invest all or a portion of their 401(k) Plan accounts in United Community Bancorp, Inc. common stock.

The prospectus dated _____, 2011 of United Community Bancorp, which accompanies this prospectus supplement, includes detailed information regarding 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 17 of the prospectus.

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 _____, 2011.

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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 \$8.00 per share, participants may acquire up to 406,875 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 stock offering. Your investment in United Community Bancorp's Stock Fund in connection with the stock offering is also governed by the purchase priorities contained in the United Community Bank plan of conversion and reorganization. See sections of the prospectus attached to this prospectus supplement for a discussion of the purchase priorities in the stock offering.

This prospectus supplement contains information regarding the 401(k) Plan. The attached prospectus contains information regarding the United Community Bank second step conversion, the United Community Bancorp stock offering 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 New Shares of United Community Bancorp Common Stock in the Stock Offering

In connection with the stock offering, you may direct the 401(k) Plan trustee to liquidate up to 100% of your account balance (excluding your current investment in the United Community Bancorp Stock Fund) and use the funds to purchase shares of United Community Bancorp common stock in the stock offering.

All plan participants are eligible to direct MG Trust Company to use their 401(k) Plan assets to invest in the stock offering. However, participant investment directions are subject to subscription rights, purchase priorities and purchase limitations. If you are eligible to order shares in the stock offering, your order will be filled in the following order of priority:

1. Persons with \$50 or more on deposit at United Community Bank as of December 31, 2009;
2. Persons with \$50 or more on deposit at United Community Bank as of _____, 2011 who are not in category 1 above; and
4. Except for persons eligible to subscribe for shares under categories 1 and 2, depositors as of the close of business on _____, 2011, who were not able to subscribe for shares of United Community Bancorp common stock under categories 1 and 2.

To the extent shares remain available after filling orders in the subscription offering, shares will be available in a community offering to natural persons and trusts of natural persons residing in Dearborn and Ripley Counties in Indiana to our existing public shareholders and to the general public.

The limitations on the total amount of United Community Bancorp common stock that you may purchase in the stock offering, as described in the prospectus (see *The Conversion and Offering Limitations on Purchases of Shares*) will be calculated based on the aggregate amount that you subscribed for: (1) through your 401(k) Plan accounts; and (2) through your sources of funds outside of the 401(k) Plan by placing an order in the stock offering using a Stock Order Form. Whether you place an

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order through the 401(k) Plan, outside the plan or both, the number of shares of United Community Bancorp common stock, if any, that you receive will be determined based on the total number of subscriptions, your purchase priority and the allocation priorities set forth in the prospectus. If, as a result of the calculation, you are allocated insufficient shares to fill all of your orders, available shares will be allocated as described in *The Conversion and Offering Subscription Offering and Subscription Rights* in the prospectus. Available shares will be allocated between your 401(k) Plan order and your order outside of the 401(k) Plan. If you so elect, the shares of United Community Bancorp common stock you were unable to subscribe for through the 401(k) Plan will be purchased by the 401(k) Plan trustee on the open market immediately following the completion of the stock offering. If you elect to direct MG Trust Company to purchase shares in the open market, you will not be able to direct the 401(k) Plan trustee as to the timing or price to be paid for the Company common stock.

Value of Participation Interests

As of March 3, 2011, the market value of the assets of the 401(k) Plan (excluding assets invested in United Community Bancorp common stock) equaled approximately \$3,255,000. United Community Bank has informed each participant of the value of his or her beneficial interest in the 401(k) Plan as of December 31, 2010. The value of 401(k) Plan assets represents past contributions to the 401(k) Plan on your behalf, plus or minus earnings or losses on the contributions, less previous withdrawals and loans.

Method of Directing Your Investment Election

Included with this prospectus supplement is a **blue** investment form for you to use to direct MG Trust Company to purchase shares of United Community Bancorp common stock through the United Community Bancorp Stock Fund in the stock offering (the *Investment Form*). If you wish to invest all, or part, in multiples of not less than 1%, of your beneficial interest in the assets of the 401(k) Plan to the United Community Bancorp Stock Fund, you should complete the Investment Form. If you do not wish to make such an election at this time, you do not need to take any action. **The minimum investment during the stock offering is \$200, which equals 25 shares.**

Time for Directing Your Investment Election

If you wish to participate in the stock offering using funds from your 401(k) Plan account, you must submit your Investment Form to Barbara McCormack in the Human Resources Department by __:__ p.m. on _____, 2011,

Irrevocability of Your Investment Election

Once you have submitted your Investment Form, you cannot change your election to subscribe for shares in the stock offering with your 401(k) Plan funds.

Purchase Price of New Shares of United Community Bancorp Common Stock

MG Trust Company will use the funds transferred to the United Community Bancorp Stock Fund Trust to purchase shares of United Community Bancorp common stock in the stock offering. 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 in the stock offering, \$8.00 per share, as all other persons who purchase shares of United Community Bancorp common stock in the stock offering.

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

MG Trust Company will hold United Community Bancorp common stock in the name of the 401(k) Plan. Units of the United Community Bancorp Stock Fund acquired at your investment direction will be credited to your account under the 401(k) Plan.

Voting and Tender Rights of United Community Bancorp Common Stock

The 401(k) Plan trustee (based on instructions received) 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 United Community Bancorp 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 United Community Bancorp 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 401(k) 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 United Community Bancorp 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 401(k) Plan makes provisions for participants to exercise their voting instruction rights and tender instruction rights on a confidential basis.

Future Direction to Purchase Common Stock

You will be able to invest in the United Community Bancorp Stock Fund after the stock offering by accessing your account via the internet and directing the trustee to invest your future contributions or your account balance in the 401(k) Plan into the United Community Bancorp Stock Fund. After the stock offering, to the extent that shares of common stock are available, MG Trust Company will acquire United Community Bancorp common stock at your election in open market transactions at the prevailing market price. Special restrictions may apply to transfers directed to and from the United Community Bancorp Stock Fund by the participants who are subject to the provisions of Section 16(b) of the Securities Exchange Act of 1934, as amended, relating to the purchase and sale of securities by officers, directors and principal shareholders of United Community Bancorp. In addition, if you are an officer of United Community Bancorp that is restricted by the Office of Thrift Supervision from selling shares acquired in the stock offering for one year, the shares you purchased in the stock offering will not be tradable for one year. However, any stock units that you held in the United Community Bancorp Stock Fund before the stock offering are not subject to this one-year trading restriction and therefore may be sold.

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DESCRIPTION OF THE 401(k) PLAN

Introduction

Effective _____, 20__, 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 401(k) 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 401(k) Plan from time to time in the future to ensure continued compliance with these laws. United Community Bank may also amend the 401(k) Plan from time to time in the future to add, modify, or eliminate certain features of the 401(k) Plan, as it sees fit. As a 401(k) Plan governed by ERISA, federal law provides you with various rights and protections as a 401(k) Plan participant. Although the 401(k) 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.

Reference to Full Text of the 401(k) 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 401(k) Plan. You may obtain copies of the full 401(k) Plan document by contacting Barbara McCormack at United Community Bank. You should carefully read the full text of the 401(k) Plan document to understand your rights and obligations under the 401(k) Plan.

Eligibility and Participation

Eligible employees of United Community Bank may participate in the 401(k) Plan as of the first day of the month 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 401(k) Plan upon the completion of one month of service with United Community Bank.

As of March 3, 2011, 93 of the 112 employees of United Community Bank eligible to participate in the 401(k) Plan elected to participate in the 401(k) Plan.

Contributions Under the 401(k) Plan

401(k) 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 401(k) 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 United Community 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 401(k) 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) or who terminated employment during the Plan Year due to disability, retirement or death. Employer contributions vest 100% upon three (3) Years of Service with the Employer.

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Limitations on Contributions

Limitations on Employee Salary Deferrals. Although the 401(k) Plan permits you to defer up to 100% of your compensation, by law your total deferrals under the 401(k) Plan, together with similar plans, may not exceed \$16,500 for 2011. Employees who are age 50 and over may make additional catch-up contributions to the 401(k) Plan, in amounts up to \$5,500 for 2011. (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 401(k) Plan provides that the total amount of contributions and forfeitures (i.e., annual additions) credited to a participant during any year under all defined contribution plans of United Community Bank (including the 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 \$49,000 for 2011.

Top-Heavy Plan Requirements. If the 401(k) Plan is a Top-Heavy Plan for any calendar year, the Bank may be required to make certain minimum contributions to the 401(k) Plan on behalf of non-key employees. In general, the 401(k) 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 Key Employees exceeds 60% of the aggregate balance of the accounts of all employees under the plan. A Key Employee is generally any employee who, at any time during the calendar year or any of the four preceding years, is:

- (1) an officer of the Bank whose annual compensation exceeds \$160,000;
- (2) a 5% owner of the employer, 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) a 1% owner of the employer, 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 total combined voting power of all stock of United Community Bancorp, and whose annual compensation exceeds \$150,000.

The foregoing dollar amounts are for 2011.

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Funds	2010	2009	2008
American Funds EuroPacific Growth Fund	9.07%	38.71%	(40.71)%
American Funds Growth Fund of America	11.95	34.12	(39.24)
American Funds Investment Company of America	10.45	26.77	(34.94)
American Funds New Perspective Fund	12.35	37.08	(38.06)
American Funds SmallCap World Fund	24.52	53.10	(49.58)
Delaware Foundation Conservative Allocation Fund	9.42	25.15	(14.64)
Delaware High-Yield Opportunities Fund	16.06	49.30	(25.90)
Delaware Foundation Moderate Allocation Fund	10.08	27.14	(22.42)
Delaware Foundation Growth Allocation Fund	11.65	30.56	(31.47)
Delaware U.S. Growth Fund	13.71	43.63	(43.80)
Delaware Select Growth Fund	25.94	56.54	(44.46)
Federated Kaufmann Fund	18.75	29.68	(42.22)
Franklin Total Return Fund	8.99	15.12	(5.71)
Morley Capital Stable Value Fund	2.14	2.16	3.94
MFS Utilities Fund	13.24	32.60	(37.68)
Pioneer Growth Opportunities Fund	19.30	42.95	(35.39)
Victory Diversified Stock Fund	12.58	26.32	(36.86)
Victory Fund for Income	6.52	6.05	5.35
Victory Special Value Fund	19.96	32.02	(43.97)

American Funds EuroPacific Growth Fund. This investment fund seeks long-term growth of capital. The fund normally invests at least 80% of assets in equity securities of issuers domiciled in Europe and the Pacific Basin. It may also hold cash or money market instruments.

American Funds Growth Fund of America. This investment fund seeks capital growth. The fund invests primarily in common stocks. Management selects securities that it believes are reasonably priced and represent solid long-term investment opportunities. The fund may invest a portion of its assets in securities of issuers domiciled outside the United States of America.

American Funds Investment Company of America. The fund seeks both capital appreciation and income. The fund invests primarily in common stocks that offer growth and dividend potential.

American Funds New Perspective Fund. The American Funds New Perspective fund seeks long-term growth of capital; income is a secondary consideration. The fund primarily invests in common stocks of foreign and U.S. companies.

American Funds SmallCap World Fund. This fund seeks long-term growth of capital. Normally, the fund invests at least 80% of its assets in equity securities of companies located around the world with small market capitalizations. It may also invest in convertible securities, government obligations, preferred stocks, repurchase agreements, and corporate debt securities.

Delaware Foundation Conservative Allocation Fund. This fund seeks current income and capital appreciation. The fund primarily invests in various Delaware Investments mutual funds based on four asset classes. It normally invests in fixed-income funds, U.S. equity funds, international equity funds and money market funds. This fund is non-diversified.

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Delaware High-Yield Opportunities Fund. This fund seeks total return and, as a secondary objective, high current income. The fund invests primarily in corporate bonds rated BBB- or lower by S&P, Baa3 or lower by Moody's, or similarly rated by another nationally recognized statistical ratings organization. The fund will also invest in unrated bonds judged to be of comparable quality. The fund may invest in U.S. and foreign government securities and corporate bonds of foreign issuers.

Delaware Foundation Moderate Allocation Fund. The fund seeks capital appreciation; current income is secondary. The fund primarily invests in various Delaware Investments mutual funds based on four asset classes. It normally invests assets in U.S. equity funds, fixed income funds, international equity funds and money market funds. This fund is non-diversified.

Delaware Foundation Growth Allocation Fund. The fund seeks long-term capital growth. The fund typically invests about 80% of net assets in equities and 20% of net assets in fixed income securities. The fund may invest 15%-70% of its assets in foreign securities and up to 20% in emerging markets.

Delaware U.S. Growth Fund. The fund seeks long-term capital appreciation. The fund invests primarily in common stocks of companies that are expected to grow faster than the United States economy.

Delaware Select Growth Fund. The fund seeks long-term capital appreciation. The fund invests primarily in common stocks of companies of any size believed to have long-term capital appreciation.

Federated Kaufman Fund. The fund seeks long-term capital appreciation. It invests primarily in common stocks of small and medium-sized companies. The fund may invest a portion of its assets in foreign securities.

Franklin Total Return Fund. The fund seeks to provide high current income, consistent with preservation of capital. Its secondary goal is capital appreciation over the long term. The fund normally invests primarily in investment grade debt securities and financial futures contracts, or options on such contracts, or U.S. Treasury securities.

Morley Capital Stable Value Fund. This fund seeks a high level of income with relative safety of principal by investing in high quality guaranteed investment contracts issued by major insurance companies.

MFS Utilities Fund. The MFS Utilities fund seeks capital growth and current income. The fund normally invests at least 80% of its assets in equity and debt securities of domestic and foreign companies in the utilities industry. It may invest in common stocks and related securities, such as preferred stock, convertible securities and depositary receipts. The fund may also invest in junk bonds, mortgage-backed and asset-backed securities, collateralized mortgage obligations, securities issued by foreign markets and emerging markets and may also engage in active and frequent trading. It is a non-diversified fund.

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Pioneer Growth Opportunities Fund. This fund seeks capital growth by investing primarily in equity securities of companies believed to be reasonably priced or undervalued with above average growth potential.

Victory Diversified Stock Fund. This fund seeks to provide long-term capital growth. The fund principally invests in equity securities and securities convertible into common stocks traded on U.S. Exchanges and issued by large, established companies.

Victory Fund for Income. The fund seeks a high level of current income consistent with the preservation of capital. The fund primarily invests in securities issued by the U.S. government and its agencies. It may invest the remaining assets in securities issued by the U.S. government or its agencies or instrumentalities, with nominal maturities ranging from two to 30 years.

Victory Special Value Fund. This fund seeks to provide long-term capital growth and dividend income. The fund normally invests in the equity securities of companies with market capitalizations within the range of companies comprising the Russell Mid-Cap Index. The fund advisor seeks equity securities that have low valuations relative to the market.

United Community Bancorp Stock Fund. This fund invests primarily in the common stock of United Community Bancorp. 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 fund.

Upon payment of a cash dividend, the unit value is determined prior to distributing the dividend. The dividend is used, to the extent practicable, to purchase shares of United Community Bancorp common stock. Pending investment in the common stock, assets held in the United Community Bancorp Stock Fund are placed in bank deposits and other short-term investments.

Benefits Under the 401(k) 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 401(k) 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 401(k) 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 401(k) Plan loans, subject to the procedures and requirements established by the Plan Administrator. You may obtain additional information from Barbara McCormack in the Human Resources Department 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.

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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 401(k) 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 401(k) Plan trustee will make your distribution on your normal retirement date, unless you request otherwise. If your account balance does 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 401(k) 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 401(k) Plan before your termination of employment with United Community Bank. Federal law may also impose an excise tax on withdrawals from the 401(k) 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.

ADMINISTRATION OF THE 401(k) PLAN

401(k) Plan Trustees

The trustee of the 401(k) Plan is the named fiduciary of the 401(k) Plan for purposes of ERISA. The board of directors of United Community Bank has appointed Frontier Trust Company as the directed trustee for all of the assets in the 401(k) Plan, except the United Community Bancorp Stock Fund, MG Trust Company serves as the stock fund trustee. The trustees receive, hold and invest the assets of the 401(k) Plan and provide for their distribution to participants and beneficiaries in accordance with the terms of the 401(k) Plan.

401(k) Plan Administrator

The Plan Administrator is United Community Bank. The Plan Administrator is responsible for the administration of the 401(k) Plan, selection of investment funds under the 401(k) Plan, interpretation of the provisions of the 401(k) Plan, prescribing procedures for filing applications for benefits, preparation and distribution of information explaining the 401(k) Plan, maintenance of records, books of account and all other data necessary for the proper administration of the 401(k) 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.

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Reports to 401(k) 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.

Amendment and Termination

United Community Bank expects to continue the 401(k) Plan indefinitely. Nevertheless, United Community Bank may terminate the 401(k) Plan at any time. If United Community Bank terminates the 401(k) Plan in whole or in part, regardless of any contrary provisions of the 401(k) 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 also amend the 401(k) 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

If the 401(k) Plan merges or consolidates with another plan or transfers the 401(k) Plan assets to another plan, and if either the 401(k) 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.

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 401(k) 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 401(k) Plan.**

As a qualified retirement plan, the Internal Revenue Code affords the 401(k) Plan tax advantages, including the following:

- (1) The sponsoring employer is allowed an immediate tax deduction for the amount contributed to the 401(k) Plan each year;
- (2) Participants pay no current income tax on amounts contributed by the employer on their behalf; and
- (3) Earnings of the 401(k) Plan are tax-deferred, thereby permitting the tax-free accumulation of income and gains on investments.

United Community Bank administers the 401(k) 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 401(k) Plan's tax exempt status from the Internal Revenue Service, all participants would generally recognize income equal to their

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vested interest in the 401(k) Plan, the participants would not be permitted to transfer amounts distributed from the 401(k) Plan to an Individual Retirement Account or to another tax-qualified retirement plan, and United Community Bank would be denied certain tax deductions with respect to the 401(k) 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 the cost or other basis of the securities to the 401(k) Plan. 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 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 Internal Revenue Service 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 401(k) Plan. Accordingly, you should consult a tax advisor concerning the federal, state and local tax consequences of participating in and receiving distributions from the 401(k) 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

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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 supplement 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.

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 401(k) Plan accounts, either on a Form 4 within two business 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 401(k) Plan for six months after the distribution date.

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Financial Information Regarding Plan Assets

Financial information representing the net assets available for 401(k) Plan benefits at December 31, 2010, is available upon written request to Barb McCormack in the Human Resources Department at United Community Bank.

LEGAL OPINION

The validity of the issuance of the common stock of United Community Bancorp will be passed upon by Kilpatrick Townsend & Stockton LLP, Washington, D.C. Kilpatrick Townsend & Stockton LLP acted as special counsel for United Community Bancorp in connection with the stock offering.

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*****SPECIAL ONE-TIME FORM FOR USE IN STOCK OFFERING*****

UNITED COMMUNITY BANK

401(k) PROFIT SHARING PLAN

INVESTMENT FORM

Name of 401(k) 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 five percent (5%) of the total amount that you transfer into the Stock Fund will not be used to purchase shares of Common Stock in the offering, but will instead be held as cash, as discussed on Page 1 of the attached Prospectus Supplement. Approximately ninety-five percent (95%) of the total amount that you transfer will be used to purchase Common Stock in the offering, rounded down to the nearest \$8.00 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 return this form to Ms. Barbara McCormack at United Community Bank. This form must be received no later than 4:00 p.m. on _____, 2011.*** If you need any assistance in completing this form, please contact Ms. McCormack at (812)537-4822. If you do not complete and return this form by __:__ p.m. on _____, 2011, 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:

_____ Persons with \$50 or more on deposit at United Community Bank as of December 31, 2009;

_____ Persons with \$50 or more on deposit at United Community Bank as of _____, 2011 who are not in category 1 above; and

_____ Except for persons eligible to subscribe for shares under categories 1 and 2, depositors as of the close of business on _____, 2011, who were not able to subscribe for shares of United Community Bancorp common stock under categories 1 and 2.

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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:

<i>Investment Funds</i>	<i>Percentage</i>
American Funds EuroPacific Growth Fund	____%
American Funds Growth Fund of America	____%
American Funds Investment Company of America	____%
American Funds New Perspective Fund	____%
American Funds SmallCap World Fund	____%
Delaware Foundation Aggressive Allocation Fund	____%
Delaware Foundation Conservative Allocation Fund	____%
Delaware High-Yield Opportunities Fund	____%
Delaware Foundation Moderate Allocation Fund	____%
Delaware Foundation Growth Fund	____%
Delaware U.S. Growth Fund	____%
Delaware Select Growth Fund	____%
Federated Kaufmann Fund	____%
Franklin Total Return Fund	____%
Morley Capital Stable Value Fund	____%
MFS Utilities Fund	____%
Pioneer Growth Opportunities Fund	____%
Victory Diversified Stock Fund	____%
Victory Fund for Income	____%
Victory Special Value Fund	____%

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 remain in the Delaware Select Growth Fund until I provide directions to reinvest the funds in accordance with the terms of the 401(k) 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 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

(Proposed holding company for United Community Bank)

Up to 4,350,364 Shares of Common Stock

(Subject to increase to 5,002,918 shares)

United Community Bancorp, a newly formed Indiana corporation, is offering up to 4,350,364 shares of common stock for sale at \$8.00 per share on a best efforts basis in connection with the conversion of United Community MHC from the mutual holding company to the stock holding company form of organization. The shares we are offering represent the ownership interest in United Community Bancorp, a federal corporation, currently owned by United Community MHC. In this prospectus, we will refer to United Community Bancorp, the Indiana corporation, as new United Community Bancorp, and we will refer to United Community Bancorp, the federal corporation, as United Community Bancorp. United Community Bancorp's common stock is currently traded on the NASDAQ Global Market under the trading symbol UCBA. For a period of 20 trading days after the completion of the conversion and offering, we expect the shares of new United Community Bancorp common stock will trade on the NASDAQ Global Market under the symbol UCBAD. Thereafter, our trading symbol will revert to UCBA.

The shares of common stock are first being offered in a subscription offering to eligible depositors and the tax-qualified employee stock ownership plan of United Community Bank as described in this prospectus. Eligible depositors and the employee stock ownership plan have priority rights to buy all of the shares offered. Shares not purchased in the subscription offering will simultaneously be offered for sale to the general public in a community offering, with a preference given to residents of the communities served by United Community Bank and existing stockholders of United Community Bancorp. We also may offer for sale shares of common stock not purchased in the subscription or community offerings in a syndicated community offering through a syndicate of selected dealers.

We may sell up to 5,002,918 shares of common stock because of demand for the shares of common stock or changes in market conditions, without resoliciting purchasers. We must sell a minimum of 3,215,486 shares in the offering in order to complete the offering and the conversion.

In addition to the shares we are selling in the offering, the remaining interest in United Community Bancorp currently held by the public will be exchanged for shares of common stock of new United Community Bancorp based on an exchange ratio that will result in existing public stockholders of United Community Bancorp owning approximately the same percentage of new United Community Bancorp common stock as they owned in United Community Bancorp immediately before the completion of the conversion. We will issue between 0.6906 and 0.9343 shares of common stock in the exchange, which may be increased to 1.0745 shares if we sell 5,002,918 shares of common stock in the offering.

The minimum order is 25 shares. The offering is expected to expire at 4:00 p.m., Eastern Time, on [DATE1]. We may extend this expiration date until [DATE2] without notice to you or longer if the Office of Thrift Supervision approves a later date. No single extension may exceed 90 days and the offering must be completed by [DATE 3], 2013. Once submitted, orders are irrevocable unless the offering is terminated or is extended, with Office of Thrift Supervision approval, beyond [DATE2], or the number of shares of common stock to be sold is increased to more than 5,002,918 shares or decreased to less than 3,215,486 shares. If the offering is extended past [DATE2], or if the number of shares to be sold is increased to more than 5,002,918 shares or decreased to less than 3,215,486 shares, we will resolicit subscribers, and all funds delivered to us to purchase shares of common stock will be returned promptly with interest. Funds received in the subscription and the community offerings will be held in a segregated account at United Community Bank and will earn interest at 0.10% per annum until completion or termination of the offering.

Sandler O'Neill & Partners, L.P. will assist us in selling the shares on a best efforts basis in the subscription and community offerings, and will serve as sole book-running manager for any syndicated community offering. Sandler O'Neill & Partners, L.P. is not required to purchase any shares of common stock that are being offered for sale.

OFFERING SUMMARY

Price Per Share: \$8.00

	Minimum	Midpoint	Maximum	Maximum, as adjusted
Number of shares	3,215,486	3,782,925	4,350,364	5,002,918
Gross offering proceeds	\$ 25,723,888	\$ 30,263,400	\$ 34,802,912	\$ 40,023,344
Estimated offering expenses, excluding selling agent fees and expenses	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
Estimated selling agent fees and expenses (1) (2)	\$ 1,055,404	\$ 1,231,851	\$ 1,408,231	\$ 1,611,116

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Estimated net proceeds	\$ 23,668,484	\$ 28,031,549	\$ 32,394,681	\$ 37,412,228
Estimated net proceeds per share	\$ 7.36	\$ 7.41	\$ 7.45	\$ 7.48

- (1) Includes: (i) selling commissions payable by us to Sandler O'Neill & Partners, L.P. in connection with the subscription and community offerings equal to 1% of the aggregate amount of common stock in the subscription and community offerings (net of insider purchases and shares purchased by our employee stock ownership) or approximately \$90,956 at the maximum, as adjusted, of the offering, assuming that 30.0% of the offering is sold in the subscription and community offerings; (ii) fees and selling commissions payable by us to Sandler O'Neill & Partners, L.P. and any other broker-dealer participating in the syndicated offering equal to 5.5% of the aggregate amount of common stock sold in the syndicated community offering, or approximately \$1.3 million at the maximum, as adjusted, of the offering, assuming that 70.0% of the offering is sold by a syndicate of broker-dealers in a syndicated community offering; and (iii) other expenses of the offering payable to Sandler O'Neill & Partners, L.P. as selling agent estimated to be \$100,000 subject to increase to \$120,000 in the event of a resolicitation. For information regarding compensation to be received by Sandler O'Neill & Partners, L.P. and other broker-dealers that may participate in the syndicated community offering, including the assumptions regarding the number of shares that may be sold in the subscription and community offerings and the syndicated community offering to determine the estimated offering expenses, see *Pro Forma Data* and *The Conversion and Offering Marketing Arrangements*.
- (2) If all shares of common stock are sold in the syndicated community offering, the maximum selling agent fees and expenses would be \$1.5 million at the minimum, \$1.8 million at the midpoint, \$2.0 million at the maximum, and \$2.3 million at the maximum, as adjusted.

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

Please read Risk Factors beginning on page .

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.

SANDLER O'NEILL + PARTNERS, L.P.

For assistance, please contact the Stock Information Center, toll-free, at .

The date of this prospectus is [], 2011

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SUMMARY

This summary highlights material information from this document and may not contain all the information that is important to you. To understand the conversion and offering fully, you should read this entire document carefully.

United Community Bancorp. United Community Bancorp was organized on March 30, 2006 under the laws of the United States to be the holding company for United Community Bank, a stock savings bank also organized under the laws of the United States in connection with United Community Bank's conversion from the mutual to the mutual holding company form of organization. On March 30, 2006, United Community Bancorp completed its initial public offering in which it sold 3,647,984 shares, or 43.1%, of its common stock to the public, including 331,788 shares to the United Community Bank Employee Stock Ownership Plan. An additional 4,655,200 shares, or 55.0% of United Community Bancorp's then outstanding stock, were issued to United Community MHC, United Community Bancorp's federally chartered mutual holding company. Additionally, United Community Bancorp contributed 160,816 shares, or 1.9% of its then outstanding common stock, to the United Community Bank Charitable Foundation. See *Our Business United Community Bank Charitable Foundation*. At December 31, 2010, United Community Bancorp had approximately \$490.8 million in assets, \$429.8 million in deposits and \$55.2 million in stockholders' equity. This entity will cease to exist following the completion of the conversion and the offering.

New United Community Bancorp. New United Community Bancorp following the completion of the conversion and offering will be the unitary savings and loan holding company for United Community Bank, a federally chartered savings bank. New United Community Bancorp is an Indiana chartered corporation.

United Community MHC. United Community MHC is our federally chartered mutual holding company parent. United Community Bancorp is a majority-owned subsidiary of United Community MHC. As a mutual holding company, United Community MHC is a non-stock company that has as its members depositors of United Community Bank. United Community MHC does not engage in any business activity other than owning a majority of the common stock of United Community Bancorp. Currently, United Community MHC owns 4,655,200 shares of United Community Bancorp's common stock. This entity will cease to exist following the completion of the conversion and the offering.

United Community Bank. United Community Bank is a federally chartered savings bank and was created on April 12, 1999 through the merger of Perpetual Federal Savings and Loan Association and Progressive Federal Savings Bank, both located in Lawrenceburg, Indiana. On June 4, 2010, United Community Bank acquired three branches from Integra Bank, National Association, all of which are located in Ripley County, Indiana, by acquiring \$45.9 million in loans and assuming \$53.0 million in deposits.

Our principal executive offices are located at 92 Walnut Street, Lawrenceburg, Indiana 47025 and our telephone number is (812) 537-4822. Our web site address is www.bankucb.com. Information on our web site should not be considered part of this prospectus.

Our Market Area

We are headquartered in Lawrenceburg, Indiana, which is in the eastern part of Dearborn County, Indiana, along the Ohio River. We currently have six branches located in Dearborn County and three branches located in adjacent Ripley County. Dearborn and Ripley Counties represent our primary deposit markets. The primary source of loan originations are existing customers, walk-in traffic, advertising and referrals from customers. We advertise on television and on radio and in newspapers that are widely circulated in Dearborn, Ripley, Franklin, Ohio and Switzerland Counties, Indiana. Accordingly, when our loan rates are competitive, we attract loans from throughout Dearborn, Ripley, Franklin, Ohio and Switzerland Counties, Indiana. The economy of the region in which our current offices are located has historically been a mixture of light industrial enterprises and services. Since the mid-1990s, the economy in Lawrenceburg has been strengthened by the riverboat casino in Lawrenceburg whose presence has supported the development of retail centers and job growth as well as an increase in housing development. Located 20 miles from Cincinnati, Dearborn and Ripley Counties have also benefited from the growth in and around Cincinnati and northern Kentucky, as many residents commute to these areas for employment. Dearborn and Ripley Counties' road system includes eight state highways and three U.S. highways. The counties have two rail lines and port facilities due to the proximity of the Ohio River.

Our Business

We operate as a community-oriented financial institution offering a full menu of banking services and products to consumers and businesses in our market areas. Recent years have seen the expansion of services we offer from a traditional

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savings and loan product mix to one of a full-service financial institution servicing the needs of retail and commercial customers. Our primary business lines involve generating funds from deposits from the general public and municipalities or borrowings and investing such funds in loans and investment securities. We offer non-deposit investment products through a third-party network arrangement with a registered broker dealer. We currently operate nine retail banking locations in Dearborn and Ripley Counties, Indiana.

Our primary lines of business are:

Retail Lending. We offer a variety of one- to four-family mortgage loans, residential construction loans to individuals to finance the construction of residential dwellings for personal use, home equity loans and consumer loans through our branch network. Retail loans constituted 57.1% of our total loan portfolio at December 31, 2010.

Commercial and Nonresidential Real Estate Lending. We offer multi-family real estate, nonresidential real estate, land and commercial business loans for property owners and businesses in our market area. We also offer commercial construction loans for commercial development projects, including apartment buildings, restaurants, shopping centers and owner-occupied properties used for businesses. Commercial and nonresidential real estate loans constituted \$74.7 million, or 24.6%, of our total loan portfolio at December 31, 2010. At such date, multi-family real estate loans constituted \$47.9 million, or 15.7% of our total loan portfolio. We have implemented a strategy to control the growth of these portfolios, particularly outside of Ripley and Dearborn Counties in Indiana.

Deposit Products and Services. We offer a full range of traditional deposit products for consumers and businesses, such as NOW accounts, checking accounts, money market accounts, regular savings accounts, club savings accounts, certificates of deposit, education savings accounts and various retirement accounts. These products can have additional features such as direct deposit, ATM and check card services, overdraft protection, telephone and Internet banking, and remote electronic deposits, thereby providing our customers multiple channels to access their accounts.

Operating Strategy

Our mission is to operate and grow a profitable, independent community-oriented financial institution serving primarily retail customers and small businesses in our market areas. The following are key elements of our business strategy:

Continuing our community-oriented focus

As a community-oriented financial institution, we emphasize providing exceptional customer service as a means to attract and retain customers. We believe that our community orientation is attractive to our customers and distinguishes us from the large banks that operate in our market area. Our ability to succeed in our communities is enhanced by the stability of our senior management. We intend to continue to leverage these strengths in our markets for the purpose of originating new deposits and loans, particularly through our new Ripley County branch offices, while continuing to focus on profitability.

Implementing a controlled growth strategy to prudently increase profitability and enhance stockholder value

Our primary lending activity is the origination of one-to four family mortgage loans secured by homes in our local market area, particularly in Dearborn, Ripley, Franklin, Ohio and Switzerland Counties, Indiana. Between 2006 and 2010, we expanded and diversified our lending activities by originating multi-family and nonresidential real estate secured by properties in the metropolitan Cincinnati market area and, to a lesser extent, in northern Kentucky and the Indiana counties outside of our local market area. These multi-family and nonresidential real estate loans comprise the substantial majority of our nonperforming assets.

From June 30, 2006 until June 30, 2010, our multi-family real estate loans grew to \$46.8 million, or 14.8% of our total loans outstanding from \$20.3 million, or 8.2% of the total loan portfolio. In the Cincinnati and northern Kentucky markets, our multi-family loans grew from \$15.5 million to \$32.8 million, and increased as a percentage of total nonperforming loans from 0.0% at June 30, 2006 to 49.6% at June 30, 2010. During the same period, our non-residential real estate loans grew to \$77.6 million, representing 24.6%, of total loans outstanding from \$65.6 million, or 26.5%, of total loans outstanding. In the Cincinnati and northern Kentucky markets, our non-residential real estate loans increased to \$35.8 million from \$21.7 million, and increased as a percentage of total nonperforming loans from 22.3% at June 30, 2006 to 25.9% at June 30,

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2010.

As a result of the issues arising in our multi-family and nonresidential real estate loan portfolios, in June, 2010, we implemented a strategy to control the growth of our nonresidential real estate and multi-family real estate loan portfolios, particularly outside of Dearborn, Ripley, Franklin, Ohio and Switzerland Counties, Indiana. As part of this strategy, we also

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amended our loan policy to reduce our concentration limits for nonresidential and multi-family real estate loans to 175% and 125%, respectively, of the sum of core capital plus our allowance for loan losses. As of December 31, 2010, these loans represented 135.0% and 90.9%, respectively, of the sum of core capital plus our allowance for loan losses. On a pro forma basis giving effect to the sale of 3,215,486 shares of common stock in the offering and the contribution of 60% of the net proceeds to United Community Bank as of December 31, 2010, these ratios would have been 104.4% and 70.3%, respectively, at such date.

We intend to continue this controlled growth strategy for the foreseeable future until the local economy materially improves and the level of our nonperforming loans in these loan portfolios materially declines. As a result, we will likely experience growth in our one-to-four family residential mortgage loan portfolio and in our investment securities portfolio. Accordingly, we expect that our weighted average yield on interest-earning assets will decrease in future periods because one-to-four family mortgage loans and investment securities generally yield less than nonresidential and multi-family real estate loans. We believe our existing infrastructure and our recent expansion into Ripley County, along with the capital we expect to raise in this offering, will enable us to originate new loans, subject to the foregoing strategy, both to replace existing loans as they are repaid and prudently grow our loan portfolio.

Improving our asset quality

Beginning in the year ended June 30, 2008, we began to experience the adverse effects of the significant national decline in real estate values and some of our borrowers' ability to pay loans. Our nonperforming assets increased from \$7.9 million, or 2.0% of total assets at June 30, 2009 to \$10.9 million, or 2.2% of total assets as of June 30, 2010, to \$23.6 million, or 4.8% of total assets at December 31, 2010. The consequences of this decline were generally evident in all portfolio types, but were more pronounced in the multi-family and nonresidential real estate loans. Our initial approach to resolving nonperforming loans focused on foreclosure and liquidations in the year ended June 30, 2008 and the greater part of the year ended June 30, 2009. This manner of troubled asset resolution proved costly as a result of associated legal and other operating costs. As a result, beginning in the latter part of the year ended June 30, 2009, we placed more attention and resources on loan workouts and initiated a restructuring process initiative with respect to nonperforming loans that provided for either restructuring the loan to the existing borrower in recognition of the lower available cash flows from the collateral properties (troubled debt restructuring) or identification of stronger borrowers to purchase the property and refinance the loan with concessions granted for the loan to cash flow and be reported as a troubled debt restructuring. Under troubled debt restructurings, borrowers are granted limited rate concessions generally ranging from 100 to 300 basis points below the then current market rate for periods of up to three years, with a balloon payment due at maturity. If the loan performs in accordance with its restructured terms, then, at the end of the concession period, the borrower will have the opportunity to refinance the loan at the then current market interest rate. Under either resolution alternative, we believe we have provided the necessary valuation allowances or charge-offs to reflect the loans' carrying amounts at fair value at the time of restructuring. The general concept underlying fair value would indicate that the collateral properties could be sold to other third parties without material loss if the restructuring efforts fail. At December 31, 2010, approximately \$17.5 million, or 74.5%, of our nonperforming loans were troubled debt restructurings. For additional information regarding our troubled debt restructurings, see *Management's Discussion and Analysis of Financial Conditions and Results of Operations Risk Management Analysis of Nonperforming Assets*.

We also have implemented more stringent underwriting standards for our residential lending programs. Residential real estate mortgage applicants are required to have a higher credit score than previously required. As discussed above, we have also implemented a strategy to control the growth of our nonresidential real estate and multi-family real estate loan portfolios.

Improving our funding mix by attracting lower cost core deposits

Core deposits include all deposit account types except certificates of deposit and municipal deposits. Core deposits represent our best opportunity to develop customer relationships that enable us to cross sell our full complement of products and services. Core deposits are also our least costly source of funds which improves our interest rate spread and also contributes non-interest income from account related services. At December 31, 2010, core deposits represented 28.9% of our total deposits as compared to 31.8% at June 30, 2010. Municipal deposits represent tax and other revenues from the local gaming industry. In recent years, we have steadily decreased our reliance on municipal deposits as a percentage of total deposits. At December 31, 2010, municipal deposits represented 32.2% of total deposits, compared to 47.9% of total deposits

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at June 30, 2006. While we expect municipal deposits to continue to remain an important source of funding, we expect to continue to improve our funding mix by marketing lower cost core deposits.

Continuing to increase non-interest income

Our earnings rely heavily on the spread between the interest earned on loans and securities and interest paid on deposits and other borrowings. In order to decrease our reliance on interest rate spread income, we have pursued initiatives to increase non-interest income. Our primary recurring source of non-interest income has been service charges on deposit products and other services. We have also implemented, and realize fee income from, an overdraft protection program and from customer use of debit cards. We also have a significant secondary mortgage operation, including loan servicing, and we continue to invest in personnel and systems to increase our ability to sell one-to four-family mortgages in the secondary market to increase fee income and reduce interest rate risk through the sale of conforming long-term fixed-rate one-to four-family residential mortgage loans. To date, all loans are sold without recourse but with servicing retained. The volume of loans sold totaled \$13.4 million for the six months ended December 31, 2010 and \$25.1 million for the year ended June 30, 2010. For the six months ended December 31, 2010 and the year ended June 30, 2010, we earned \$442,000 and \$278,000, respectively, on the sale of loans. We intend to continue to originate loans for sale in the secondary market to grow our servicing portfolio and generate additional non-interest income.

Upgrading our existing branches, particularly the branch offices we acquired in June, 2010

In an effort to retain customers and attract new customers, we have, in recent years, significantly remodeled four of our offices to improve the décor and traffic flow of the public spaces. Of these four, our Stateline Road branch office was almost doubled in size and significant office space was added to our Aurora branch office, in each case to accommodate the growth we have experienced at those offices. We have also remodeled those offices to improve the presentation of the products and services we are offering to our customers. We intend to continue to upgrade our branch facilities, particularly the branch offices we recently acquired in Ripley County. Total remodeling expenses for fiscal 2011 are expected to be approximately \$250,000, all of which will be capitalized.

Expanding our geographic footprint

We consider our primary deposit and lending market area to be Dearborn, Ripley, Franklin, Ohio and Switzerland Counties, Indiana. In recent years, we have expanded our lending efforts in the Greater Cincinnati metropolitan area and northern Kentucky, and the counties in Indiana outside of our local markets. Since 2005, we have grown our community banking franchise organically through the addition of de novo branches in St. Leon and Aurora, Indiana, and through the strategic acquisition of three branch offices in Ripley County. As a result, we have increased our branch network from four to nine offices. We plan to continue to seek opportunities to grow our business through a combination of de novo branching and complementary acquisitions in our existing market and contiguous markets. We will consider acquisition opportunities that expand our geographic reach in banking, insurance or other complementary financial service businesses, although we do not currently have any agreements or understandings regarding any specific acquisition.

Description of the Conversion and Offering (page)

* The United Community Bank Charitable Foundation owns approximately 2.0% of the current outstanding shares of United Community Bancorp common stock, and will own approximately 2.0% of the new United Community Bancorp common stock.

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The second-step conversion process that we are now undertaking involves a series of transactions by which we will convert our organization from the partially public mutual holding company form to the fully public stock holding company structure. In the stock holding company structure, all of United Community Bank's common stock will be owned by new United Community Bancorp, and all of new United Community Bancorp's common stock will be owned by the public. We are conducting the conversion and offering under the terms of our plan of conversion. Upon completion of the conversion and offering, United Community Bancorp and United Community MHC will cease to exist.

As part of the conversion, we are offering for sale common stock representing the 59.3% ownership interest of United Community Bancorp that is currently held by United Community MHC. At the conclusion of the conversion and offering, existing public stockholders of United Community Bancorp will receive shares of common stock in new United Community Bancorp in exchange for their existing shares of common stock of United Community Bancorp, based upon an exchange ratio of 0.6906 shares to 0.9343 shares, subject to upward adjustment to 1.0745 shares. The actual exchange ratio will be determined at the conclusion of the conversion and the offering based on the total number of shares sold in the offering, and is intended to result in United Community Bancorp's existing public stockholders owning the same 40.7% interest of new United Community Bancorp common stock as they currently own of United Community Bancorp common stock, without giving effect to cash paid in lieu of issuing fractional shares or shares that existing stockholders may purchase in the offering.

After the conversion and offering, our ownership structure will be as follows:

- * Upon completion of the offering, the United Community Bank Charitable Foundation will continue to own approximately 1.9% of the outstanding shares of new United Community Bancorp common stock. No stock or cash contribution will be made to the charitable foundation in connection with the conversion and offering. All new United Community Bancorp common stock owned by the charitable foundation will continue to be voted in the same ratio as all other new United Community Bancorp shares voted on each proposal considered by new United Community Bancorp stockholders.

We may cancel the conversion and offering with the concurrence of the Office of Thrift Supervision. If canceled, orders for common stock submitted will be canceled, subscribers' funds will be promptly returned with interest calculated at United Community Bank's passbook savings rate, currently 0.10%, and all deposit account withdrawal authorizations will be cancelled.

The normal business operations of United Community Bank will continue without interruption during the conversion and offering, and the same officers and directors who currently serve United Community Bank in the mutual holding company structure will serve the new holding company and United Community Bank in the fully converted stock form.

Reasons for the Conversion and Offering (page)

Our primary reasons for the conversion and offering are the following:

While United Community Bank currently exceeds all regulatory capital requirements, given the changing regulatory environment, the proceeds from the sale of common stock will strengthen our capital position, which will support our continuing operations and future lending and operational growth. Our board of directors considered current market conditions, the amount of capital needed for continued operations and growth, that the offering will not raise excessive capital, and the interests of existing stockholders in deciding to conduct the conversion and offering at this time.

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We are currently regulated by the Office of Thrift Supervision. Recently enacted financial regulatory reform legislation will result in changes to our primary bank regulator and holding company regulator, as well as changes in regulations applicable to us, which may include changes in regulations affecting capital requirements, payment of dividends and conversion to stock form. Specifically, the Federal Reserve Board will become the sole federal regulator of all holding companies, including mutual holding companies, and the Federal Reserve Board historically has not allowed mutual holding companies to waive the receipt of dividends from their mid-tier holding company subsidiaries. Although United Community MHC is considered a grandfathered mutual holding company under the new legislation, it is not clear how the Federal Reserve Board will evaluate dividend waivers by grandfathered mutual holding companies and whether the Federal Reserve Board would require any future waived dividends to be taken into account in determining an appropriate exchange ratio, which would result in dilution to the ownership interests of minority stockholders in the event of a second-step conversion to stock form. The reorganization will eliminate our mutual holding company structure and any regulatory uncertainty associated with dividend waivers by our mutual holding company.

The larger number of shares that will be in the hands of public investors after completion of the conversion and offering is expected to result in a more liquid and active market than currently exists for United Community Bancorp common stock. A more liquid and active market would make it easier for our stockholders to buy and sell our common stock. See *Market for the Common Stock*.

The stock holding company structure is a more familiar form of organization, which we believe will make our common stock more appealing to investors, and will give us greater flexibility to access the capital markets through possible future equity and debt offerings and to acquire other financial institutions or financial service companies. Our current mutual holding company structure limits our ability to raise capital or issue stock in an acquisition transaction because United Community MHC must own at least 50.1% of the shares of United Community Bancorp. Currently, however, we have no plans, agreements or understandings regarding any additional securities offerings or acquisitions.

Terms of the Offering

We are offering between 3,215,486 and 4,350,364 shares of common stock in a subscription offering to eligible depositors of United Community Bank (including depositors of the three branches of Integra Bank, National Association, we acquired in June, 2010) and to our employee stock ownership plan. To the extent shares remain available, we will offer shares in a community offering to natural persons (and trusts of natural persons) residing in Dearborn and Ripley Counties, Indiana, to our existing public stockholders as of _____, 2011 and to the general public. With regulatory approval, we may increase the number of shares to be sold up to 5,002,918 shares without giving you further notice or the opportunity to change or cancel your order. In considering whether to increase the offering size, 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 financial market conditions. Once submitted, orders are irrevocable unless the offering is terminated or is extended beyond [DATE2], 2011, or the number of shares of common stock to be sold is increased to more than 5,002,918 shares or decreased to less than 3,215,486 shares. If we extend the offering beyond [DATE2], 2011, 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 promptly return your funds with interest calculated at United Community Bank's passbook savings rate or cancel your deposit account withdrawal authorization. If we intend to sell fewer than 3,215,486 shares or more than 5,002,918 shares, we will promptly return all funds and set a new offering range. All subscribers will be notified and given the opportunity to place a new order.

Shares of our common stock not purchased in the subscription offering or the community offering may be offered for sale to the general public in a syndicated community offering through a syndicate of selected dealers on a best efforts basis. We may begin the syndicated community offering at any time following the commencement of the subscription offering. Sandler O'Neill & Partners, L.P. will act as sole book-running manager. Neither Sandler O'Neill & Partners, L.P. nor any other member of the syndicate is required to purchase any shares in the syndicated community offering.

The purchase price is \$8.00 per share. All investors will pay the same purchase price per share. Investors will not be charged a commission to purchase shares of common stock in the offering. Sandler O'Neill & Partners, L.P., our marketing agent in the offering, will use its best efforts to assist us in selling shares of our common stock.

Table of Contents**How We Determined the Offering Range and Exchange Ratio (page)**

Federal regulations require that the aggregate purchase price of the securities sold in the offering be based upon our estimated pro forma market value after the conversion (i.e., taking into account the expected receipt of proceeds from the sale of securities in the offering) as determined by an independent appraisal. We have retained Keller & Co., Inc., which is experienced in the evaluation and appraisal of financial institutions, to prepare the appraisal. Keller & Co. has indicated that in its valuation as of February 18, 2011, our common stock's estimated full market value ranged from \$43.4 million to \$58.7 million, with a midpoint of \$51.0 million. The pro forma market value of new United Community Bancorp includes:

the total number of shares that will be sold in the offering (representing the 59.3% ownership interest in United Community Bancorp currently owned by United Community MHC); and

the total number of shares to be issued to current United Community Bancorp stockholders in exchange for their shares of United Community Bancorp common stock (representing the remaining 40.7% ownership interest in United Community Bancorp currently owned by current United Community Bancorp stockholders).

This valuation and United Community MHC's ownership interest in United Community Bancorp, results in an offering range of \$25.7 million to \$34.8 million, with a midpoint of \$30.3 million. Keller & Co. will receive fees totaling \$42,000 for its appraisal report, plus \$3,000 for any appraisal updates (of which there will be at least one) and reimbursement of out-of-pocket expenses.

The appraisal is based in part upon United Community Bancorp's financial condition and results of operations, the effect of the additional capital we will raise from the sale of common stock in this offering, and an analysis of a peer group of ten publicly traded savings and loan holding companies that Keller & Co. considered comparable to United Community Bancorp. The appraisal peer group consists of the companies listed below. Total assets are as of December 31, 2010. All members of the peer group are listed on The NASDAQ Stock Market.

Company Name	Ticker Symbol	Headquarters	Total Assets (In millions)
FFD Financial Corp.	FFDF	Dover, OH	\$ 209.2
First Federal of Northern Michigan Bancorp, Inc.	FFNM	Alpena, MI	215.9
River Valley Bancorp	RIVR	Madison, IN	386.6
Wayne Savings Bancshares, Inc.	WAYN	Wooster, OH	409.5
First Capital, Inc.	FCAP	Corydon, IN	452.4
First Clover Leaf Financial Corp.	FCLF	Edwardsville, IL	574.5
TF Financial Corp.	THRD	Newtown, PA	691.8
CFS Bancorp, Inc.	CITZ	Munster, IN	1,121.7
MutualFirst Financial, Inc.	MFSF	Muncie, IN	1,404.5
Pulaski Financial Corp.	PULB	St. Louis, MO	1,466.9
Average			693.3
Median			513.4

In preparing its appraisal, Keller & Co. considered the information in this prospectus, including our financial statements. Keller & Co. also considered the following factors, among others:

our historical and projected operating results and financial condition, including, but not limited to, net interest income, the amount and volatility of interest income and interest expense relative to changes in market conditions and interest rates, asset quality, levels of loan loss provisions, the amount and sources of non-interest income, and the amount of non-interest expense;

the economic, demographic and competitive characteristics of our market area, including, but not limited to, employment by industry type, unemployment trends, size and growth of the population, trends in household and per capita income, and deposit market share;

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a comparative evaluation of our operating and financial statistics with those of other similarly-situated, publicly-traded savings associations and savings association holding companies, which included a comparative analysis of balance sheet composition, income statement and balance sheet ratios, credit and interest rate risk exposure;

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the effect of the capital raised in this offering on our net worth and earnings potential, including, but not limited to, the increase in consolidated equity resulting from the offering, the estimated increase in earnings resulting from the investment of the net proceeds of the offering, and the estimated impact on consolidated equity and earnings resulting from adoption of the proposed employee stock benefit plans; and

the trading market for United Community Bancorp common stock and securities of comparable institutions and general conditions in the market for such securities.

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 book value and tangible book value and the ratio of the offering price to the issuer's core earnings. Keller & Co. considered these ratios in preparing its appraisal, among other factors. Book value is the same as total equity and represents the difference between the issuer's assets and liabilities. Tangible book value is equal to total equity minus intangible assets. Core earnings, for purposes of the appraisal, was defined as net earnings after taxes, excluding the after-tax portion of income from nonrecurring items. Keller & Co.'s appraisal also incorporates an analysis of a peer group of publicly traded companies that Keller & Co. considered to be comparable to us. In applying each of the valuation methods, Keller & Co. considered adjustments to our pro forma market value based on a comparison of United Community Bancorp with the peer group.

The following table presents a summary of selected pricing ratios for the peer group companies utilized by Keller & Co. in its appraisal and the pro forma pricing ratios for us as calculated by Keller & Co. in its appraisal report, based on United Community Bancorp's financial data as of and for the 12 months ended December 31, 2010. The pro forma pricing ratios for new United Community Bancorp are based on United Community Bancorp's financial data as of or for the 12 months ended December 31, 2010.

	Price to Book Value Ratio	Price to Tangible Book Value Ratio	Price to Earnings Multiple	Price to Core Earnings Multiple
New United Community Bancorp (pro forma):				
Minimum	56.64%	59.52%	33.48	33.88
Midpoint	63.38	66.44	38.83	39.30
Maximum	69.49	72.68	44.04	44.56
Maximum, as adjusted	75.85	79.15	49.85	50.43
Pricing ratios of peer group companies as of February 18, 2011:				
Average	70.76	73.98	13.45	13.76
Median	75.43	78.88	12.56	12.45

Compared to the average pricing ratios of the peer group, at the maximum of the offering range our common stock would be priced at a discount of 1.78% to the peer group on a price-to-book basis, a discount of 1.75% on a price-to-tangible book basis, a premium of 227.37% on a price to earnings basis and a premium of 223.77% on a price to core earnings basis. This means that, at the maximum of the offering range, a share of our common stock would be less expensive than the peer group on a book value and tangible book value basis and more expensive on an earnings and core earnings basis.

Compared to the average pricing ratios of the peer group, at the minimum of the offering range our common stock would be priced at discount of 19.95% to the peer group on a price-to-book basis, a discount of 19.55% on a price-to-tangible book basis, a premium of 148.85% on a price to earnings basis and a premium of 146.19% on a price to core earnings basis. This means that, at the minimum of the offering range, a share of our common stock would be less expensive than the peer group on a book value and tangible book value basis and more expensive on an earnings and core earnings basis.

Our board of directors reviewed Keller & Co.'s appraisal report, including the methodology and the assumptions used by Keller & Co., and determined that the offering range was reasonable and adequate. Our board of directors has determined to offer the shares for a price of \$8.00 per share by taking into account, among other factors, the market price of our stock before adoption of the plan of conversion, the requirement under Office of Thrift Supervision regulations that the common stock be offered in a manner that will achieve the widest distribution of the stock, and desired liquidity in the common stock after the offering. Our board of directors also established the formula for determining the exchange ratio. Based upon such formula and the offering range, the exchange ratio ranged from a minimum of 0.6906 to a maximum of 0.9343 shares of new United Community Bancorp common stock for each current share of United Community Bancorp common stock, with a midpoint of 0.8125. Based upon this exchange ratio, we expect to issue between 2,203,264 and 2,980,886 shares of new United Community Bancorp common stock to the holders of United Community Bancorp common stock outstanding immediately before the completion of the conversion and offering.

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Because of differences in important factors such as operating characteristics, location, financial performance, asset size, capital structure and business prospects between us and other fully converted institutions, you should not rely on these comparative valuation ratios as an indication as to whether or not our common stock is an appropriate investment for you. **The appraisal is not intended, and must not be construed, as a recommendation of any kind as to the advisability of purchasing our common stock. The appraisal does not indicate market value. You should not assume or expect that the appraisal described above means that our common stock will trade at or above the \$8.00 purchase price after the offering.**

Our board of directors makes no recommendation of any kind as to the advisability of purchasing shares of common stock in the offering.

Possible Change in Offering Range

Keller & Co. will update its appraisal before we complete the conversion and offering. If, as a result of regulatory considerations, demand for the shares or changes in financial market conditions, Keller & Co. determines that our estimated pro forma market value has increased, we may sell up to 5,002,918 shares without further notice to you. If our pro forma market value at that time is either below \$43.4 million or above \$67.5 million, then, after consulting with the Office of Thrift Supervision, we may: terminate the 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; or take such other actions as may be permitted by the Office of Thrift Supervision and the Securities and Exchange Commission.

The Exchange of Existing Shares of United Community Bancorp Common Stock (page)

If you are a stockholder of United Community Bancorp on the date we complete the conversion and offering, your existing shares will be cancelled and exchanged for shares of new United Community Bancorp. The number of shares you will receive will be based on an exchange ratio determined as of the completion of the conversion and offering that is intended to result in United Community Bancorp's existing public stockholders owning approximately 40.7% of new United Community Bancorp's common stock, which is the same percentage of United Community Bancorp common stock currently owned by existing public stockholders. The following table shows how the exchange ratio will adjust, based on the number of shares sold in our offering. The table also shows how many shares a hypothetical owner of 100 shares of United Community Bancorp common stock would receive in the exchange, based on the number of shares sold in the offering, and the pro forma tangible book value per exchanged share.

	Exchange Ratio	Shares to be Received for 100 Existing Shares (1)
Minimum	0.6906	69
Midpoint	0.8125	81
Maximum	0.9343	93
Maximum, as adjusted	1.0745	107

- (1) No fractional shares of new United Community Bancorp common stock will be issued in the conversion and offering. For each fractional share that would otherwise be issued, we will pay cash in an amount equal to the product obtained by multiplying the fractional share interest to which the holder would otherwise be entitled by the \$8.00 per share offering price.

We also will convert options previously awarded under the 2006 Equity Incentive Plan into options to purchase new United Community Bancorp common stock. At December 31, 2010, there were outstanding options to purchase 346,304 shares of United Community Bancorp common stock. The number of outstanding options and related per share exercise prices will be adjusted based on the exchange ratio. The aggregate exercise price, term and vesting period of the outstanding options will remain unchanged. If any options are exercised before we complete the offering, the number of shares of United Community Bancorp common stock outstanding will increase and the exchange ratio could be adjusted.

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Ownership of New United Community Bancorp after Completion of the Conversion and Offering

The following table shows the number of shares to be issued, and approximate percentage of the total stock issuance, for each of the shares to be sold in the offering and shares to be received in exchange for existing shares of United Community Bancorp.

	Shares to be Sold in the Offering		Shares to be Received in Exchange for Existing Shares of United Community Bancorp		Total Shares of Common Stock to be Outstanding
	Amount	Percent	Amount	Percent	
Minimum	3,215,486	59.3%	2,203,264	40.7%	5,418,750
Midpoint	3,782,925	59.3	2,592,075	40.7	6,375,000
Maximum	4,350,364	59.3	2,980,886	40.7	7,331,250
Maximum, as adjusted	5,002,918	59.3	3,428,019	40.7	8,430,938

How We Intend to Use the Proceeds of this Offering (page)

The following table summarizes how we intend to use the proceeds of the offering, based on the sale of shares at the minimum and maximum of the offering range.

(In thousands)	Minimum of Offering Range 3,215,486 Shares at \$8.00 per Share	Maximum of Offering Range 4,350,364 Shares at \$8.00 per Share
	(In thousands)	
Offering proceeds	\$ 25,724	\$ 34,803
Less: Offering expenses	(2,056)	(2,409)
Net offering proceeds	23,668	28,031
Plus: Consolidation of MHC	100	100
Less:		
Proceeds contributed to United Community Bank	(14,201)	(19,436)
Proceeds used for loan to employee stock ownership plan	(1,636)	(2,213)
Proceeds remaining for new United Community Bancorp	\$ 7,931	\$ 10,845

Initially, we intend to invest the proceeds of the offering in short-term investments. In the future, new United Community Bancorp may use the funds it retains to invest in securities, pay cash dividends, repurchase shares of its common stock, subject to regulatory restrictions, or for general corporate purposes. Over time, United Community Bank intends to use the portion of the proceeds that it receives to fund new loans, but the amount of time that it will take to deploy the proceeds of the offering into loans will depend primarily on the level of loan demand. We may also use the proceeds of the offering to diversify our business or acquire other companies or expand our branch network, although we have no specific plans to do so at this time.

Purchases by Directors and Executive Officers (page)

We expect that our directors and executive officers, together with their associates, will subscribe for approximately 39,300 shares. Our directors and executive officers will pay the same \$8.00 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 conversion. Purchases by our directors and executive officers will count towards the minimum number of shares we must sell to close the offering.

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All directors and executive officers, together with their associates, are expected to own, upon completion of the offering and the exchange, approximately 6.9% of our outstanding shares at the minimum of the offering range, not including any shares that may be acquired by exercising currently exercisable stock options.

Table of Contents**Benefits of the Conversion to Management (page)**

We will recognize additional compensation expense related to the expanded employee stock ownership plan and the new equity incentive plan that we intend to adopt subsequent to the completion of the offering and the conversion. The actual expense will depend on the market value of our common stock and will increase as the value of our common stock increases. As reflected under *Pro Forma Data*, based upon assumptions set forth therein, the annual after-tax expense related to the employee stock ownership plan and the new equity incentive plan would have been \$433,000 for the year ended June 30, 2010, assuming shares are sold at the maximum of the offering range. If awards under the new equity incentive plan are funded from authorized but unissued stock, your ownership interest would be diluted by up to approximately 6.9%. See *Pro Forma Data* for an illustration of the effects of each of these plans.

Employee Stock Ownership Plan. Our employee stock ownership plan intends to purchase an amount of shares equal to 6.4% of the shares sold in the offering by using the proceeds from a 20-year loan from new United Community Bancorp. Alternatively, we reserve the right to purchase shares of common stock in the open market following the offering to fund all or a portion of the employee stock ownership plan. As the loan is repaid and shares are released from collateral, the shares will be allocated to the accounts of employee participants. Allocations will be based on a participant's individual compensation as a percentage of total plan compensation. Non-employee directors are not eligible to participate in the employee stock ownership plan. The purchase of common stock by the employee stock ownership plan in the offering will comply with all applicable Office of Thrift Supervision regulations except to the extent waived by the Office of Thrift Supervision. 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.

New Equity Incentive Plan. We intend to implement a new equity incentive plan no earlier than six months after completion of the conversion and offering. We will submit this plan to our stockholders for their approval. Under this plan, if implemented within 12 months following the completion of the conversion, we intend to grant stock options in an amount up to 9.0% of the number of shares sold in the offering and restricted stock awards in an amount equal to 3.2% of the shares sold in the offering. 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. Shares of restricted stock will be awarded at no cost to the recipient. 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. If the new equity incentive plan is adopted more than 12 months after the completion of the conversion, restricted stock awards and stock option grants under the plan may exceed the percentage limitations set forth above. The new equity incentive plan will supplement our existing 2006 Equity Incentive Plan, which will continue as a plan of new United Community Bancorp. The equity incentive plan will comply with all applicable Office of Thrift Supervision regulations except to the extent waived by the Office of Thrift Supervision.

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 and stock options that are expected to be available under the new equity incentive plan. The number of shares reflected for the benefit plans in the table below assumes that the new equity incentive plan is implemented within 12 months following completion of the conversion.

	Number of Shares to be Granted or Purchased			Dilution	Total Estimated Value
	At Maximum of Offering Range	As a % of Common Stock Sold in the Offering	As a % of Common Stock Outstanding After Offering (3)	Resulting from Issuance of Additional Shares	
	(Dollars in thousands)				
Employee stock ownership plan (1)	276,510	6.4%	8.0%	0.0%	\$ 2,212,080
Restricted stock awards (1)	138,255	3.2	4.0	1.6	1,106,040
Stock options (2)	392,294	9.0	10.0	5.1	1,157,267
Total	807,059	18.6%	22.0%	6.9%	4,475,387

- (1) Assumes the value of new United Community Bancorp common stock is \$8.00 per share for determining the total estimated value.
- (2) Assumes the value of a stock option is \$2.95. See *Pro Forma Data*.
- (3) Reflects the percentage of outstanding shares the employee stock ownership plan and the equity incentive plan will have after the offering, shares held by our existing employee stock ownership plan, and stock options and restricted stock previously awarded or available for future awards under our existing 2006 Equity Incentive Plan.

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We may fund our plans through open market purchases, as opposed to new issuances of common stock; however, if any options previously granted under our 2006 Equity Incentive Plan are exercised during the first year following completion of the offering, they will be funded with newly-issued shares as Office of Thrift Supervision regulations do not permit us to repurchase our shares during the first year following the completion of this offering except to fund the grants of restricted stock under the equity incentive plan or, with prior regulatory approval, under extraordinary circumstances. The Office of Thrift Supervision has previously advised that the exercise of outstanding options and cancellation of treasury shares in the conversion will not constitute an extraordinary circumstance or a compelling business purpose for satisfying this test.

The following table presents information regarding our existing employee stock ownership plan, options and restricted stock previously awarded or available for future awards under our 2006 Equity Incentive Plan, additional shares to be purchased by our employee stock ownership plan, and our proposed new equity incentive plan. The table below assumes that 7,331,250 shares are outstanding after the offering, which includes the sale of 4,350,364 shares in the offering at the maximum of the offering range and the issuance of 3,371,579 shares in exchange for shares of United Community Bancorp using an exchange ratio of 0.9343. It is also assumed that the value of the stock is \$8.00 per share. The number of shares reflected for the benefit plans in the table below assumes that the new equity incentive plan is implemented within 12 months following completion of the conversion.

Existing and New Stock Benefit Plans	Eligible Participants	Number of Shares at Maximum of Offering Range (Dollars in thousands)	Estimated Value of Shares	Percentage of Shares Outstanding After the Offering
Employee Stock Ownership Plan:	Employees			
Shares purchased in 2006 offering (1)		309,990 ⁽²⁾	\$ 2,480	4.2%
Shares to be purchased in this offering		276,510	2,212	3.8
Total employee stock ownership plan		586,500	\$ 4,692	8.0
Restricted Stock Awards:	Directors and employees			
2006 Equity Incentive Plan (1)		154,995 ⁽³⁾	\$ 1,240	2.1
New shares of restricted stock		138,255	1,106 ⁽⁴⁾	1.9
Total shares of restricted stock		293,250	\$ 2,346	4.0
Stock Options:	Directors and employees			
2006 Equity Incentive Plan (1)		340,831 ⁽⁵⁾	\$ 1,005 ⁽⁶⁾	4.7
New stock options		392,294	1,157 ⁽⁷⁾	5.4
Total stock options		733,125	2,163	10.0
Total stock benefit plans		1,612,875	\$ 9,201	22.0%

- (1) Number of shares has been adjusted for the 0.9343 exchange ratio at the maximum of the offering range.
- (2) As of December 31, 2010, of these shares, 100,838 (107,929 before adjustment) have been allocated to the accounts of participants.
- (3) As of December 31, 2010, of these shares, 131,428 (140,670 before adjustment) have been awarded and 15,399 (16,482 before adjustment) remain available for future awards. As of December 31, 2010, awards covering 83,108 shares have vested and the shares have been distributed.
- (4) The actual value of restricted stock grants will be determined based on their fair value as of the date grants are made. For purposes of this table, fair value is assumed to be the same as the offering price of \$8.00 per share.
- (5) As of December 31, 2010, of these shares, options for 323,552 shares (346,304 shares before adjustment) have been awarded and options for 63,936 shares (68,432 shares before adjustment) remain available for future grants. As of December 31, 2010, no options had been exercised.
- (6)

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The fair value of stock options granted and outstanding under the 2006 Equity Incentive Plan has been estimated using the Black-Scholes option pricing model. Before the adjustment for the exchange ratio, there were 346,304 outstanding options with a weighted average fair value of \$2.37 per option. Using this value and adjusting for the exchange ratio at the maximum of the offering range, the fair value of stock options granted or available for grant under the 2006 Equity Incentive Plan has been estimated at \$2.95 per option.

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- (7) For purposes of this table, the fair value of stock options to be granted under the new equity incentive plan has been estimated at \$2.95 per option using the Black-Scholes option pricing model with the following assumptions: exercise price, \$8.00; trading price on date of grant, \$8.00; dividend yield, 4.0%; expected life, 10 years; expected volatility, 18.60%; and risk-free interest rate, 3.29%.

Persons Who Can Order Stock in the Subscription, Community and Syndicated Community Offerings (page)

We are offering shares of new United Community Bancorp common stock in a subscription offering to the following persons in the following order of priority:

1. Persons with \$50 or more on deposit at United Community Bank as of the close of business on December 31, 2009.
2. Our employee stock ownership plan.
3. Persons with \$50 or more on deposit at United Community Bank as of the close of business on , 2011 who are not eligible in category 1 above, including depositors of the three branches of Integra Bank, National Association, we acquired in June, 2010.
4. United Community Bank s depositors (including depositors of the three branches of Integra Bank, National Association, we acquired in June, 2010) as of the close of business on , 2011, who are not in categories 1 or 3 above.

Unlike our employee stock ownership plan, the United Community Bank 401(k) Profit Sharing Plan and Trust has not been granted priority subscription rights. Accordingly, a 401(k) plan participant who elects to purchase shares in the offering through self-directed purchases within the 401(k) plan will receive the same subscription priority, and be subject to the same purchase limitations, as if the participant had elected to purchase shares using funds outside the 401(k) plan.

Shares of common stock not purchased in the subscription offering may be offered for sale to the general public in a community offering, with a preference given to residents of Dearborn and Ripley Counties, Indiana and the stockholders of United Community Bancorp as of , 2011. We also may offer for sale shares of common stock not purchased in the subscription offering or community offering through a syndicated community offering managed by Sandler O'Neill & Partners, L.P. We retain the right to accept or reject, in part or in whole, any order received in the community offering or the syndicated community offering. Sandler O'Neill & Partners, L.P. is not required to purchase any shares of common stock that are being offered for sale.

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 conversion. See *The Conversion and Offering Subscription Offering and Subscription Rights* for a description of the allocation procedure.

Subscription Rights are Not Transferable

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 to sell or transfer subscription rights or the shares that you purchase in the subscription offering. 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 and state law and may be subject to civil enforcement actions or criminal prosecution.**

Purchase Limitations (page)

Pursuant to our plan of conversion, our board of directors has established limitations on the purchase of common stock in the offering. These limitations include the following:

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The minimum purchase is 25 shares.

No individual may purchase more than \$500,000 (which equals 62,500 shares).

No individual, together with any associates and no group of persons acting in concert, may purchase more than \$800,000 of common stock (which equals 100,000 shares) in all the categories of the offering combined. For purposes of applying this limitation, your associates include:

Any person who is related by blood or marriage to you and who either lives in your home or who is a director or officer of United Community Bank;

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Companies or other entities in which you are an officer or partner or have a 10% or greater beneficial ownership interest; and

Trusts or other estates in which you have a substantial beneficial interest or as to which you serve as a trustee or in another fiduciary capacity.

Unless we determine otherwise, persons having the same address and persons exercising subscription rights through qualifying deposit accounts registered to the same address will be subject to this overall purchase limitation. We have the right to determine, in our sole discretion, whether prospective purchasers are associates or acting in concert.

No individual, together with any associates and no group of persons acting in concert, may purchase shares of common stock so that, when combined with shares of new United Community Bancorp common stock received in exchange for shares of United Community Bancorp common stock, such person or persons would hold more than 5% of the number of shares of new United Community Bancorp common stock outstanding upon completion of the conversion and offering (the 5% Total Limit). No person will be required to divest any shares of United Community Bancorp common stock or be limited in the number of shares of new United Community Bancorp to be received in exchange for shares of United Community Bancorp common stock as a result of this purchase limitation.

Subject to the Office of Thrift Supervision's approval, we may increase the maximum purchase limitation to up to 9.99%, provided that orders for common stock exceeding 5% of the shares of common stock sold in the offering may not exceed in the aggregate 10% of the total shares of common stock sold in the offering. Even under these increased purchase limits, purchases remain subject to the 5% Total Limit described above. Our employee stock ownership plan is authorized to purchase up to 10.0% of the shares sold in the offering, without regard to these purchase limitations, but intends to purchase 6.4% of the shares sold in the offering.

Conditions to Completing the Conversion and Offering

We cannot complete the conversion and offering unless:

the plan of conversion is approved by at least *a majority of votes eligible to be cast* by voting members of United Community MHC (depositors of United Community Bank);

the plan of conversion is approved by at least *two-thirds of the outstanding shares* of United Community Bancorp, including shares held by United Community MHC;

the plan of conversion is approved by at least *a majority of the votes eligible to be cast* by stockholders of United Community Bancorp, excluding shares held by United Community MHC;

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 conversion and offering.

United Community MHC, which owns 59.3% of the outstanding shares of United Community Bancorp, intends to vote these shares in favor of the plan of conversion. In addition, as of _____, 2011, directors and executive officers of United Community Bancorp and their associates beneficially owned 480,522 shares of United Community Bancorp or 6.1% of the outstanding shares, not including any shares that may be acquiring by the exercise of currently exercisable stock options. They intend to vote those shares in favor of the plan of conversion.

Steps We May Take if We Do Not Receive Orders for the Minimum Number of Shares

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We must sell a minimum of 3,215,486 shares to complete the conversion and offering. Purchases by our directors and executive officers and our employee stock ownership plan will count towards the minimum number of shares we must sell to complete the offering. If we do not receive orders for at least 3,215,486 shares of common stock in the subscription, community and/or syndicated community offerings, we may increase the purchase limitations and/or seek regulatory approval to extend the offering beyond **[DATE2]**, 2011 (provided that any such extension will require us to resolicit subscribers). Alternatively, we may terminate the offering, in which case we will promptly return your funds with interest calculated at United Community Bank's passbook savings rate, which is currently 0.10% per annum, and cancel all deposit account withdrawal authorizations.

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How to Purchase Common Stock (page)

In the subscription offering and the community offering, you may pay for your shares by:

1. personal check, bank check or money order made payable directly to United Community Bancorp (United Community Bank lines of credit checks and third-party checks of any type will not be accepted); or
2. authorizing us to withdraw money from the types of United Community Bank deposit accounts identified on the stock order form. United Community Bank is not permitted to lend funds (including funds drawn on a United Community Bank line of credit) to anyone to purchase shares of common stock in the offering. Please do not send cash or pay by wire transfer.

You may not designate on your stock order form a direct withdrawal from a retirement account held at United Community Bank. See the following section for guidance regarding use of retirement account funds. Additionally, you may not designate on your stock order form a direct withdrawal from United Community Bank accounts with check-writing privileges. Instead, a check must be provided. If you request a direct withdrawal, we reserve the right to interpret that as your authorization to treat those funds as if we had received a check for the designated amount and we will immediately withdraw the amount from your checking account.

Personal checks will be immediately cashed, so the funds must be available within the account when your stock order form is received by us. Subscription funds submitted by check or money order will be held in a segregated account at United Community Bank. We will pay interest calculated at United Community Bank's passbook savings rate from the date those funds are processed until completion or termination of the offering. Withdrawals from certificate of deposit accounts at United Community Bank to purchase common stock in the offering may be made without incurring an early withdrawal penalty. All funds authorized for withdrawal from deposit accounts with United Community Bank must be available within the deposit accounts at the time the stock order form is received. A hold will be placed on the amount of funds designated on your stock order form. Those funds will be unavailable to you during the offering; however, the funds will not be withdrawn from the accounts until the offering is completed and will continue to earn interest at the applicable contractual deposit account rate until the completion of the offering.

You may deliver your stock order form in one of three ways: by mail, using the stock order reply envelope provided, by overnight delivery to the Stock Information Center at the address indicated on the stock order form or by hand-delivery to United Community Bank's main office, located at 92 Walnut Street, Lawrenceburg, Indiana. Stock order forms will not be accepted at our other United Community Bank offices. Please do not mail stock order forms to United Community Bank. Once submitted, your order is irrevocable. We are not required to accept copies or facsimiles of order forms.

Using IRA Funds to Purchase Shares in the Offering (page)

You may be able to subscribe for shares of common stock using funds in your individual retirement account(s), or IRA. If you wish to use some or all of the funds in your United Community Bank IRA or other retirement account, the applicable funds must first be transferred to a self-directed retirement account maintained by an unaffiliated institutional trustee or custodian, such as a brokerage firm. An annual fee may be payable to the new trustee. If you do not have such an account, you will need to establish one and transfer your funds before placing your stock order. Our Stock Information Center can give you guidance if you wish to place an order for stock using funds held in a retirement account at United Community Bank or elsewhere. Because processing retirement account transactions takes additional time, we recommend that you contact our Stock Information Center for guidance promptly, preferably at least two weeks before the [DATE1], 2011 offering deadline. Whether you may use retirement funds for the purchase of shares in the offering will depend on timing constraints and, possibly, limitations imposed by the institution where the funds are held.

Deadline for Ordering Stock in the Subscription and Community Offerings

The subscription offering will end at 4:00 p.m., Eastern Time, on [DATE1], 2011. If you wish to purchase shares, a properly completed and signed original stock order form, together with full payment for the shares of common stock, must be *received* (not postmarked) no later than this time. We expect that the community offering, if held, will terminate at the same time, although it may continue until [DATE2], 2011, or longer if the Office of Thrift Supervision approves a later date. No single extension may be for more than 90 days. We are not required to provide notice to you of an extension unless we extend the offering beyond [DATE2], 2011, in which case all subscribers in the subscription and community offerings will be notified and given the opportunity to confirm, change or cancel their orders. If you do not respond to this notice, we

will

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promptly return your funds with interest calculated at United Community Bank's passbook savings rate or cancel your deposit account withdrawal authorization. If we intend to sell fewer than 3,215,486 shares or more than 5,002,918 shares, we will promptly return all funds and set a new offering range. All subscribers will be notified and given the opportunity to place a new order.

Market for New United Community Bancorp's Common Stock (page)

United Community Bancorp common stock is listed on the Nasdaq Global Market under the symbol UCBA. We expect that new United Community Bancorp's common stock will trade on the Nasdaq Global Market under the trading symbol UCBAD for a period of 20 trading days after the completion of the conversion and offering. Thereafter, the trading symbol will revert to UCBA. After shares of the common stock begin trading, you may contact a stock broker to buy or sell shares. There can be no assurance that persons purchasing the common stock in the offering will be able to sell their shares at or above the \$8.00 offering price, and brokerage firms typically charge commissions related to the purchase or sale of securities.

New United Community Bancorp's Dividend Policy (page)

United Community Bancorp has paid quarterly cash dividends since the fourth quarter of 2006. For the quarter ended December 31, 2010, the quarterly cash dividend was \$0.11 per share, which equals \$0.44 per share on an annualized basis. After the conversion and offering, we expect to pay a quarterly cash dividend of \$0.08 per share, or \$0.32 per share on an annualized basis, at all levels of the offering range. This represents an annual dividend yield of 4.0% at all levels of the offering range based on a stock price of \$8.00 per share. However, the dividend rate and the continued payment of dividends will depend on a number of factors, including our capital requirements and alternative uses for capital, our financial condition and results of operations, tax considerations, statutory and regulatory limitations and general economic conditions. No assurance can be given that we will continue to pay dividends or that they will not be reduced or eliminated in the future.

Tax Consequences (page)

As a general matter, the conversion will not be a taxable transaction for purposes of federal or state income taxes to us or persons who receive or exercise subscription rights. Existing stockholders of United Community Bancorp who receive cash in lieu of fractional share interests in shares of new United Community Bancorp will recognize gain or loss equal to the difference between the cash received and the tax basis of the fractional share. Kilpatrick Townsend & Stockton LLP and Clark, Schaefer, Hackett & Co. have issued us opinions to this effect.

Delivery of Prospectus

To ensure that each purchaser in the subscription and community offerings receives a prospectus at least 48 hours before the offering deadline, we may not mail prospectuses any later than five days before such date or hand-deliver prospectuses later than two days before that date. Stock order forms may only be delivered if accompanied or preceded by a prospectus. We are not obligated to deliver a prospectus or order form by means other than U.S. mail.

We will make reasonable attempts to provide a prospectus and offering materials to holders of subscription rights. The subscription offering and all subscription rights will expire at 4:00 p.m., Eastern Time, on [DATE1], 2011 whether or not we have been able to locate each person entitled to subscription rights.

Delivery of Stock Certificates in the Subscription and Community Offerings (page)

Certificates representing shares of common stock issued in the subscription and community offerings will be mailed by regular mail by our transfer agent as soon as practicable following completion of the conversion and offering. Certificates will be mailed to purchasers at the registration address provided by them on the order form. **Until certificates for common stock are available and delivered to purchasers, purchasers may not be able to sell their shares, even though trading of the common stock will have commenced.** Your ability to sell the shares of common stock before your receipt of the stock certificate will depend on arrangements you may make with your brokerage firm.

Stock Information Center

Our banking office personnel may not, by law, assist with investment-related questions about the offering. If you have any questions regarding the offering, please call our Stock Information Center. The toll-free telephone number is () - . The Stock Information Center is open Monday through Friday from 10:00 a.m. to 4:00 p.m., Eastern Time. The Stock Information Center will be closed weekends and bank holidays.

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RISK FACTORS

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

Risks Related to Our Business

Our nonperforming assets have increased significantly and expose us to increased risk of loss.

Our nonperforming assets have increased as a result of the recent economic recession. At December 31, 2010, we had total nonperforming assets of \$23.6 million, or 4.8% of total assets, a \$12.7 million increase from \$10.9 million at June 30, 2010 and a \$15.7 million increase from \$7.9 million at June 30, 2009. The increases in nonperforming assets over these periods are primarily the result of increases in troubled debt restructurings on nonaccrual status from \$2.5 million at June 30, 2009 and \$5.3 million at June 30, 2010 to \$17.5 million at December 31, 2010. Troubled debt restructurings are considered to be impaired, except for those that have an established payment history under the terms of the restructured loan. The overall increases in troubled debt restructurings from June 30, 2010 to December 31, 2010, and from June 30, 2009 to June 30, 2010, related to continued weakness in the local economy. Our nonperforming assets adversely affect our net income in various ways. We do not record interest income on non-accrual loans. We must reserve for probable losses, which are established through a current period charge to income in the provision for loan losses, and from time to time, write down the value of properties in our other real estate owned portfolio to reflect changing market values. Additionally, there are legal fees associated with the resolution of problem assets as well as carrying costs such as taxes, insurance and maintenance related to our other real estate owned. Further, the resolution of nonperforming assets requires the active involvement of management, which can distract us from the overall supervision of operations and other income-producing activities of United Community Bank. Finally, if our estimate of the allowance for loan losses is inadequate, we will have to increase the allowance accordingly. At December 31, 2010, our allowance for loan losses amounted to \$6.7 million, or 2.19% of total loans and 28.5% of nonperforming loans, compared to \$5.7 million, or 1.80% of total loans and 53.7% of nonperforming loans June 30, 2010.

As a result of our controlled growth strategy, we expect our weighted average yield on interest-earning assets will decrease in future periods.

We have implemented a strategy to control the growth of our nonresidential real estate and multi-family real estate loan portfolios, particularly outside of Dearborn and Ripley Counties in Indiana. We intend to continue this strategy until the local economy materially improves. As a result, we will likely experience growth in our one-to four-family residential mortgage loan portfolio and in our investment securities portfolio. At December 31, 2010, residential real estate mortgage loans totaled \$137.3 million, or 28.0%, of our total assets and our investment securities portfolio totaled \$141.3 million, or 28.8%, of our total assets.

As a result, we expect that our weighted average yield on interest-earning assets will decrease in future periods because one-to four-family mortgage loans and investment securities generally yield less than nonresidential mortgage loans and multi-family real estate loans. We expect this strategy will make us more reliant on our non-interest income in order to generate net income. While we have identified various strategies that we are pursuing to improve earnings, including growing and diversifying our sources of non-interest income, these strategies may not succeed in generating and increasing income. If we are unable to generate or increase income, our stock price may be adversely affected. For more detail on our controlled growth strategy and our strategic initiatives to improve earnings, see *Management's Discussion and Analysis of Financial Condition and Results of Operations - Operating Strategy*.

Our multi-family, nonresidential real estate and land loans expose us to increased lending risks.

At December 31, 2010, our nonresidential real estate and multi-family real estate loan portfolios represented 23.4% and 15.7%, respectively, of our total loans outstanding, compared to 26.5% and 8.2%, respectively at June 30, 2006 and nonresidential real estate and multi-family real estate loans represented 25.7% and 57.7%, respectively, of our total nonperforming assets at December 31, 2010, compared to 18.8% and 0.0%, respectively, at June 30, 2006. We have grown our loan portfolio in recent years, particularly with respect to multi-family residential and nonresidential real estate and land loans, but our current strategy is to control the growth of these loans, particularly those involving properties outside of our local market area until the local economy materially improves and the level of our nonperforming assets in these loan

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portfolios materially declines. These types of loans generally expose a lender to greater risk of non-payment and loss than one- to four-family 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 mortgage loans. Also, many of our multi-family 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 mortgage loan.

The recent economic recession could further increase our level of nonperforming loans and/or reduce demand for our products and services, which would lead to lower revenue, higher loan losses and lower earnings.

Our business activities and earnings are affected by general business conditions in the United States and in our local market area. These conditions include short-term and long-term interest rates, inflation, unemployment levels, monetary supply, consumer confidence and spending, fluctuations in both debt and equity capital markets, and the strength of the economy in the United States generally and in our market area in particular. The national economy has recently experienced a recession, with rising unemployment levels, declines in real estate values and an erosion in consumer confidence. Dramatic declines in the U.S. housing market over the past few years, with falling home prices and increasing foreclosures, have continued elevated levels of unemployment, further declines in the values of real estate, or other events that affect household and/or corporate incomes could impair the ability of our borrowers to repay their loans in accordance with their terms. Most of our loans are secured by real estate or made to businesses in Dearborn and Ripley Counties, Indiana. As a result of this concentration, a prolonged or more severe decline in the local economy could result in significant increases in nonperforming loans, which would negatively impact our interest income and result in higher provisions for loan losses, which would hurt our earnings. The economic decline could also result in reduced demand for credit or fee-based products and services, which would negatively impact our revenues.

Higher loan losses could require us to increase our allowance for loan losses through a charge to earnings.

When we loan money we incur the risk that our borrowers will not repay their loans. We reserve for loan losses by establishing an allowance through a charge to earnings. The amount of this allowance is based on our assessment of loan losses inherent in our loan portfolio. The process for determining the amount of the allowance is critical to our financial results and condition. It requires subjective and complex judgments about the future, including forecasts of economic or market conditions that might impair the ability of our borrowers to repay their loans. We might underestimate the loan losses inherent in our loan portfolio and have loan losses in excess of the amount reserved. We might increase the allowance because of changing economic conditions. For example, in a rising interest rate environment, borrowers with adjustable-rate loans could see their payments increase. There may be a significant increase in the number of borrowers who are unable or unwilling to repay their loans, resulting in our charging off more loans and increasing our allowance. In addition, when real estate values decline, the potential severity of loss on a real estate-secured loan can increase significantly, especially in the case of loans with high combined loan-to-value ratios. The recent decline in the national economy and the local economies of the areas in which our loans are concentrated could result in an increase in loan delinquencies, foreclosures or repossessions resulting in increased charge-off amounts and the need for additional loan loss provisions in future periods. In addition, our determination as to the amount of our allowance for loan losses is subject to review by our primary regulator, the Office of Thrift Supervision, as part of its examination process, which may result in the establishment of an additional allowance based upon the judgment of the Office of Thrift Supervision after a review of the information available at the time of its examination. Our allowance for loan losses amounted to 2.19% of loans receivable and 28.5% of nonperforming loans at December 31, 2010. Our allowance for loan losses at December 31, 2010 may not be sufficient to cover future loan losses. A large loss could deplete the allowance and require increased provisions to replenish the allowance, which would negatively affect earnings.

Our emphasis on one-to four-family mortgage loans exposes us to lending risks.

At December 31, 2010, \$137.2 million, or 45.1%, of our loan portfolio consisted of one-to four-family mortgage loans, and \$30.2 million, or 9.9%, of our loan portfolio consisted of home equity loans and second mortgage loans. Because of our controlled growth strategy, we will likely experience growth in one-to four-family mortgage loans. Recent declines in the housing market have resulted in declines in real estate values in our market areas. These declines in real estate values could cause some of our mortgage and home equity loans to be inadequately collateralized, which would expose us to a greater risk of loss if we seek to recover on defaulted loans by selling the real estate collateral.

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Increases in the unemployment rate may result in more borrowers being unable to repay their loans. As of December 31, 2010, U.S. Department of Labor statistics reflected that Dearborn County and Ripley County had an unemployment rate of 9.8% and 10.0%, respectively, compared to Indiana and national unemployment rates of 9.5% and 9.4%, respectively.

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

Our business is concentrated in the Lawrenceburg, Indiana area. Since the mid-1990s, the economy in Lawrenceburg has been strengthened by the riverboat casino in Lawrenceburg whose presence has supported the development of retail centers and job growth as well as an increase in housing development. 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. There has been a prolonged decline in the national economy; however, its impact on Lawrenceburg and its gaming industry has not been as significant as in other parts of the country. Tax revenue from the gaming industry has decreased over the last year, but not to the extent that it has affected civil services or other areas.

A continued 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.

The expansion of permissible gaming activities in other states, particularly in Ohio and/or Kentucky, 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. In 2009, a vote in the State of Ohio approved casino gaming in several cities in the state, and the casinos are expected to open in 2012, including one in downtown Cincinnati, Ohio. The establishment of casino gaming in Ohio could have a substantial adverse effect on gaming revenue in Lawrenceburg which would adversely affect the Lawrenceburg economy and our business.

Changes in interest rates could adversely affect our results of operations and financial condition.

Our primary source of income is net interest income, which is the difference between the interest income generated by our interest-earning assets (consisting primarily of loans and, to a lesser extent, securities) and the interest expense generated by our interest-bearing liabilities (consisting primarily of deposits and, to a lesser extent, wholesale borrowings).

The level of net interest income is a function of the average balance of our interest-earning assets, the average balance of our interest-bearing liabilities, and the spread between the yield on such assets and the cost of such liabilities. These factors are influenced by both the pricing and mix of our interest-earning assets and our interest-bearing liabilities which, in turn, are affected by such external factors as the local economy, competition for loans and deposits, the monetary policy of the Federal Open Market Committee of the Federal Reserve Board of Governors (the FOMC) and market interest rates.

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The cost of our deposits and short-term wholesale borrowings is largely based on short-term interest rates, the level of which is driven by the FOMC. However, the yields on our loans and securities are typically based on intermediate-term or long-term interest rates, which are set by the market and generally vary daily. The level of net interest income is therefore influenced by movements in such interest rates, and the pace at which such movements occur. If the interest rates on our interest-bearing liabilities increase at a faster pace than the interest rates on our interest-earning assets, the result could be a reduction in net interest income and with it, a reduction in our earnings. Our net interest income and earnings would be similarly impacted were the interest rates on its interest-earning assets to decline more quickly than the interest rates on our interest-bearing liabilities.

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In addition, such changes in interest rates could affect our ability to originate loans and attract and retain deposits, the fair value of our financial assets and liabilities, and the average life of our loan and securities portfolios.

Changes in interest rates could also have an effect on the slope of the yield curve. A flat to inverted yield curve could cause our net interest income and net interest margin to contract, which could have a material adverse effect on our net income and cash flows and the value of our assets.

Changes in interest rates particularly affect the value of 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 falling 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.

A majority of our real estate loans held for investment are adjustable-rate loans. Any rise in market interest rates may result in increased payments for borrowers who have adjustable-rate mortgage loans, increasing the possibility of default. In addition, although adjustable-rate mortgage loans help make our loan portfolio more responsive to changes in interest rates, the extent of this interest sensitivity is limited by the annual and lifetime interest rate adjustment limits. At December 31, 2010, approximately 79.3% of our total loans had adjustable rates of interest.

Municipal deposits are an important source of funds and a reduced level of those deposits may hurt our profits. Securities we pledge as collateral for our municipal deposits may be subject to risk of loss.

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 December 31, 2010, \$138.6 million, or 32.2% of our total deposits, consisted of municipal deposits. 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 hurt our profits. Since February, 2011, we are required to pledge collateral (typically investment securities) to the Indiana Board of Depositories equal to 50% of the municipal deposits maintained at United Community Bank as of December 31, 2010. This collateral is used to insure the municipal deposits of all institutions who receive deposits from Indiana municipalities, and, therefore, is subject to risk of loss if other such institutions fail and there are insufficient Federal Deposit Insurance funds available to cover the liabilities of such institutions.

We are dependent upon the services of key executives.

We rely heavily on our President and Chief Executive Officer, William F. Ritzmann and on our Executive Vice President and Chief Operating Officer, Elmer G. McLaughlin. The loss of Mr. Ritzmann or Mr. McLaughlin could have a material adverse impact on our operations because, as a small company, we have fewer management-level personnel that have the experience and expertise to readily replace these individuals. Changes in key personnel and their responsibilities may be disruptive to our business and could have a material adverse effect on our business, financial condition, and results of operations. We have employment agreements with Messrs. Ritzmann and McLaughlin.

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

We face intense competition both in making loans and attracting deposits. 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, 2010, the most recent date for which information is available, we held 41.3% of the deposits in Dearborn County and 9.5% of the deposits in Ripley County. 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, 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.

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Recently enacted financial regulatory reform may have a material impact on our operations.

On July 21, 2010, the President signed into law The Dodd-Frank Wall Street Reform and Consumer Protection Act (the Dodd-Frank Act). The Dodd-Frank Act restructures the regulation of depository institutions. Under the Dodd-Frank Act, the Office of Thrift Supervision (the OTS), which currently regulates United Community Bank, will be merged into the Office of the Comptroller of the Currency, which regulates national banks, effective July 21, 2011. Savings and loan holding companies, including United Community Bancorp, will be regulated by the Board of Governors of the Federal Reserve System. Also included is the creation of a new federal agency to administer consumer protection and fair lending laws, a function that is now performed by the depository institution regulators. The federal preemption of state laws currently accorded federally chartered depository institutions will be reduced as well and State Attorneys General will have greater authority to bring a suit against a federally chartered institution, such as United Community Bank, for violations of certain state and federal consumer protection laws. The Dodd-Frank Act also will impose consolidated capital requirements on savings and loan holding companies effective in five years, which will limit our ability to borrow at the holding company and invest the proceeds from such borrowings as capital in United Community Bank that could be leveraged to support additional growth. The Dodd-Frank Act contains various other provisions designed to enhance the regulation of depository institutions and prevent the recurrence of a financial crisis such as occurred in 2008-2009. The full impact of the Dodd-Frank Act on our business and operations will not be known for years until regulations implementing the statute are written and adopted. The Dodd-Frank Act may have a material impact on our operations, particularly through increased regulatory burden and compliance costs.

In addition to the enactment of the Dodd-Frank Act, the federal regulatory agencies recently have begun to take stronger supervisory actions against financial institutions that have experienced increased loan losses and other weaknesses as a result of the current economic crisis. These actions include the entering into of written agreements and cease and desist orders that place certain limitations on their operations. Federal bank regulators recently have also been using with more frequency their ability to impose individual minimal capital requirements on banks, which requirements may be higher than those imposed under the Dodd-Frank Act or which would otherwise qualify the bank as being well capitalized under the Federal Deposit Insurance Corporation's prompt corrective action regulations. If United Community Bancorp or United Community Bank were to become subject to a supervisory agreement or higher individual capital requirements, such action may have a negative impact on their ability to execute their business plans, as well as their ability to grow, pay dividends or engage in mergers and acquisitions and may result in restrictions in their operations. See *Regulation and Supervision Federal Banking Regulation Capital Requirements* for a discussion of regulatory capital requirements.

Our asset valuation may include methodologies, estimations and assumptions that are subject to differing interpretations and could result in changes to asset valuations that may materially adversely affect our results of operations or financial condition.

We must use estimates, assumptions, and judgments when financial assets and liabilities are measured and reported at fair value. Assets and liabilities carried at fair value inherently result in a higher degree of financial statement volatility. Fair values and the information used to record valuation adjustments for certain assets and liabilities are based on quoted market prices and/or other observable inputs provided by independent third-party sources, when available. When such third-party information is not available, we estimate fair value primarily by using cash flows and other financial modeling techniques utilizing assumptions such as credit quality, liquidity, interest rates and other relevant inputs. Changes in underlying factors, assumptions, or estimates in any of these areas could materially impact our future financial condition and results of operations.

During periods of market disruption, including periods of significantly rising or high interest rates, rapidly widening credit spreads or illiquidity, it may be difficult to value certain of our assets if trading becomes less frequent and/or market data becomes less observable. There may be certain asset classes that were in active markets with significant observable data that become illiquid due to the current financial environment. In such cases, certain asset valuations may require more subjectivity and management judgment. As such, valuations may include inputs and assumptions that are less observable or require greater estimation. Further, rapidly changing and unprecedented credit and equity market conditions could materially impact the valuation of assets as reported within our consolidated financial statements, and the period-to-period changes in value could vary significantly. Decreases in value may have a material adverse effect on our results of operations or financial condition.

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We rely on other companies to provide key components of our business infrastructure.

Third party vendors provide key components of United Community Bancorp's business infrastructure such as internet connections, network access and fund distribution. While United Community Bancorp has selected these third party vendors carefully, it does not control their actions. Any problems caused by these third parties, including those which result from their failure to provide services for any reason or their poor performance of services, could adversely affect United Community Bancorp's ability to deliver products and services to its customers and otherwise to conduct its business. Replacing these third party vendors could also entail significant delay and expense.

Risks Related to the Offering

Our share price will fluctuate.

The market price of our common stock could be subject to significant fluctuations due to changes in sentiment in the market regarding our operations or business prospects. Factors that may affect market sentiment include:

operating results that vary from the expectations of our management or of securities analysts and investors;

developments in our business or in the financial services sector generally;

regulatory or legislative changes affecting our industry generally or our business and operations;

operating and securities price performance of companies that investors consider to be comparable to us;

changes in estimates or recommendations by securities analysts;

announcements of strategic developments, acquisitions, dispositions, financings and other material events by us or our competitors;
and

changes in financial markets and national and local economies and general market conditions, such as interest rates and stock, commodity, credit or asset valuations or volatility.

Beginning in 2007 and through the present, the business environment for financial services firms has been extremely challenging. During this period, many publicly traded financial services companies have experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance or prospects of such companies. We may experience market fluctuations that are not directly related to our operating performance but are influenced by the market's perception of the state of the financial services industry in general and, in particular, the market's assessment of general credit quality conditions, including default and foreclosure rates in the industry.

While the U.S. and other governments continue efforts to restore confidence in financial markets and promote economic growth, we cannot assure you that further market and economic turmoil will not occur in the near- or long-term, negatively affecting our business, financial condition and results of operations, as well as the price, trading volume and volatility of our common stock.

Additional expenses following the offering from new equity benefit plans will adversely affect our profitability.

Following the offering, we will recognize additional annual employee compensation expenses stemming from options and shares granted to employees, directors and executives under new benefit plans. Stock options and restricted stock may be granted under a new equity incentive plan adopted following the offering, if approved by stockholders. These additional expenses will adversely affect our profitability. We cannot determine the actual amounts of these new stock-related compensation expenses at this time because applicable accounting practices generally

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require that these expenses be based on the fair market value of the options or shares of common stock at the date of the grant; however, they may be material. We 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. Pro forma after-tax expenses for the year ended June 30, 2010 were \$433,000 at the maximum of the offering range, based on the assumptions as set forth in the pro forma financial information under *Pro Forma Data* assuming the \$8.00 per share purchase price as fair market value. Actual expenses, however, may be higher or lower, depending on the price of our common stock, the number of shares awarded under the plans and the timing of the implementation of the plans. For further discussion of these plans, see *Our Management Future Equity Incentive Plan*.

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Our stock price may decline when trading commences.

If you purchase shares in the offering, you might not be able to sell them later at or above the \$8.00 purchase price. 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, securities analyst research reports and general industry, geopolitical and economic conditions.

Our return on equity will initially be low compared to other publicly traded financial institutions. A low return on equity may negatively impact the trading price of our common stock.

Net income divided by average equity, known as return on equity, is a ratio used by many investors to compare the performance of a financial institution with its peers. For the six months ended December 31, 2010 and the year ended June 30, 2010, our return on average equity was 3.06% (annualized) and 1.83%, respectively. Although we expect that our net income will increase following the offering, we expect that our return on equity will remain low as a result of the additional capital that we will raise in the offering. For example, our pro forma return on equity for the year ended June 30, 2010 is 1.50%, assuming the sale of shares at the maximum of the offering range. In comparison, the peer group used by Keller & Co. in its appraisal had an average return on equity of 5.47% for the 12 months ended December 31, 2010. Over time, we intend to use the net proceeds from the 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 similarly situated publicly held companies. This goal could take a number of years to achieve, and we might not attain it. 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 the offering.

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

We intend to contribute approximately 60% of the net proceeds of the offering to United Community Bank and to use approximately 6.9% of the net proceeds, at the midpoint of the offering, to fund the loan to the employee stock ownership plan. We may use the proceeds retained by the holding company to, among other things, invest in securities, pay cash dividends or repurchase shares of common stock, subject to regulatory restrictions. United Community Bank may use the portion of the proceeds that it receives to fund new loans, repay outstanding borrowings, invest in securities and expand its business activities. We may also use the proceeds of the offering to open new branches, diversify our business and acquire other companies, although we have no specific plans to do so at this time. Other than as described in *Use of Proceeds*, 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 a new equity incentive plan following the offering, subject to stockholder approval. We may fund the equity incentive plan through the purchase of common stock in the open market (subject to regulatory restrictions) or by issuing new shares of common stock. If we fund restricted stock awards under the equity incentive plan with new shares of common stock, your ownership interest would be diluted by approximately 1.85%, assuming we award all of the shares and options available under the plan. We currently have outstanding options and shares available for future stock options under our 2006 Equity Incentive Plan. If we fund the awards under our existing plan with new shares of stock, your ownership interest would be diluted by approximately 5.08%, assuming we award all of the shares and options available under the plan. See *Pro Forma Data* and *Our Management Benefit Plans*.

The articles of incorporation and bylaws of new United Community Bancorp and certain laws and regulations may prevent or make more difficult certain transactions, including a sale or merger of new United Community Bancorp.

Provisions of the articles of incorporation and bylaws of new United Community Bancorp, state corporate law and federal banking regulations may make it more difficult for companies or persons to acquire control of new United Community Bancorp. As a result, our stockholders may not have the opportunity to participate in such a transaction and the

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trading price of our common stock may not rise to the level of other institutions that are more vulnerable to hostile takeovers. The factors that may discourage takeover attempts or make them more difficult include:

Articles of incorporation and bylaws. Provisions of the articles of incorporation and bylaws of new United Community Bancorp may make it more difficult and expensive to pursue a takeover attempt that the board of directors opposes. Some of these provisions currently exist in the charter and bylaws of United Community Bancorp. These provisions also make more difficult the removal of current directors or management, or the election of new directors. These provisions include:

A limitation on voting rights. Our articles of incorporation provide that in no event will any record owner of any outstanding common stock which is beneficially owned, directly or indirectly, by a person who beneficially owns in excess of 10% of the outstanding shares of common stock, be entitled, or permitted to any vote in respect of the shares held in excess of the limit.

A classified board. Our board of directors is divided into three classes as nearly as equal in number as possible. The stockholders elect one class of directors each year for a term of three years. The classified board provision is designed to afford anti-takeover protection by making it more difficult and time consuming for a stockholder group to fully use its voting power to gain control of the board of directors at a single annual meeting of stockholders without the consent of the incumbent board of directors of new United Community Bancorp.

Advance notice provisions for stockholder nominations and proposals. Our bylaws establish an advance notice procedure for stockholders to nominate directors or bring other business before an annual meeting of stockholders. A person may not be nominated for election as a director unless that person is nominated by or at the direction of our board of directors or by a stockholder who has given appropriate notice to us before the meeting. Similarly, a stockholder may not bring business before an annual meeting unless the stockholder has given us appropriate notice of the stockholder's intention to bring that business before the meeting. Advance notice of nominations or proposed business by stockholders gives our board of directors time to consider the qualifications of the proposed nominees, the merits of the proposals and, to the extent deemed necessary or desirable by our board of directors, to inform stockholders and make recommendations about those matters.

Director qualifications. Our bylaws provide for director qualifications, including ownership and integrity requirements, which may prevent stockholders from nominating themselves or persons of their choosing for election to the board of directors.

Limitations on calling special meetings of stockholders. Our stockholders must act only through an annual or special meeting. Special meetings of stockholders may only be called by the Chairman, the President or a majority of the board of directors. The limitations on the calling of special meetings of stockholders may have the effect of delaying consideration of a stockholder proposal until the next annual meeting.

Elimination of cumulative voting. Our articles of incorporation provide that no shares will be entitled to cumulative voting. The elimination of cumulative voting may afford anti-takeover protection by preventing a stockholder from electing nominees opposed by the board of directors of new United Community Bancorp.

Limitations on filling of board vacancies and removal of directors. Our articles of incorporation provide that any vacancy occurring in the board of directors, including a vacancy created by an increase in the number of directors, may be filled only by a vote of a majority of the directors then in office. A person elected to fill a vacancy on the board of directors will serve for the remainder of the full term of the class of directors in which the vacancy occurred and until his or her successor shall have been elected and qualified. Our articles of incorporation provide that a director may be removed from the board of directors before the expiration of his or her term only for cause and only upon the vote of a majority of the shares of stock then entitled to vote in an election of directors, which vote may only be taken at a meeting of stockholders called expressly for that purpose. These provisions make it more difficult for stockholders to remove directors and replace them with their own nominees.

Supermajority voting requirement for the amendment of our articles of incorporation. Our articles of incorporation provide that certain amendments to our articles of incorporation relating to a change in control of us must be approved by at least two-thirds (2/3) of the outstanding shares entitled to vote.

Amendment of our bylaws. Our articles of incorporation provide that our bylaws may be adopted, amended or repealed by a resolution adopted by a two-thirds (2/3) majority of the directors then in office.

Authorized but unissued shares of capital stock. Following the offering, we will have authorized but unissued shares of common and preferred stock. Our articles of incorporation authorize the board of directors to establish one or more

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series of preferred stock and, for any series of preferred stock, to determine the terms and rights of the series, including voting rights, dividend rights, conversion and redemption rates, and liquidation preferences. Such shares of common and preferred stock could be issued by the board of directors to render more difficult or to discourage an attempt to obtain control of us by means of a merger, tender offer, proxy contest or otherwise.

Indiana anti-takeover statute. Under Indiana law, any person who acquires more than 10% of an Indiana corporation without prior approval of its board of directors is prohibited from engaging in any type of business combination with the corporation for a five-year period. If such advance approval is not received, then the business combination must meet all requirements of the articles of incorporation and either must be approved by a majority vote of the voting stock not owned by the interested stockholder and its associates at a meeting called for that purpose no earlier than five (5) years after the interested stockholder's share acquisition date or the proposed consideration to be paid in the business combination must satisfy certain fair price criteria. Under Indiana law, United Community Bancorp is permitted and has decided to specifically opt out of the application of the Business Combinations Chapter of the Indiana Business Corporations Law.

Office of Thrift Supervision regulations. Office of Thrift Supervision regulations prohibit, for three years following the completion of a mutual-to-stock conversion, including a second-step conversion, the offer to acquire or the acquisition of more than 10% of any class of equity security of a converted institution without the prior approval of the Office of Thrift Supervision. See *Restrictions on Acquisition of New United Community Bancorp*.

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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, but are not limited to:

statements of our goals, intentions and expectations;

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

statements regarding the value and credit 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 area, that are worse than expected;

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

changes in real estate values, which could impact the value of the assets securing the loans in our portfolio;

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; and

changes in accounting policies and practices, as may be adopted by United Community Bank, regulatory agencies or the Public Company Accounting Oversight Board.

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

Further information on other factors that could affect us are included in the section captioned *Risk Factors*.

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The summary financial information presented below is derived in part from our consolidated financial statements. The following is only a summary and you should read it in conjunction with the consolidated financial statements and notes beginning on page F-1. The information at June 30, 2010 and 2009 and for the years ended June 30, 2010, 2009, and 2008 is derived in part from the audited consolidated financial statements that appear in this prospectus. The information presented below does not include the financial condition, results of operations or other data of United Community MHC. The information at December 31, 2010 and for the six months ended December 31, 2010 and 2009 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 six months ended December 31, 2010 are not necessarily indicative of the results of operations that may be expected for the entire year.

	At December 31, 2010		At June 30, 2010				2006
			2009	2008	2007		
	(In thousands)						
Financial Condition Data:							
Total assets	\$ 490,773	\$ 492,104	\$ 401,579	\$ 382,726	\$ 381,061	\$ 354,707	
Cash and cash equivalents	19,343	32,023	27,004	35,710	43,025	15,010	
Securities held-to-maturity	611	631	175	200	223	245	
Securities available-for-sale	66,034	62,089	46,769	13,816	17,231	42,083	
Mortgage-backed securities available-for-sale	74,660	57,238	29,713	24,211	26,701	34,263	
Loans receivable, net	298,240	309,575	272,270	284,352	273,605	244,537	
Deposits	429,808	430,180	339,616	320,774	316,051	289,807	
Advances from Federal Home Loan Bank	2,333	2,833	3,833	4,833			
Stockholders' equity	55,220	55,480	55,079	54,489	62,461	62,485	
	For the Six Months Ended December 31,		For the Years Ended June 30,				
	2010	2009	2010	2009	2008	2007	2006
	(In thousands, except per share data)						
Operating Data:							
Interest income	\$ 10,063	\$ 9,532	\$ 18,936	\$ 19,912	\$ 21,615	\$ 21,687	\$ 17,878
Interest expense	3,068	3,293	6,429	7,906	11,353	10,576	7,762
Net interest income	6,995	6,239	12,507	12,006	10,262	11,111	10,116
Provision for loan losses	1,456	946	2,509	2,447	4,718	730	120
Net interest income after provision for							
loan losses	5,539	5,293	9,998	9,559	5,544	10,381	9,996
Other income	1,968	1,628	3,557	2,787	2,197	2,848	1,189
Other expense	6,455	5,944	12,198	11,450	9,850	9,250	9,572
Income (loss) before income taxes	1,052	977	1,357	896	(2,109)	3,979	1,613
Provision (benefit) for income taxes	202	279	343	177	(653)	1,485	575
Net income (loss)	\$ 850	\$ 698	\$ 1,014	\$ 719	\$ (1,456)	\$ 2,494	\$ 1,038
Per Share Data:							
Earnings (loss) per share, basic and diluted	\$ 0.11	\$ 0.09	\$ 0.13	\$ 0.09	\$ (0.19)	\$ 0.31	\$ 0.09

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	At or for the Six Months Ended December 31,			At or For the Years Ended June 30,			
	2010 (1)	2009 (1)	2010	2009	2008	2007	2006
Performance Ratios:							
Return on average assets	0.34%	0.35%	0.24%	0.18%	(0.38)%	0.67%	0.31%
Return on average equity	3.06	2.52	1.83	1.31	(2.48)	3.96	2.53
Interest rate spread (2)	2.90	3.10	2.96	3.04	2.43	2.68	2.94
Net interest margin (3)	2.99	3.28	3.12	3.25	2.85	3.15	3.15
Noninterest expense to average assets	2.59	2.95	2.87	2.92	2.58	2.48	2.82
Efficiency ratio (4)	72.06	75.56	75.93	77.40	79.06	66.27	84.67
Average interest-earning assets to average interest-bearing liabilities	106.80	110.17	109.51	110.34	112.97	115.40	108.42
Average equity to average assets	11.19	13.68	13.06	14.02	15.41	16.92	12.07
Dividend payout ratio (5)(6)	82.47	78.08	115.38	152.43	NM	41.46	38.09
United Community Bank Capital Ratios:							
Tangible capital	9.61	12.43	9.17	12.08	13.00	13.42	13.23
Core capital	9.61	12.43	9.26	12.08	13.00	13.42	13.23
Total risk-based capital	16.80	18.10	14.27	18.40	20.51	21.24	19.66
Asset Quality Ratios:							
Nonperforming loans as a percent of total loans	7.70	1.48	3.35	2.15	2.57	1.14	0.33
Nonperforming assets as a percentage of total assets	4.81	1.20	2.21	1.97	2.70	0.86	0.27
Allowance for loan losses as a percent of total loans	2.19	1.57	1.80	1.52	1.59	0.97	0.85
Allowance for loan losses as a percent of nonperforming loans	28.50	106.53	53.73	70.51	61.98	84.55	256.39
Net charge-offs to average outstanding loans during the period	0.30	0.33	0.38	1.00	1.06	0.06	0.12
Other Data:							
Number of offices	9	6	9	6	6	6	5

NM = Not meaningful.

- (1) Annualized where appropriate.
- (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 other expense divided by the sum of net interest income and other income.
- (5) Due to the timing of United Community Bank's reorganization into the mutual holding company structure and the completion of United Community Bancorp's minority stock offering on March 30, 2006, the 2006 calculation is based solely on earnings after that date.
- (6) Represents dividends declared (excluding waived dividends) divided by net income. A summary of the dividends declared and waived (and thus not paid) dividends is set forth below:

	For the Six Months Ended December 31,		For the Year Ended June 30,				
	2010	2009	2010	2009	2008	2007	2006
(In thousands)							
Dividends:							
Paid to minority stockholders	\$ 701	\$ 545	\$ 1,170	\$ 1,096	\$ 1,059	\$ 1,034	\$ 267
Waived by United Community MHC	1,024	931	1,909	1,722	1,536	1,350	326
Total dividend	\$ 1,725	\$ 1,476	\$ 3,079	\$ 2,818	\$ 2,595	\$ 2,384	\$ 593

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The following tables contain certain information concerning the consolidated financial position and results of operations at March 31, 2011 and June 30, 2010 and for the three- and nine-month periods ended March 31, 2011 and 2010. This information 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 information at June 30, 2010 is derived in part from the audited consolidated financial statements that appear in this prospectus. The results of operations for the three and nine months ended March 31, 2011 are not necessarily indicative of the results of operations that may be expected for the entire fiscal year.

(Dollars in thousands)	At March 31, 2011 (Unaudited)	At June 30, 2010
Selected Financial Condition Data:		
Total assets	\$ 475,968	\$ 492,104
Cash and cash equivalents	28,182	32,023
Securities held-to-maturity	564	631
Securities available-for-sale	42,987	62,089
Mortgage-backed securities available-for-sale	84,051	57,238
Loans receivable, net	289,644	309,575
Deposits	416,909	430,180
Advances from Federal Home Loan Bank	2,083	2,833
Stockholders' equity	53,396	55,480

(Dollars in thousands, except per share amounts)	Three Months Ended March 31, 2011 2010 (Unaudited)		Nine Months Ended March 31, 2011 2010	
Selected Operating Data:				
Interest income	\$ 4,876	\$ 4,716	\$ 14,939	\$ 14,248
Interest expense	1,286	1,542	4,354	4,835
Net interest income	3,590	3,174	10,585	9,413
Provision for loan losses	3,971	451	5,427	1,397
Net interest income (loss) after provision for loan losses	(381)	2,723	5,158	8,016
Other income	795	749	2,763	2,377
Other expense	2,949	2,908	9,404	8,852
Income (loss) before income taxes	(2,535)	564	(1,483)	1,541
Provision (benefit) for income taxes	(814)	214	(612)	493
Net income (loss)	\$ (1,721)	\$ 350	\$ (871)	\$ 1,048
Per Share Data:				
Earnings (loss) per share, basic and diluted	\$ (0.23)	\$ 0.05	\$ (0.11)	\$ 0.14

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	At or For Three Months Ended March 31,		At or For Nine Months Ended March 31,	
	2011	2010 (Unaudited)	2011	2010
Performance Ratios (1):				
Return on average assets	(1.43)%	0.33%	(0.24)%	0.34%
Return on average equity	(12.61)	2.52	(2.10)	2.52
Interest rate spread (2)	3.05	3.00	2.96	3.05
Net interest margin (3)	3.17	3.15	3.05	3.22
Non-interest expense to average assets	2.44	2.73	2.55	2.85
Efficiency ratio (4)	67.25	74.13	70.45	75.08
Average interest-earning assets to average interest-bearing liabilities	106.69	109.56	106.77	109.93
Average equity to average assets	11.31	13.04	11.21	13.40
Dividend payout ratio (5)	N/A	84.29	N/A	80.15
United Community Bank Capital Ratios:				
Tangible capital	9.58	11.30	9.58	11.30
Core capital	9.58	11.30	9.58	11.30
Total risk-based capital	17.73	17.61	17.73	17.61
Asset Quality Ratios:				
Nonperforming loans as a percent of total loans	7.12	3.44	7.12	3.44
Nonperforming assets as a percent of total assets	4.37	2.18	4.37	2.56
Allowance for loan losses as a percent of total loans	1.71	1.73	1.71	1.73
Allowance for loan losses as a percent of nonperforming loans	24.02	50.11	24.02	50.11
Net charge-offs to average outstanding loans during the period	7.63	0.10	2.04	0.35

- (1) Annualized where appropriate.
- (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 other expense divided by the sum of net interest income and other income.
- (5) Represents dividends declared (excluding waived dividends) divided by net income. A summary of dividends declared and waived dividends (and thus not paid) is set forth below:

	At or For Nine Months Ended March 31,	
	2011	2010 (In thousands)
Dividends:		
Paid to minority stockholders	\$ 985	\$ 840
Waived by United Community MHC	1,536	1,397
Total dividends	\$ 2,521	\$ 2,237

Balance Sheet Analysis

Total assets were \$476.0 million at March 31, 2011, compared to \$492.1 million at June 30, 2010. The decrease was primarily due to a \$19.9 million decrease in loans, reflecting the combined effect of the refinancing of \$19.2 million of residential mortgage loans into lower fixed-rate loans sold to Freddie Mac, and the prepayment of several commercial loans aggregating \$6.7 million in the current fiscal year.

Total liabilities were \$422.6 million at March 31, 2011, compared to \$436.6 million at June 30, 2010.

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Total deposits were \$416.9 million at March 31, 2011, compared to \$430.2 million at June 30, 2010. The decrease was primarily the result of a decrease in municipal deposits consistent with management's decision to improve the Bank's funding mix by focusing on increasing the amount of lower cost core deposits while concurrently decreasing its reliance on municipal deposits.

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Total stockholders' equity was \$53.4 million at March 31, 2011, compared to \$55.5 million at June 30, 2010. The decrease was primarily the result of the loss of \$871,000 incurred during the nine months ended March 31, 2011 and dividends paid totaling \$985,000.

Results of Operations for the Three and Nine Months Ended March 31, 2011 and March 31, 2010

Overview. We incurred a net loss of \$1.7 million for the three months ended March 31, 2011, compared to net income of \$350,000 for the three months ended March 31, 2010. The decrease in net income was primarily the result of a \$3.5 million increase in the provision for loan losses in the third quarter of fiscal 2011. The increase in the provision was primarily the result of the charge-off of \$4.4 million in multi-family and nonresidential real estate loans during the quarter ended March 31, 2011 as discussed in more detail below.

We experienced a net loss of \$871,000 for the nine months ended March 31, 2011, compared to net income of \$1.0 million for the nine months ended March 31, 2010. The decrease in net income for the 2011 period was primarily the result of an increase of \$4.0 million in the provision for loan losses for the nine months ended March 31, 2011, partially offset by an increase in net interest income of \$1.2 million. The increase in the loan loss provision was primarily the result of the charge-off of \$4.4 million in multi-family and nonresidential real estate loans, of which \$692,000 related to the restructuring of seven loans during the quarter having an aggregate outstanding principal balance of approximately \$3.6 million. The remaining \$3.7 million that was charged-off related to the restructuring of six loans having an aggregate balance of approximately \$9.9 million that had been restructured during the 2010 calendar year. The increase in net interest income is a result of the acquisition of three branches from Integra Bank, National Association, in June, 2010.

Net Interest Income.

	Three Months Ended March 31,		% Change	Nine Months Ended March 31,		% Change
	2011	2010		2011	2010	
	(Dollars in thousands)					
Interest income:						
Loans	\$ 4,140	\$ 4,068	1.8%	\$ 12,821	\$ 12,226	4.9%
Investment and mortgage-backed securities	733	645	13.6	2,108	2,013	4.7
Other interest-earning assets	3	3	0.0	10	9	11.1
Total interest income	4,876	4,716	3.4	14,939	14,248	4.8
Interest expense:						
NOW and money market deposit accounts	148	184	(19.6)	631	638	(1.1)
Passbook accounts	70	32	118.8	205	96	113.5
Certificates of deposit	1,055	1,300	(18.8)	3,463	4,017	(13.8)
Total interest-bearing deposits	1,273	1,516	(16.0)	4,299	4,751	(9.5)
FHLB advances	13	26	(50.0)	55	84	(34.5)
Total interest expense	1,286	1,542	(16.6)	4,354	4,835	(9.9)
Net interest income	\$ 3,590	\$ 3,174	13.1	10,585	\$ 9,413	12.5

Net interest income was \$3.6 million for the three months ended March 31, 2011, compared to \$3.2 million for the three months ended March 31, 2010. The increase was the result of a \$49.9 million increase in average interest-earning assets, partially offset by a \$56.7 million increase in average interest-bearing liabilities. The interest rate spread increased from 3.01% to 3.05% over the same period primarily due to a higher turn over rate for deposit accounts which resulted in a greater decrease in interest rates for deposits. The increase in average balances was due to the acquisition of three branches from Integra Bank, National Association in June, 2010.

Net interest income was \$10.6 million for the nine months ended March 31, 2011, compared to \$9.4 million for the nine months ended March 31, 2010. The increase was the result of an \$72.6 million increase in average interest-earning assets with an average yield of 4.30%, compared to a \$78.5 million increase in average interest-bearing liabilities with an average cost of 1.34%. The interest rate spread decreased

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from 3.05% to 2.96% over the same period. The increase in average balances was due to the aforementioned branch acquisition completed in June, 2010, and increased marketing and advertising efforts in our local market area.

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Noninterest Income. The following table summarizes noninterest income for the three and nine months ended March 31, 2011 and 2010.

	Three Months Ended March 31,			Nine Months Ended March 31,		
	2011	2010	% Change (Dollars in thousands)	2011	2010	% Change
Service charges	\$ 558	\$ 446	25.1%	\$ 1,765	\$ 1,442	22.4%
Gain on sale of loans	18	50	(64.0)	460	246	87.0
Gain on sale of investments	88	114	(22.8)	132	153	(13.7)
Gain (loss) on sale of other real estate owned		25	N/A	(25)	25	(200.0)
Income from bank-owned life insurance	68	70	(2.9)	207	209	(1.0)
Other	63	44	43.2	224	302	(25.8)
Total noninterest income	\$ 795	\$ 749	6.1	\$ 2,763	\$ 2,377	16.2

Noninterest income increased to \$795,000 for the three months ended March 31, 2011, compared to \$749,000 in the same quarter in the prior year. The increase was a result of a \$112,000 increase in service charges, partially offset by a \$32,000 decrease in the gain on sale of loans and a \$26,000 decrease in the gain on sale of investments. The increase in service charges was a result of the previously mentioned branch acquisition. The decrease in the gain on sale of loans is the result of fewer loans being sold to Freddie Mac in the March 2011 quarter due to a decline in originations reflecting, in part, recent increases in interest rates. The decrease in the gain on sale of investments from the prior year was the result of the sale of fixed-rate investment securities in the March 2011 quarter which had yields that were closer to market rates for similar securities than the investment securities sold in the 2010 period.

Noninterest income increased to \$2.8 million for the nine months ended March 31, 2011, compared to \$2.4 million in the prior year period. The increase was a result of a \$323,000 increase in service charges and a \$214,000 increase in gain on sale of loans. The increase in service charges was a result of the previously mentioned branch acquisition. The increase in the gain on sale of loans reflected the increased level of sales to Freddie Mac in the first nine months of the current fiscal year than in the prior fiscal year.

The following table summarizes noninterest expense for the three and nine months ended March 31, 2011 and 2010.

	Three Months Ended March 31,			Nine Months Ended March 31,		
	2011	2010	% Change (Dollars in thousands)	2011	2010	% Change
Compensation and employee benefits	\$ 1,593	\$ 1,411	12.9%	4,951	\$ 4,323	14.5%
Premises and occupancy expense	346	268	29.1	991	822	20.6
Deposit insurance premium	199	214	(7.0)	607	627	(3.2)
Advertising expense	56	67	(16.4)	274	243	12.8
Data processing expense	276	238	16.0	839	666	26.0
Provision for loss on sale of other real estate owned		97	N/A		397	N/A
Acquisition-related expenses		226	N/A	38	226	(83.2)
Other operating expenses	479	387	23.8	1,704	1,548	10.1
Total noninterest expense	\$ 2,949	\$ 2,908	1.4	\$ 9,404	\$ 8,852	6.2

Noninterest expense remained unchanged at \$2.9 million for each of the three month periods ended March 31, 2011 and 2010. Increases of \$182,000 in compensation and employee benefits and \$92,000 in other noninterest expenses during the third quarter of fiscal 2011 were offset by declines in branch acquisition-related expenses of \$226,000 and the provision for loss on sale of real estate owned of \$97,000 incurred in the prior year quarter. The increases in compensation and employee benefits and other noninterest expenses, and the decrease in acquisition-related expenses were due to the aforementioned acquisition of three branches. The decrease in the provision for loss on the sale of real estate owned is the combined result of holding and selling fewer properties during the year, and the properties being held not requiring additional provisions due

to the decline in real estate values.

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Noninterest expense increased to \$9.4 million for the nine months ended March 31, 2011 compared to \$8.9 million for the nine months ended March 31, 2010. The increase was a result of increases totaling \$1.1 million in compensation and employee benefits, premises and occupancy, data processing and other expenses during the 2011 period, offset by lower acquisition-related expenses of \$188,000 and the non-reoccurrence of the provision for loss on sale of real estate owned of \$397,000 in the prior year period. The current year increases in noninterest expenses and the decrease in acquisition-related expenses were due to the aforementioned acquisition of three branches. The decrease in the provision for loss on the sale of real estate owned is the result of holding and selling fewer real estate owned properties during the year, combined with smaller declines in real estate values related to such properties.

Provision for Loan Losses. The provision for loan loss was \$4.0 million for the three months ended March 31, 2011, compared to \$451,000 for the same period in the prior year. The increase in the loan loss provision was primarily the result of the previously mentioned charge-offs. The increase in charge-offs was primarily the result of the continued impact of a weak economy on the borrowers of the Bank.

The provision for loan loss was \$5.4 million for the nine months ended March 31, 2011, compared to \$1.4 million for the same period in the prior year. The increase in the loan loss provision was primarily the result of the aforementioned charge-offs related to the aforementioned loan restructurings during the current year quarter. For further information see *Analysis of Nonperforming Assets* below.

Income Taxes. We recorded an income tax benefit of \$814,000 for the three months ended March 31, 2011 compared to an expense of \$214,000 for the three months ended March 31, 2010 due to the loss incurred in the March 2011 quarter.

For the nine months ended March 31, 2011, we recorded an income tax benefit of \$612,000 compared to an expense of \$493,000 for the nine months ended March 31, 2010 as a result of the net loss before income taxes experienced in the 2011 period.

Analysis of Nonperforming assets. The following table provides information with respect to our nonperforming assets at the dates indicated.

	At March 31, 2011 (Unaudited)	At June 30, 2010
(Dollars in thousands)		
Nonaccrual loans:		
One- to four-family residential real estate	\$ 2,031	\$ 1,533
Multi-family real estate		2,137
Nonresidential real estate and land	111	1,455
Commercial	245	
Consumer	25	155
Total nonaccrual loans	2,412	5,280
Nonaccrual restructured loans:		
One- to four-family residential real estate	1,877	903
Multi-family real estate	12,331	3,108
Nonresidential real estate and land	4,006	1,283
Total nonaccrual restructured loans	18,214	5,294
Total nonperforming loans	\$ 20,626	\$ 10,574
Real estate owned	179	297
Total nonperforming assets	\$ 20,805	\$ 10,871
Accruing restructured loans	3,085	5,003
Accruing restructured loans and nonperforming assets	\$ 23,890	\$ 15,874
Total nonperforming loans to total loans	7.12%	3.35%
Total nonperforming loans to total assets	4.33	2.15

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Total nonperforming assets to total assets	4.37	2.21
Total number of nonperforming loans	53	63

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A discussion of the most significant nonaccrual loans at March 31, 2011 follows. These loans comprise \$11.6 million, or 56.2%, of the \$20.6 million in total nonaccrual loans at March 31, 2011. Management monitors the performance of these loans and reviews all options available to keep the loans current, including further restructuring of the loans. If restructuring efforts are not successful, management would initiate foreclosure proceedings.

Loan Relationship A. As further discussed in *Management's Discussion and Analysis of Financial Conditions and Results of Operations - Risk Management-Analysis of Nonperforming and Classified Assets*, the loans comprising Loan Relationship A were originally restructured in October and November, 2010. In March, 2011 these loans were again restructured through a troubled debt restructuring. Based upon a cash flow analysis of the properties performed by management, approximately \$650,000 of the \$6.4 million in loans was charged-off as a result of the restructuring. The restructured loans have an interest rate that is 275 points below their original restructured rate for a period of two years. At the end of two years, a balloon payment is due, unless the borrower refinances into a market rate loan at that time. See discussion below for additional information regarding loans restructured during the quarter ended March 31, 2011.

Loan Relationship B. As further discussed in *Management's Discussion and Analysis of Financial Conditions and Results of Operations - Risk Management-Analysis of Nonperforming and Classified Assets*, the loans comprising Loan Relationship B were originally restructured in June, 2010. In March, 2011, the loans comprising Relationship B were refinanced through a troubled debt restructuring. Based upon a cash flow analysis of the properties performed by management, approximately \$1.3 million of the \$3.7 million in loans was charged off during the restructuring. The restructured loans have an interest rate that is an additional 275 points lower than the 2010 restructured rate for a period of two years. At the end of two years, a balloon payment is due, unless the borrower refinances into a market rate loan at that time.

Loan Relationship C. As further discussed in *Management's Discussion and Analysis of Financial Conditions and Results of Operations - Risk Management-Analysis of Nonperforming and Classified Assets*, the loans comprising Loan Relationship C were originally restructured in August, 2009. In March, 2011, these loans were refinanced through a troubled debt restructuring. Based upon a cash flow analysis of the properties performed by management, approximately \$630,000 of \$2.1 million in loans was charged off during the restructuring. The restructured loans have an interest rate that is an additional 275 points lower than the 2010 restructured rate for a period of two years. At the end of two years, a balloon payment is due, unless the borrower refinances into a market rate loan at that time.

Loan Relationship D. As further discussed in *Management's Discussion and Analysis of Financial Conditions and Results of Operations - Risk Management-Analysis of Nonperforming and Classified Assets*, the loan comprising Loan Relationship D was originally restructured in December, 2008. At March 31, 2011, the carrying value of this loan is \$1.6 million, and the loan was performing in accordance with its restructured terms at that date.

Federal regulations require us to review and classify our assets on a regular basis. In addition, the OTS has the authority to identify problem assets and, if appropriate, require them to be classified. There are three classifications for problem assets: substandard, doubtful and loss.

Substandard assets must have one or more defined weaknesses and are characterized by the distinct possibility that we will sustain some loss if the deficiencies are not corrected. Doubtful assets have the weaknesses of substandard assets with the additional characteristic that the weaknesses make collection or liquidation in full on the basis of currently existing facts, conditions and values questionable, and there is a high possibility of loss. An asset classified loss is considered uncollectible and of such little value that continuance as an asset of the institution is not warranted. The regulations also provide for a special mention category, described as assets which do not currently expose us to a sufficient degree of risk to warrant classification but do possess credit deficiencies or potential weaknesses deserving our close attention. When we classify an asset as special mention, we account for those classifications when establishing a general allowance for loan losses. If we classify an asset as substandard, doubtful or loss, we evaluate the need for a specific allowance for the asset at that time. The following tables illustrate the aggregate amounts of our classified assets at the dates indicated with information regarding the amount of accruing and non-accrual loans and the level of delinquent loans.

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At March 31, 2011:

(In thousands)	Credit Risk Profile by Internally Assigned Grade								
	One- to Four-Family Mortgage Owner Occupied	Consumer	One- to Four-Family Mortgage Nonowner Occupied	Multi-Family Mortgage Nonowner Occupied	Non-residential real estate	Construction	Land	Commercial	Total
Grade:									
Pass	\$ 99,481	\$ 41,850	\$ 9,126	\$ 15,118	\$ 36,424	\$ 1,118	\$ 2,564	\$ 3,755	\$ 209,436
Watch	6,869	143	3,067	15,839	13,091		1,300	1,771	42,080
Special mention	670	162	1,035	1,586	8,266		39	482	12,240
Substandard (1)	4,563	841	1,148	11,462	6,702			245	24,961
Doubtful									
Loss	22	19	85	801					927
Total:	\$ 111,605	\$ 43,015	\$ 14,461	\$ 44,806	\$ 64,483	\$ 1,118	\$ 3,903	\$ 6,253	\$ 289,644

(1) Includes \$21.3 million in troubled debt restructurings.

At June 30, 2010:

(In thousands)	Credit Risk Profile by Internally Assigned Grade								
	One- to Four-Family Mortgage Owner Occupied	Consumer	One- to Four-Family Mortgage Nonowner Occupied	Multi-Family Mortgage Nonowner Occupied	Non-residential real estate	Construction	Land	Commercial	Total
Grade:									
Pass	\$ 115,917	\$ 37,450	\$ 9,037	\$ 18,940	\$ 45,712	\$ 1,566	\$ 3,836	\$ 3,046	\$ 235,504
Watch	3,816	460	3,481	14,031	16,583		684	3,278	42,333
Special mention	766	313	704	6,575	9,802		881	1,020	20,061
Substandard (1)	2,693	423	712	5,987	4,282				14,097
Doubtful									
Loss	243	479	104	1,244	1,189				3,259
Total:	\$ 123,435	\$ 39,125	\$ 14,038	\$ 46,777	\$ 77,568	\$ 1,566	\$ 5,401	\$ 7,344	\$ 315,254

(1) Includes \$10.3 million in troubled debt restructurings.

(Dollars in thousands)	Loan Status		At March 31, 2011		
	Accrual	Nonaccrual	Total Unpaid Principal Balance	Related Allowance	Recorded Investment

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One- to four-family residential real estate - owner occupied	\$ 486	\$ 1,877	\$ 2,363	\$ 182	\$ 2,181
Multi-family residential real estate - nonowner occupied		12,331	12,331	801	11,530
Nonresidential real estate - commercial and office buildings	2,599	4,006	6,605		6,605
Total	\$ 3,085	\$ 18,214	\$ 21,299	\$ 983	\$ 20,316
Number of loans	4	25			

	At March 31, 2011		At June 30, 2010	
	30-59 Days Past Due	60-89 Days Past Due	30-59 Days Past Due	60-89 Days Past Due
	(In thousands)			
One- to four-family residential real estate	\$ 1,739	\$ 820	\$ 1,083	\$ 515
Multi-family residential real estate	328			
Nonresidential real estate	890		648	3,598
Land	31	39		
Commercial		117		
Consumer	127	169	728	337
Total	\$ 3,115	\$ 1,145	\$ 2,459	\$ 4,450

The increase in nonperforming loans is primarily the result of an increase in restructured loans during the nine months ended March 31, 2011. Historically, we had not incurred significant losses in lending operations. Beginning in the fiscal

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year ended June 30, 2008, we began to experience the adverse effects of the significant national downturn in real estate values. The consequences of this downturn were generally evident in all portfolio types, but were more pronounced in multi-family and nonresidential real estate loans, particularly those secured by properties located in markets outside of Dearborn and Ripley Counties. The Company's approach to resolving nonperforming loans focused on foreclosure and liquidations in the fiscal year ended June 30, 2008 and the greater part of the fiscal year ended June 30, 2009. This manner of troubled asset resolution proved costly as a result of legal and other operating costs incurred in the process.

As a result, beginning in the latter part of the fiscal year ended June 30, 2009, we initiated a restructuring process with respect to nonperforming loans that provided for either restructuring the loan to the borrower in recognition of the lower available cash flows from the collateral properties or identification of stronger borrowers to refinance the loan. In evaluating whether to restructure a loan and the type of modification to perform, we consider the borrower's payment status and history, the borrower's ability to pay upon a rate reset on an adjustable rate mortgage, size of the payment increase upon a rate reset, period of time remaining before the rate reset, and other relevant factors in determining whether a borrower is experiencing financial difficulty. Under troubled debt restructurings, we believe they we provided the necessary valuation allowances or charge-offs to reflect the loans' carrying amounts at fair value.

During the quarter ended March 31, 2011, we began restructuring loans into a Note A/Note B format. Upon performing a global analysis of the relationship with the borrower, the terms of Note A are calculated using current financial information to determine the amount of payment at which the borrower would have a debt service coverage ratio of 1.5x or better. That payment is calculated based upon a 20 to 30 year amortization period, then fixed for two years, with the loan maturing at the end of the two years. The amount for Note B is the difference of Note A and the original amount to be refinanced, plus reasonable closing costs. It is given the same interest rate and balloon term as Note A, but no principal or interest payments are due until maturity. While no amount of the original indebtedness of the borrower is forgiven through this process, the full amount of Note B is charged-off. Note A is treated as any other troubled debt restructuring and, generally, may return to accrual status after a history of performance in accordance with the restructured terms of at least six consecutive months is established.

We have continued to experience losses in our multi-family and nonresidential real estate loan portfolio secured by properties primarily outside of Dearborn and Ripley Counties, as reflected in the level of classified assets at June 30, 2010 and March 31, 2011. As a result, in the quarter ended March 31, 2011, management reviewed all classified assets and ultimately restructured \$13.7 million of loans during the period. After these restructurings were completed, at March 31, 2011, 73.0% of substandard assets were troubled debt restructurings that are recorded at fair value, compared to 37.4% at June 30, 2010.

For the Nine Months Ended March 31, 2011:

	One- to Four-Family Owner Occupied Mortgage	Consumer	Multi-Family Mortgage Nonowner Occupied	Nonresidential Real Estate (In Thousands)	Land	Commercial	Total
Allowance for Credit Losses:							
Beginning balance:	\$ 419	\$ 908	\$ 2,863	\$ 1,260	\$ 10	\$ 221	\$ 5,681
Charge-offs	(659)	(825)	(2,008)	(2,765)		(38)	(6,295)
Recoveries	21	14		6			41
Provision	1,156	320	881	3,223	3	(156)	5,427
Ending Balance:	\$ 937	\$ 417	\$ 1,736	\$ 1,724	\$ 13	\$ 27	\$ 4,854
Balance, individually evaluated	\$ 108	\$ 19	\$ 801	\$	\$	\$	\$ 928
Balance, collectively evaluated	\$ 829	\$ 398	\$ 935	\$ 1,724	\$ 13	\$ 27	\$ 3,926
Financing receivables:							
Ending balance: financing receivables	\$ 126,066	\$ 43,015	\$ 44,806	\$ 65,601	\$ 3,903	\$ 6,253	\$ 289,644
Ending balance: individually evaluated for impairment	\$ 1,253	\$	\$ 12,331	\$ 6,605	\$	\$	\$ 20,189
Ending balance: collectively evaluated for impairment	\$ 109,780	\$ 33,158	\$ 31,948	\$ 51,273	\$ 3,903	\$ 4,314	\$ 234,376
Ending balance: loans acquired with deteriorated credit quality	\$ 15,033	\$ 9,857	\$ 527	\$ 7,723	\$	\$ 1,939	\$ 35,079

Table of Contents**USE OF PROCEEDS**

The following table shows how we intend 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% Above Maximum of Offering Range	
	3,215,486 Shares at \$8.00 per Share	Percent of Net Proceeds	3,782,925 Shares at \$8.00 per Share	Percent of Net Proceeds	4,350,364 Shares at \$8.00 per Share	Percent of Net Proceeds	5,002,918 Shares at \$8.00 per Share	Percent of Net Proceeds
Gross offering proceeds	\$ 25,724		\$ 30,263		\$ 34,803		\$ 40,023	
Less: offering expenses	(2,056)		(2,232)		(2,409)		(2,612)	
Net offering proceeds	23,668	100.00%	28,031	100.00%	32,394	100.00%	37,411	100.00%
Plus:								
Consolidation of MHC	100	0.42%	100	0.36%	100	0.31%	100	0.27%
Less:								
Proceeds contributed to United Community Bank	(14,201)	(60.00)%	(16,819)	(60.00)%	(19,436)	(60.00)%	(22,447)	(60.00)%
Proceeds used for loan to employee stock ownership plan	(1,636)	(6.91)%	(1,925)	(6.87)%	(2,213)	(6.83)%	(2,545)	(6.80)%
Proceeds remaining for United Community Bancorp	\$ 7,931	33.51%	\$ 9,387	33.49%	\$ 10,845	33.48%	\$ 12,519	33.46%

We initially intend to invest the proceeds retained from the offering at new United Community Bancorp in short-term investments, such as U.S. treasury and government agency securities, mortgage-backed securities and cash and cash equivalents. The actual amounts to be invested in different instruments will depend on the interest rate environment and new United Community Bancorp's liquidity requirements. In the future, new United Community Bancorp may liquidate its investments and use those funds:

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, including contributing additional capital to United Community Bank.

Under current Office of Thrift Supervision (sometimes referred to as the OTS) regulations, we may not repurchase shares of our common stock during the first year following completion of the conversion and offering, except to fund equity benefit plans other than stock options or, with prior regulatory approval, when extraordinary circumstances exist. For a discussion of our dividend policy and regulatory matters relating to the payment of dividends, see *Our Dividend Policy*.

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

receives from the offering:

to fund new loans;

to invest in securities;

to finance the possible expansion of its business activities; and

for general corporate purposes.

We may need regulatory approvals to engage in some of the activities listed above.

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We currently anticipate that 60% of the net proceeds of the offering will be contributed to United Community Bank and, after initially being invested in short-term investments, will primarily be used to fund new loans. As further discussed in *Management's Discussion and Analysis of Financial Condition and Results of Operations Operating Strategy Implementing a controlled growth strategy to prudently increase profitability and enhance stockholder value*, as a result of our controlled growth strategy, we will likely experience growth in our one-to four-family residential mortgage loan portfolio and in our investment portfolio, primarily short-term investments. We believe our existing infrastructure and our recent expansion into Ripley County, along with the proceeds of this offering, will enable us to originate new loans, particularly one-to four-family residential loans, consistent with our controlled growth strategy. The amount of time that it will take to deploy the proceeds of the offering into loans will depend primarily on the level of loan demand.

We currently do not have any specific plans for any expansion or diversification activities that would require funds from this offering. Except as described above, we have no specific plans for the investment of the proceeds of the offering and have not allocated a specific portion of the proceeds to any particular use. For a discussion of our business reasons for undertaking the offering, see *The Conversion and Offering Reasons for the Conversion and Offering*.

OUR DIVIDEND POLICY

United Community Bancorp has paid quarterly cash dividends since the fourth quarter of 2006. For the quarter ended December 31, 2010, the quarterly cash dividend was \$0.11 per share, which equals \$0.44 per share on an annualized basis. After the conversion and offering, we currently expect to pay a quarterly cash dividend of \$0.08 per share, or \$0.32 per share on an annualized basis, at all levels of the offering range. This represents an annual dividend yield of 4.0% at all levels of the offering range based on a stock price of \$8.00 per share. However, the dividend rate and the continued payment of dividends will depend on a number of factors, including our capital requirements and alternative uses for capital, our financial condition and results of operations, tax considerations, statutory and regulatory limitations and general economic conditions. No assurance can be given that we will continue to pay dividends or that they will not be reduced or eliminated in the future.

New United Community Bancorp is subject to Indiana law, which generally permits a corporation to pay dividends on its common stock unless, after giving effect to the dividend, the corporation would be unable to pay its debts as they become due in the usual course of its business or the total assets of the corporation would be less than the sum of its liabilities and the amount that would be needed, if United Community Bancorp were to be dissolved at the time of the distribution, to satisfy the preferential rights upon dissolution of any holders of capital stock who have a preference upon dissolution. Pursuant to Office of Thrift Supervision regulations, new United Community Bancorp may not make a distribution that would constitute a return of capital during the three years following the completion of the conversion and offering. Following the merger of the Office of Thrift Supervision into the Office of the Comptroller of the Currency and the assumption of regulatory authority by the Federal Reserve Board over savings and loan holding companies, new United Community Bancorp will not be required to obtain prior Federal Reserve approval to pay a dividend unless the declaration and payment of a dividend could raise supervisory concerns about the safe and sound operation of new United Community Bancorp and United Community Bank, such as where the dividend declared for a period is not supported by earnings for that period, or where new United Community Bancorp plans to declare a material increase in its common stock dividend.

New United Community Bancorp's ability to pay dividends may depend, in part, upon its receipt of dividends from United Community Bank. For a discussion of restrictions on the payment of dividends by United Community Bank, see *Regulation and Supervision Federal Banking Regulation Limitation on Capital Distributions*. In addition, any payment of dividends by United Community Bank to new United Community Bancorp that would be deemed to be drawn out of United Community Bank's bad debt reserves would require the payment of federal income taxes by United Community Bank at the then current income tax rate on the amount deemed distributed. See *Federal and State Taxation Federal Income Taxation* and Note 18 of the notes to consolidated financial statements included elsewhere in this prospectus. New United Community Bancorp does not contemplate any distribution by United Community Bank that would result in this type of tax liability.

In addition, pursuant to the plan of conversion, neither new United Community Bancorp nor United Community Bank may declare or pay a cash dividend on, or repurchase any of, its capital stock if the effect of such action would cause its equity to be reduced below (i) the amount required for the liquidation account established in connection with the conversion or (ii) the regulatory capital requirements of United Community Bancorp (to the extent applicable) or United Community Bank.

MARKET FOR THE COMMON STOCK

The common stock of United Community Bancorp is currently listed on the Nasdaq Global Market under the symbol UCBA. Upon completion of the conversion and offering, the shares of common stock of new United Community Bancorp will replace United Community Bancorp's common stock. We expect that new United Community Bancorp's shares of common stock will trade on the Nasdaq Global Market under the trading symbol UCBAD for a period of 20 trading days.

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after completion of the offering. Thereafter, our trading symbol will revert to UCBA. To list our common stock on the Nasdaq Global Market we are required to have at least three broker-dealers who will make a market in our common stock. United Community Bancorp currently has approximately 18 registered market makers.

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 \$8.00 price per share in the offering. Purchasers of our common stock should recognize that there are risks involved in their investment and that there may be a limited trading market in the common stock.

The following table sets forth high and low sales prices for United Community Bancorp's common stock and the cash dividends per share declared for the periods indicated.

	High	Low	Dividends
Year Ending June 30, 2011:			
Fourth Quarter (through April , 2011)	\$	\$	\$
Third Quarter	8.13	6.91	0.11
Second Quarter	7.75	6.04	0.11
First Quarter	8.00	6.88	0.11
Year Ended June 30, 2010:			
Fourth Quarter	\$ 7.75	\$ 6.06	\$ 0.11
Third Quarter	6.95	6.15	0.10
Second Quarter	7.03	6.15	0.10
First Quarter	7.55	5.01	0.10
Year Ended June 30, 2009:			
Fourth Quarter	\$ 7.20	\$ 5.40	\$ 0.10
Third Quarter	6.96	3.70	0.09
Second Quarter	9.95	4.64	0.09
First Quarter	9.99	5.01	0.09

At , 2011, United Community Bancorp had approximately stockholders of record, not including those who hold shares in street name. On the effective date of the conversion, all publicly held shares of United Community Bancorp common stock, including shares held by our officers and directors, will be converted automatically into and become the right to receive a number of shares of new United Community Bancorp common stock determined pursuant to the exchange ratio. See *The Conversion and Offering Share Exchange Ratio for Current Stockholders*. The above table reflects actual prices and has not been adjusted to reflect the exchange ratio. Options to purchase shares of United Community Bancorp common stock will be converted into options to purchase a number of shares of new United Community Bancorp common stock adjusted pursuant to the exchange ratio, for the same aggregate exercise price.

Table of Contents**CAPITALIZATION**

The following table presents the historical capitalization of United Community Bancorp at December 31, 2010 and the capitalization of new 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 as a result of the exercise of options granted under the 2006 Equity Incentive Plan or the proposed new equity incentive plan. **A change in the number of shares to be issued in the offering may materially affect pro forma capitalization.** We must sell a minimum of 3,215,486 shares to complete the offering.

	United Community Bancorp Historical	Pro Forma Capitalization at December 31, 2010 Based Upon Sale at \$8.00 per Share			
		Minimum of Offering Range	Midpoint of Offering Range	Maximum of Offering Range	15% Above Maximum of Offering Range
		3,215,486 Shares at \$8.00 per Share	3,782,925 Shares at \$8.00 per Share	4,350,364 Shares at \$8.00 per Share	5,002,918 Shares at \$8.00 per Share
(Dollars in thousands)					
Deposits (1)	\$ 429,808	\$ 429,808	\$ 429,808	\$ 429,808	\$ 429,808
Borrowings	2,333	2,333	2,333	2,333	2,333
Total deposits and borrowings	\$ 432,141	\$ 432,141	\$ 432,141	\$ 432,141	\$ 432,141
Stockholders' equity:					
Preferred stock:					
1,000,000 shares, \$0.01 par share per share, authorized; none issued and outstanding	\$	\$	\$	\$	\$
Common stock:					
25,000,000 shares, \$0.01 par value per share, authorized; specified number of shares assumed to be issued and outstanding (2)	36	54	64	73	84
Additional paid-in capital	36,913	60,563	64,916	69,270	74,276
Retained earnings (3)	28,195	28,195	28,195	28,195	28,195
Mutual holding company capital consolidation		100	100	100	100
Accumulated other comprehensive gain (loss)	25	25	25	25	25
Less:					
Treasury stock	(7,054)	(7,054)	(7,054)	(7,054)	(7,054)
Shares purchased for existing equity incentive plan	(2,895)	(2,895)	(2,895)	(2,895)	(2,895)
Common stock acquired by employee stock ownership plan (4)		(1,635)	(1,923)	(2,212)	(2,544)
Common stock acquired by equity incentive plan (5)		(817)	(962)	(1,106)	(1,272)
Total stockholders' equity	\$ 55,220	\$ 76,536	\$ 80,466	\$ 84,396	\$ 88,915
Total stockholders' equity as a percentage of total assets	11.25%	14.87%	15.50%	16.12%	16.82%

- (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 5,418,750, 6,375,000, 7,331,250 and 8,430,938 at the minimum, midpoint, maximum, and 15% above the maximum of the offering range, respectively.
- (3) Retained earnings are restricted by applicable regulatory capital requirements.

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- (4) Assumes that 6.4% of the common stock sold in the offering will be acquired by the employee stock ownership plan with funds borrowed from new 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, accordingly, is reflected as a reduction of capital. As shares are released to plan participants' accounts, a compensation expense will be charged, along with related tax benefit, and a reduction in the charge against capital will occur. Since

(footnotes continued on following page)

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the funds are borrowed from new United Community Bancorp, the borrowing will be eliminated in consolidation and no liability or interest expense will be reflected in the financial statements of new United Community Bancorp. See *Our Management Employee Stock Ownership Plan*, and *Pro Forma Data*.

- (5) Assumes the purchase in the open market at \$8.00 per share, for restricted stock awards under the proposed equity incentive plan, of a number of shares equal to 3.18% of the shares of common stock sold in the offering. 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 offering. See *Risk Factors Issuance of shares for benefit programs may dilute your ownership interest*, *Pro Forma Data* and *Our Management Future Equity Incentive Plan*.

Table of Contents**REGULATORY CAPITAL COMPLIANCE**

At December 31, 2010, United Community Bank exceeded all regulatory capital requirements. The following table presents United Community Bank's capital position relative to its regulatory capital requirements at December 31, 2010, on a historical and a pro forma basis. The table reflects receipt by United Community Bank of 60% of the net proceeds of the offering. For purposes of the table, the amount expected to be borrowed by the employee stock ownership plan has been 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 Federal Banking Regulation Capital Requirements*.

	United Community Bank		Pro Forma at December 31, 2010 (1)				15% Above Maximum of Offering Range			
	Historical at December 31, 2010	Minimum of Offering Range	Midpoint of Offering Range	Maximum of Offering Range	5002,918 Shares at \$8.00 per share	Percent of Assets (2)	Amount	Percent of Assets (2)		
	Amount	Percent of Assets (2)	Amount	Percent of Assets (2)	Amount	Percent of Assets (2)	Amount	Percent of Assets (2)		
(Dollars in thousands)										
Total equity under generally accepted accounting principles	\$ 55,220	11.3%	\$ 66,967	13.3%	\$ 69,152	13.6%	\$ 71,336	14.0%	\$ 73,848	14.4%
Tangible capital:										
Actual (3)	\$ 46,518	9.6%	\$ 58,265	11.7%	\$ 60,450	12.1%	\$ 62,634	12.4%	\$ 65,146	12.9%
Requirement	7,263	1.5	7,476	1.5	7,516	1.5	7,555	1.5	7,600	1.5
Excess	\$ 39,255	8.1%	\$ 50,788	10.2%	\$ 52,934	10.6%	\$ 55,079	10.9%	\$ 57,546	11.4%
Tier 1 leverage capital:										
Actual (3)	\$ 46,518	9.6%	\$ 58,265	11.7%	\$ 60,450	12.1%	\$ 62,634	12.4%	\$ 65,146	12.9%
Requirement	19,369	4.0	19,937	4.0	20,042	4.0	20,147	4.0	20,267	4.0
Excess	\$ 27,149	5.6%	\$ 38,328	7.7%	\$ 40,408	8.1%	\$ 42,488	8.4%	\$ 44,879	8.9%
Tier 1 risk-based capital (2):										
Actual (3)	\$ 46,518	15.7%	\$ 58,265	19.5%	\$ 60,450	20.2%	\$ 62,634	20.9%	\$ 65,146	21.7%
Requirement	11,815	4.0	11,929	4.0	11,950	4.0	11,971	4.0	11,995	4.0
Excess	\$ 34,703	11.7%	\$ 46,336	15.5%	\$ 48,500	16.2%	\$ 50,663	16.9%	\$ 53,152	17.7%
Total risk-based capital (2):										
Actual (3)(4)	\$ 49,621	16.8%	\$ 62,368	20.9%	\$ 63,553	21.3%	\$ 65,737	22.0%	\$ 68,249	22.8%
Requirement	23,631	8.0	23,858	8.0	23,900	8.0	23,942	8.0	23,990	8.0
Excess	\$ 25,990	8.8%	\$ 37,510	12.6%	\$ 39,653	13.3%	\$ 41,796	14.0%	\$ 44,260	14.8%
Reconciliation of capital contributions to United Community Bank:										
Net Proceeds contributed to United Community Bank			\$ 23,768		\$ 28,131		\$ 32,494		\$ 37,511	
Proceeds to Bank			14,201		16,819		19,436		22,447	
Less common stock acquired by ESOP			1,636		1,925		2,213		2,545	

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Less common stock acquired by equity incentive plan	818	962	1,107	1,273
Pro forma increase in GAAP and regulatory capital	\$ 11,747	\$ 13,932	\$ 16,116	\$ 18,629

- (1) Based on adjusted total assets of \$484,227,000 for the purposes of the tangible and core capital requirements, and risk-weighted assets of \$295,382 for the purposes of the Tier 1 risk-based and total risk-based capital requirements.
- (2) Pro forma amounts and percentages assume net proceeds are invested in assets that carry a 20% risk-weight.
- (3) Pro forma capital levels assume receipt by United Community Bank of net proceeds from the sale of common stock in the offering of 60% of the net proceeds.
- (4) Historical risk-based capital is comprised of tangible capital of \$46,518,000 plus a portion of United Community Bank's general valuation allowance of \$6,684,000.

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PRO FORMA DATA

The following table illustrates the pro forma impact of the conversion and offering on our net income and stockholders' equity based on the sale of common stock at the minimum, the midpoint, the maximum 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 offering is completed. Net proceeds indicated in the following tables are based upon the following assumptions:

30% of the shares of common stock will be sold in the subscription and community offerings and 70% of the shares will be sold in a syndicated community offering;

Our employee stock ownership plan will purchase a number of shares equal to 6.4% of the shares sold in the offering using the proceeds of a loan from new United Community Bancorp that will be repaid in equal installments over 20 years;

Sandler O'Neill & Partners, L.P. will receive an aggregate management fee equal to 1.0% of the aggregate purchase price of the shares sold in the subscription and community offerings, except that no fee will be paid with respect to shares purchased by officers, directors and employees or their immediate families and shares purchased by our employee stock ownership plan, and no sales fee will be payable with respect to the exchange shares;

Sandler O'Neill & Partners, L.P. will receive (i) a management fee of 1.0% of the aggregate dollar amount of the common stock sold in the syndicated community offering to Sandler O'Neill & Partners, L.P. and (ii) a selling concession not to exceed 4.5% of the actual purchase price of each share of common stock sold in the syndicated community offering to these selected dealers who sell shares in the syndicated community offering; and

Total expenses of the offering, excluding sales commissions and management fees referenced above, will be approximately \$1.0 million.

Actual expenses may vary from this estimate, and the amount of fees paid will depend upon the number of shares sold in the subscription and community offerings, as opposed to the syndicated community offering.

Pro forma net income for the six months ended December 31, 2010 and for the year ended June 30, 2010 have been calculated as if the offering were completed at the beginning of the respective period, and the net proceeds had been invested at 2.85%, 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 0.66% is used for the six months ended December 31, 2010 and for the year ended June 30, 2010, after giving effect to a combined federal and state income tax rate of 34.0%. The actual rate of return and/or tax rate experienced by new 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:

Since funds on deposit at United Community Bank may be withdrawn to purchase shares of common stock, those funds will not result in the receipt of new funds for investment. 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 offering had been outstanding at the beginning of the period covered by the table. However, neither historical nor pro forma stockholders' equity has

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been adjusted to reflect the investment of the estimated net proceeds from the sale of the shares in the offering, 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 or liquidation accounts, 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 our common stock.

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The following pro forma data, which are based on United Community Bancorp's stockholders' equity at December 31, 2010 and June 30, 2010, and net income for the six months ended December 31, 2010 and for the year ended June 30, 2010, may not represent the actual financial effects of the offering or our operating results after the offering. The pro forma data rely exclusively on the assumptions outlined above and in the notes to the pro forma tables. **The pro forma data does 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 were to be liquidated after the conversion.**

At or for the Six Months Ended December 31, 2010

	3,215,486 Shares Sold at \$8.00 per Share (Minimum of Range)	3,782,925 Shares Sold at \$8.00 per Share (Midpoint of Range)	4,350,364 Shares Sold at \$8.00 per Share (Maximum of Range)	5,002,918 Shares Sold at \$8.00 per Share (15% Above Maximum)
	(Dollars in thousands, except per share amounts)			
Pro forma market capitalization	\$ 43,350	\$ 51,000	\$ 58,650	\$ 67,448
Less exchange shares	17,626	20,737	23,847	27,425
Gross proceeds of public offering	25,724	30,263	34,803	40,023
Less offering expenses	(2,056)	(2,232)	(2,409)	(2,612)
Estimated net conversion proceeds	23,668	28,031	32,394	37,411
Plus MHC assets reinvested	100	100	100	100
Less: Employee stock ownership plan (1)	(1,635)	(1,923)	(2,212)	(2,544)
Less: Equity incentive plan shares (2)	(817)	(962)	(1,106)	(1,272)
Estimated proceeds available for investment	\$ 21,316	\$ 25,246	\$ 29,176	\$ 33,695
Consolidated net income:				
Historical	\$ 850	\$ 850	\$ 850	\$ 850
Pro forma adjustments:				
Net income from proceeds	200	237	274	317
Employee stock ownership plan (1)	(45)	(54)	(62)	(71)
Restricted stock awards (2)	(114)	(135)	(155)	(178)
Stock options (3)	(157)	(184)	(212)	(244)
Pro forma net income	\$ 734	\$ 714	\$ 695	\$ 674
Net income per share:				
Historical	\$ 0.16	\$ 0.14	\$ 0.12	\$ 0.10
Pro forma adjustments:				
Net income from proceeds	0.04	0.04	0.04	0.04
Employee stock ownership plan (1)	(0.01)	(0.01)	(0.01)	(0.01)
Restricted stock awards (2)	(0.02)	(0.02)	(0.02)	(0.02)
Stock options (3)	(0.03)	(0.03)	(0.03)	(0.03)
Pro forma net income	\$ 0.14	\$ 0.12	\$ 0.10	\$ 0.08
Pro forma price to earnings per share	56.89x	68.80x	81.29x	96.39x
Number of shares for earnings (4)	5,219,492	6,140,590	7,061,653	8,120,919
Stockholders' equity:				
Historical (retained earnings)	\$ 55,220	\$ 55,220	\$ 55,220	\$ 55,220
Estimated net conversion proceeds	23,668	28,031	32,394	37,411
MHC capital consolidation	100	100	100	100
Less common stock acquired by:				

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Employee stock ownership plan (1)	(1,635)	(1,923)	(2,212)	(2,544)
Restricted stock awards (2)	(817)	(962)	(1,106)	(1,272)
Pro forma equity	76,536	80,466	84,396	88,915
Less intangible assets	3,706	3,706	3,706	3,706
Pro forma tangible equity	\$ 72,830	\$ 76,760	\$ 80,690	\$ 85,209
Stockholders equity per share:				
Historical	\$ 10.19	\$ 8.66	\$ 7.53	\$ 6.55
Estimated net conversion proceeds	4.37	4.40	4.42	4.44
MHC capital consolidation	0.02	0.02	0.01	0.01
Less common stock acquired by:				
Employee stock ownership plan (1)	(0.30)	(0.30)	(0.30)	(0.30)
Restricted stock awards (2)	(0.15)	(0.15)	(0.15)	(0.15)
Pro forma equity per share	\$ 14.13	\$ 12.63	\$ 11.51	\$ 10.55
Less intangible assets	0.68	0.58	0.51	0.44
Pro forma tangible equity per share	13.45	12.05	11.00	10.11
Pro forma price to book value	56.62%	63.34%	69.50%	75.83%
Pro forma price to tangible book value	59.48%	66.39%	72.73%	79.13%
Number of shares for total and tangible book value	5,418,750	6,375,000	7,331,250	8,430,938

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- (1) Assumes that the employee stock ownership plan will acquire a number of shares of stock equal to 6.4% of the shares sold in the offering (204,367, 240,421, 276,510 and 317,968 shares at the minimum, midpoint, maximum and 15% above the maximum of the offering range, respectively). The employee stock ownership plan will borrow the funds to acquire these shares from the proceeds retained by new United Community Bancorp. The amount of this borrowing has been reflected as a reduction from gross proceeds to determine estimated net proceeds. This borrowing will have an interest rate equal to the prime rate as published in *The Wall Street Journal*, which is currently 3.25%, which will be fixed at the time of the offering and be for a term of 20 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. 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 (1/20 of the total, based on a 20-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 the pro forma tables, was assumed to be equal to the \$8.00 per share purchase price. If the average market value per share is greater than \$8.00 per share, total employee stock ownership plan expense would be greater. See *Our Management Employee Stock Ownership Plan*.

- (2) Assumes that new United Community Bancorp will purchase in the open market a number of shares of common stock equal to 3.18% of the shares sold in the offering (102,184, 120,211, 138,255 and 158,985 shares at the minimum, midpoint, maximum and 15% above the maximum of the offering range, respectively), that will be reissued as restricted stock awards under a new equity incentive plan to be adopted following the offering. Purchases will be funded with cash on hand at new United Community Bancorp or with dividends paid to new 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 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 \$8.00 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 by approximately 1.85%.

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 new United Community Bancorp common stock was \$8.00 at the time the awards were made, that shares of restricted stock issued under the equity incentive plan vest 20% per year, that compensation expense is recognized on a straight-line basis over each vesting period so that 20% of the value of the shares awarded was an amortized expense during each year, and that the combined federal and state income tax rate was 34.0%. If the fair market value per share is greater than \$8.00 per share on the date shares are awarded under the equity incentive plan, total equity incentive plan expense would be greater.

- (3) The adjustment to pro forma net income for stock options reflects the after-tax compensation expense associated with the stock options that may be granted under the new equity incentive plan to be adopted following the offering. If the new equity incentive plan is approved by stockholders, a number of shares equal to 9.02% of the number of shares sold in the offering (289,946, 341,102, 392,294 and 451,119 shares at the minimum, midpoint, maximum and adjusted maximum of the offering range, respectively), will be reserved for future issuance upon the exercise of stock options that may be granted under the plan. Compensation cost relating to share-based payment transactions will be recognized in the financial statements over the period the employee is required to provide services for the award. The cost will be measured based on the fair value of the equity instruments issued. Applicable accounting standards do not prescribe a specific valuation technique to be used to estimate the fair value of employee stock options. For purposes of this table, the fair value of stock options to be granted under the new equity incentive plan has been estimated at \$2.95 per option using the Black-Scholes option pricing model with the following assumptions: exercise price, \$8.00; trading price on date of grant, \$8.00; dividend yield, 4.0%; expected life, 10 years; expected volatility, 18.60%; and risk-free interest rate, 3.29%. It is assumed that stock options granted under the equity incentive plan vest 20% per year, that compensation expense is recognized on a straight-line basis over the vesting period so that 20% of the value of the options awarded was an amortized expense during each year, that all of the options awarded are non-qualified options and that the combined federal and state income tax rate was 34.0%. We plan to use the Black-Scholes option-pricing formula; however, if the fair market value per share is different than \$8.00 per share on the date options are awarded under the equity incentive plan, or if the assumptions used in the option-pricing formula are different from those used in preparing this pro forma data, the value of the stock options and the related expense would be different. The issuance of authorized but unissued shares of common stock to satisfy option exercises instead of shares repurchased in the open market would dilute the ownership interests of existing stockholders by approximately 5.08%.

- (4) The number of shares used to calculate pro forma net income per share is equal to the total number of shares to be outstanding upon completion of the offering, less the number of shares purchased by the employee stock ownership plan not committed to be released within the one year period following the offering as adjusted to effect a weighted average over the period. See footnote 1. The number of shares used to calculate pro forma stockholders' equity per share is equal to the total number of shares to be outstanding upon completion of the offering.

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	At or For the Year Ended June 30, 2010			
	3,215,486 Shares Sold at \$8.00 per Share (Minimum of Range)	3,782,925 Shares Sold at \$8.00 per Share (Midpoint of Range)	4,350,364 Shares Sold at \$8.00 per Share (Maximum of Range)	5,002,918 Shares Sold at \$8.00 per Share (15% Above Maximum)
(Dollars in thousands, except per share amounts)				
Pro forma market capitalization	\$ 43,350	\$ 51,000	\$ 58,650	\$ 67,448
Less exchange shares	17,626	20,737	23,847	27,425
Gross proceeds of public offering	25,724	30,263	34,803	40,023
Less offering expenses	(2,056)	(2,232)	(2,409)	(2,612)
Estimated net conversion proceeds	23,668	28,031	32,394	37,411
Plus MHC assets reinvested	100	100	100	100
Less: Employee stock ownership plan (1)	(1,635)	(1,923)	(2,212)	(2,544)
Less: Restricted stock awards (2)	(817)	(962)	(1,106)	(1,272)
Estimated proceeds available for investment	\$ 21,316	\$ 25,246	\$ 29,176	\$ 33,695
Consolidated net income:				
Historical	\$ 1,014	\$ 1,014	\$ 1,014	\$ 1,014
Pro forma adjustments:				
Net income from proceeds	401	475	549	634
Employee stock ownership plan (1)	(91)	(107)	(123)	(142)
Restricted stock awards (2)	(229)	(269)	(310)	(356)
Stock options (3)	(157)	(184)	(212)	(244)
Pro forma net income	\$ 938	\$ 929	\$ 918	\$ 906
Net income per share:				
Historical	\$ 0.19	\$ 0.16	\$ 0.14	\$ 0.12
Pro forma adjustments:				
Net income from proceeds	0.08	0.08	0.08	0.08
Employee stock ownership plan (1)	(0.02)	(0.02)	(0.02)	(0.02)
Restricted stock awards (2)	(0.04)	(0.04)	(0.04)	(0.04)
Stock options (3)	(0.03)	(0.03)	(0.03)	(0.03)
Pro forma net income	\$ 0.18	\$ 0.15	\$ 0.13	\$ 0.11
Pro forma price to earnings per share	44.56x	52.93x	61.60x	71.78x
Number of shares for earnings (4)	5,224,601	6,146,600	7,068,566	8,128,868
Stockholders equity:				
Historical (retained earnings)	\$ 55,480	\$ 55,480	\$ 55,480	\$ 55,480
Estimated net conversion proceeds	23,668	28,031	32,394	37,411
MHC capital consolidation	100	100	100	100
Less common stock acquired by:				
Employee stock ownership plan (1)	(1,635)	(1,923)	(2,212)	(2,544)
Restricted stock awards (2)	(817)	(962)	(1,106)	(1,272)
Pro forma equity	76,796	80,726	84,656	89,175
Less intangible assets	3,706	3,706	3,706	3,706
Pro forma tangible equity	\$ 73,090	\$ 77,020	\$ 80,950	\$ 85,469

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Stockholders equity per share:

Historical	\$	10.24	\$	8.70	\$	7.57		6.58
Estimated net conversion proceeds		4.37		4.40		4.42		4.44
MHC capital consolidation		0.02		0.02		0.01		0.01
Less common stock acquired by:								
Employee stock ownership plan (1)		(0.30)		(0.30)		(0.30)		(0.30)
Restricted stock awards (2)		(0.15)		(0.15)		(0.15)		(0.15)
Pro forma equity per share	\$	14.18	\$	12.67	\$	11.55	\$	10.58
Less intangible assets		0.68		0.58		0.51		0.44
Pro forma tangible equity per share		13.50		12.09		11.04		10.14
Pro forma price to book value		56.42%		63.14%		69.26%		75.61%
Pro forma price to tangible book value		59.26%		66.17%		72.46%		78.90%
Number of shares for total and tangible book value		5,418,750		6,375,000		7,331,250		8,430,938

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(1) Assumes that the employee stock ownership plan will acquire a number of shares of stock equal to 6.4% of the shares sold in the offering (204,367, 240,421, 276,510 and 317,968 shares at the minimum, midpoint, maximum and 15% above the maximum of the offering range, respectively). The employee stock ownership plan will borrow the funds to acquire these shares from the proceeds retained by new United Community Bancorp. The amount of this borrowing has been reflected as a reduction from gross proceeds to determine estimated net proceeds. This borrowing will have an interest rate equal to the prime rate as published in *The Wall Street Journal*, which is currently 3.25%, which will be fixed at the time of the offering and be for a term of 20 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. 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 (1/20 of the total, based on a 20-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 the pro forma tables, was assumed to be equal to the \$8.00 per share purchase price. If the average market value per share is greater than \$8.00 per share, total employee stock ownership plan expense would be greater. See *Our Management Employee Stock Ownership Plan*.

(2) Assumes that new United Community Bancorp will purchase in the open market a number of shares of common stock equal to 3.18% of the shares sold in the offering (102,184, 120,211, 138,255 and 158,985 shares at the minimum, midpoint, maximum and 15% above the maximum of the offering range, respectively), that will be reissued as restricted stock awards under a new equity incentive plan to be adopted following the offering. Purchases will be funded with cash on hand at new United Community Bancorp or with dividends paid to new 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 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 \$8.00 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 by approximately 1.85%.

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 new United Community Bancorp common stock was \$8.00 at the time the awards were made, that shares of restricted stock issued under the equity incentive plan vest 20% per year, that compensation expense is recognized on a straight-line basis over each vesting period so that 20% of the value of the shares awarded was an amortized expense during each year, and that the combined federal and state income tax rate was 34.0%. If the fair market value per share is greater than \$8.00 per share on the date shares are awarded under the equity incentive plan, total equity incentive plan expense would be greater.

(3) The adjustment to pro forma net income for stock options reflects the after-tax compensation expense associated with the stock options that may be granted under the new equity incentive plan to be adopted following the offering. If the new equity incentive plan is approved by stockholders, a number of shares equal to 9.02% of the number of shares sold in the offering (289,946, 341,102, 392,294 and 451,119 shares at the minimum, midpoint, maximum and adjusted maximum of the offering range, respectively), will be reserved for future issuance upon the exercise of stock options that may be granted under the plan. Compensation cost relating to share-based payment transactions will be recognized in the financial statements over the period the employee is required to provide services for the award. The cost will be measured based on the fair value of the equity instruments issued. Applicable accounting standards do not prescribe a specific valuation technique to be used to estimate the fair value of employee stock options. For purposes of this table, the fair value of stock options to be granted under the new equity incentive plan has been estimated at \$2.95 per option using the Black-Scholes option pricing model with the following assumptions: exercise price, \$8.00; trading price on date of grant, \$8.00; dividend yield, 4.0%; expected life, 10 years; expected volatility, 18.60%; and risk-free interest rate, 3.29%. It is assumed that stock options granted under the equity incentive plan vest 20% per year, that compensation expense is recognized on a straight-line basis over the vesting period so that 20% of the value of the options awarded was an amortized expense during each year, that all of the options awarded are non-qualified options and that the combined federal and state income tax rate was 34.0%. We plan to use the Black-Scholes option-pricing formula; however, if the fair market value per share is different than \$8.00 per share on the date options are awarded under the equity incentive plan, or if the assumptions used in the option-pricing formula are different from those used in preparing this pro forma data, the value of the stock options and the related expense would be different. The issuance of authorized but unissued shares of common stock to satisfy option exercises instead of shares repurchased in the open market would dilute the ownership interests of existing stockholders by approximately 5.08%.

(4) The number of shares used to calculate pro forma net income per share is equal to the total number of shares to be outstanding upon completion of the offering, less the number of shares purchased by the employee stock ownership plan not committed to be released within the one year period following the offering as adjusted to effect a weighted average over the period. See footnote 1. The number of shares used to calculate pro forma stockholders' equity per share is equal to the total number of shares to be outstanding upon completion of the offering.

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OUR BUSINESS

General

United Community Bancorp. United Community Bancorp's business activities consist of the ownership of United Community Bank's capital stock and management of the offering proceeds it retained. United Community Bancorp does not own or lease any property. Instead, it uses the premises, equipment and other property of United Community Bank with the payment of appropriate rental fees, as required by applicable law and regulations. Accordingly, the information set forth in this prospectus, including the consolidated financial statements and related financial data, relates primarily to United Community Bank. As a registered savings and loan holding company, United Community Bancorp is subject to the regulation of the Office of Thrift Supervision. At December 31, 2010, we had approximately \$490.8 million in assets, \$429.8 million in deposits and \$55.2 million in stockholders' equity. United Community Bancorp will cease to exist following the completion of the conversion and the offering.

United Community Bank. United Community Bank is a federally chartered savings bank and was created on April 12, 1999 through the merger of Perpetual Federal Savings and Loan Association and Progressive Federal Savings Bank, both located in Lawrenceburg, Indiana. On June 4, 2010, United Community Bank acquired three branches from Integra Bank, National Association all of which are located in Ripley County, Indiana. In connection with the acquisition, the Bank acquired \$45.9 million in loans and assumed \$53.3 million in deposits.

United Community Bank operates as a community-oriented financial institution offering a full menu of banking services and products to consumers and businesses in our market areas. Recent years have seen the expansion of services we offer from a traditional savings and loan product mix to one of a full-service financial institution servicing the needs of retail and commercial customers. United Community Bank attracts deposits from the general public and local municipalities and uses those funds to originate one- to four-family real estate, multi-family real estate and nonresidential real estate, construction, commercial and consumer loans. Generally, fixed-rate one-to four-family residential conforming loans with terms of 15 or more years that we originate are sold in the secondary market with the servicing retained. Such sales generate mortgage banking fees. The remainder of our loan portfolio is originated for investment. United Community Bank also maintains an investment portfolio. United Community Bank is regulated by the Office of Thrift Supervision and its deposits are insured up to applicable legal limits by the Federal Deposit Insurance Corporation. United Community Bank is also a member of the Federal Home Loan Bank of Indianapolis.

United Community Bank's website address is www.bankkucb.com. Information on our website should not be considered a part of this prospectus.

New United Community Bancorp. New United Community Bancorp, a Indiana corporation, was incorporated in March 2011 to become the holding company for United Community Bank upon completion of the conversion and reorganization. Before the completion of the conversion and reorganization, new United Community Bancorp has not engaged in any significant activities other than organizational activities. Following completion of the conversion and reorganization, new United Community Bancorp's business activity will be the ownership of the outstanding capital stock of United Community Bank. New United Community Bancorp will not own or lease any property but will instead use the premises, equipment and other property of United Community Bank with the payment of appropriate rental fees, as required by applicable law and regulations, under the terms of an expense allocation agreement that new United Community Bancorp and United Community Bank will enter into upon completion of the conversion and reorganization. The expense allocation agreement generally provides that new United Community Bancorp will pay to United Community Bank fees for its use of United Community Bank's premises, furniture, equipment and employees in an amount to be determined by the board of directors of new United Community Bancorp and United Community Bank. Such fees shall not be less than the fair market value received for such goods or services. In addition, new United Community Bancorp and United Community Bank will also enter into a tax allocation agreement upon completion of the conversion and reorganization as a result of their status as members of an affiliated group under the Internal Revenue Code. The tax allocation agreement generally provides that new United Community Bancorp will file consolidated federal tax income returns with United Community Bank and its subsidiaries. The tax allocation agreement also formalizes procedures for allocating the consolidated tax liability of the group among its members and establishes procedures for the future payments by United Community Bank to new United Community Bancorp for tax liabilities attributable to United Community Bank and its subsidiaries. In the future, new United Community Bancorp may acquire or organize other operating subsidiaries; however, there are no current plans, arrangements, agreements or understandings, written or oral, to do so.

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United Community Bank Charitable Foundation. The United Community Bank Charitable Foundation was organized in connection with United Community Bank's mutual holding company reorganization and was funded with 160,816 shares of United Community Bancorp common stock on March 30, 2006. As of December 31, 2010, the charitable foundation had assets of \$1.1 million, no liabilities and a net worth of \$1.1 million. As of December 31, 2010, the charitable foundation owned 154,588 shares, or 2.0%, of United Community Bancorp's outstanding common stock. The officers and directors of the charitable foundation are William F. Ritzmann (President and Director), Vicki A. March (Treasurer), Elmer G. McLaughlin (Secretary), Robert J. Ewbank (Director), Jerry W. Hacker (Director) and Eugene B. Seitz, II (Director). The officers and directors of the charitable foundation do not receive any compensation for their services.

The conversion and offering will not have a material effect on the charitable foundation. At the midpoint of the offering range, the charitable foundation will own approximately 2.0% of the outstanding shares of new United Community Bancorp common stock. No stock or cash contribution will be made to the charitable foundation in connection with the conversion and offering. All new United Community Bancorp common stock owned by the charitable foundation will continue to be voted in the same ratio as all other new United Community Bancorp shares voted on each proposal considered by new United Community Bancorp stockholders.

Market Area

We are headquartered in Lawrenceburg, Indiana, which is in the eastern part of Dearborn County, Indiana, along the Ohio River. We currently have six branches located in Dearborn County and three branches located in adjacent Ripley County. Dearborn and Ripley Counties represent our primary deposit markets. The primary source of loan originations are existing customers, walk-in traffic, advertising and referrals from customers. We advertise on television and on radio and in newspapers that are widely circulated in Dearborn, Ripley, Franklin, Ohio and Switzerland Counties, Indiana. Accordingly, when our loan rates are competitive, we attract loans from throughout Dearborn, Ripley, Franklin, Ohio and Switzerland Counties, Indiana. Based on 2010 U.S. Census data, these counties had an aggregate population of 118,693. We occasionally purchase loans and participation interests in loans to supplement our origination efforts. The economy of the region in which our current offices are located has historically been a mixture of light industrial enterprises and services. Since the mid-1990s, the economy in Lawrenceburg has been strengthened by the riverboat casino in Lawrenceburg whose presence has supported the development of retail centers and job growth as well as an increase in housing development. Located 20 miles from Cincinnati, Dearborn and Ripley Counties have also benefited from the growth in and around Cincinnati and northern Kentucky, as many residents commute to these areas for employment. Dearborn and Ripley Counties' road system includes eight state highways and three U.S. highways. The counties have two rail lines and port facilities due to the proximity of the Ohio River. As of December 31, 2010, U.S. Department of Labor statistics reflected that Dearborn County and Ripley County had an unemployment rate of 9.8% and 10.0%, respectively, compared to Indiana and national unemployment rates of 9.5% and 9.4%, respectively.

Competition

We face significant competition for the attraction of deposits and origination of loans. Our most direct competition for deposits has historically come from the several financial institutions operating in our market areas and, to a lesser extent, from other financial service companies such as brokerage firms, credit unions and insurance companies. We also face competition for investors' funds from money market funds, mutual funds and other corporate and government securities. At June 30, 2010, which is the most recent date for which data is available from the Federal Deposit Insurance Corporation, we held approximately 41.26% of the deposits held by FDIC insured institutions in Dearborn County, which was the largest market share out of the nine financial institutions with offices in Dearborn County, and 9.47% of the deposits in Ripley County, which was the sixth largest market share out of eight financial institutions with offices in Ripley County. In addition, banks owned by large out-of-state bank holding companies such as Fifth Third Bancorp and U.S. Bancorp also operate in our market areas. These institutions are significantly larger than us and, therefore, have significantly greater resources.

Our competition for loans comes primarily from financial institutions in our market areas, and, to a lesser extent, from other financial service providers such as mortgage companies and mortgage brokers. Competition for loans also comes from the increasing number of non-depository financial service companies entering the mortgage market such as insurance companies, securities companies and specialty finance companies.

We expect competition to increase in the future as a result of legislative, regulatory and technological changes and the continuing trend of consolidation in the financial services industry. Technological advances, for example, have lowered the

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barriers to market entry, allowed banks and other lenders to expand their geographic reach by providing services over the Internet and made it possible for non-depository institutions to offer products and services that traditionally have been provided by banks. Changes in federal law permit affiliation among banks, securities firms and insurance companies, which promotes a competitive environment in the financial services industry. Competition for deposits and the origination of loans could limit our future growth.

Lending Activities

General. We originate loans primarily for investment purposes. Historically, our primary lending activity has been the origination of one-to four-family mortgage loans secured by homes in our local market area, particularly in Dearborn, Ripley, Franklin, Ohio and Switzerland Counties, Indiana. A significant portion of our lending activity has been the origination for retention in our portfolio of adjustable-rate mortgage (ARM) loans collateralized by one-to four- family residential real estate located within our primary market area. In order to complement our traditional emphasis of one-to four-family residential real estate lending, significant segments of our loan portfolio are currently nonresidential real estate and land loans, multi-family real estate loans and consumer loans. Between 2006 and 2009, we increased and diversified our lending efforts in the metropolitan Cincinnati market area and, to a lesser extent, in northern Kentucky and the Indiana counties outside of our local market area, particularly with respect to multi-family real estate lending. In June, 2010, we implemented a strategy to control the growth of our nonresidential real estate and multi-family real estate loan portfolios, particularly outside of Dearborn, Ripley, Franklin, Ohio and Switzerland Counties, Indiana. We intend to continue this strategy for the foreseeable future until the local economy materially improves and the level of our nonperforming assets in these loan portfolios materially declines. For additional information regarding our controlled growth strategy, see *Management's Discussion and Analysis of Financial Conditions and Results of Operations Our Operating Strategy Improving Our Asset Quality*, *Implementing a controlled growth strategy to prudently increase profitability and enhance stockholder value* and *Risk Management Analysis of Nonperforming and Classified Assets*. We occasionally purchase loans and participation interests in loans to supplement our origination efforts.

One- to Four-Family Residential Real Estate Loans. We offer mortgage loans to enable borrowers to purchase or refinance existing homes, most of which serve as the primary residence of the owner. We offer fixed-rate and adjustable-rate loans with terms up to 30 years. Borrower demand for adjustable-rate loans versus fixed-rate loans is a function of the level of interest rates, the expectations of changes in the level of interest rates, and the difference between the interest rates and loan fees offered for fixed-rate mortgage loans and the initial period interest rates and loan fees for adjustable-rate loans. The relative amount of fixed-rate mortgage loans and adjustable-rate mortgage loans that can be originated at any time is largely determined by the demand for each in a competitive environment. The loan fees, interest rates and other provisions of mortgage loans are determined by us on the basis of our own pricing criteria and competitive market conditions. Most of our loan originations result from relationships with existing or past customers, members of our local community and referrals from realtors, attorneys and builders.

While one- to four-family residential real estate loans are normally originated with up to 30-year terms, such loans typically remain outstanding for substantially shorter periods because borrowers often prepay their loans in full upon sale of the property pledged as security or upon refinancing the original loan. Therefore, average loan maturity is a function of, among other factors, the level of purchase and sale activity in the real estate market, prevailing interest rates and the interest rates payable on outstanding loans. As a result of the continued low interest rate environment during the past year, a greater percentage of our one-to four-family loan originations consisted of fixed-rate one-to four- family mortgage loans. Our practice in recent years has generally been to (i) sell in the secondary market newly originated conforming fixed-rate 15-, 20- and 30-year one- to four-family residential real estate loans on a servicing retained basis, without recourse to United Community Bank, and (ii) to hold in our portfolio fixed-rate loans with 10-year terms or less and adjustable-rate loans. Currently, we have no intention of changing our practice of selling our fixed-rate loan originations, although we may determine to change this practice in the future. In a rising interest rate environment, we expect that a greater percentage of our loan originations will consist of adjustable-rate loans, which we generally retain in our portfolio. Occasionally, we have purchased loans and purchased participation interests in loans originated by other institutions to supplement our origination efforts. At December 31, 2010, loans serviced by United Community Bank for others totaled \$59.7 million, resulting in \$39,000 in income during the six months ended December 31, 2010. During the six months ended December 31, 2010, and the years ended June 30, 2010 and June 30, 2009, we sold \$13.4 million, \$25.1 million and \$28.4 million, respectively, of fixed-rate one-to four- family loans. As of December 31, 2010, we had \$1.9 million of mortgage loan commitments, recorded at fair value.

Interest rates and payments on our adjustable-rate mortgage loans generally adjust annually after an initial fixed period that ranges from one to 10 years. Interest rates and payments on these adjustable-rate loans generally are based on the

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one-year constant maturity U.S. Treasury index (three-year constant maturity U.S. Treasury index in the case of three-year adjustable-rate loans) as published by the Federal Reserve Board in Statistical Release H.15. The maximum amount by which the interest rate may be increased is generally two percentage points per adjustment period and the lifetime interest rate cap ranges from five to six percentage points over the initial interest rate of the loan. Our adjustable-rate one-to four-family mortgage loans generally do not provide for a decrease in the rate paid below the initial contract rate. The inability of our residential real estate loans to adjust downward below the initial contract rate can contribute to increased income in periods of declining interest rates, and also assists us in our efforts to limit the risks to earnings and equity value resulting from changes in interest rates, subject to the risk that borrowers may refinance these loans during periods of declining interest rates.

ARM loans decrease the risk associated with changes in market interest rates by periodically repricing, but involve other risks. As interest rates increase, the required periodic payments by the borrower increase, thus increasing the potential for default by the borrower. At the same time, the marketability of the underlying collateral may be adversely affected by higher interest rates. Upward adjustment of the contractual interest rate is also limited by the maximum periodic and lifetime interest rate adjustment permitted by the terms of the ARM loans, and therefore, is potentially limited in effectiveness during periods of rapidly rising interest rates. Decreasing interest rates could result in a downward adjustment of the contractual interest rates resulting in lower interest income. At December 31, 2010, 34.4% of our loan portfolio consisted of one-to four-family residential loans with adjustable interest rates.

We generally do not make conventional loans with loan-to-value ratios exceeding 95% at the time the loan is originated. Private mortgage insurance is generally required for all fixed-rate loans with loan-to-value ratios in excess of 80%, and all adjustable-rate loans with loan-to-value ratios exceeding 85%. We require all properties securing mortgage loans to be appraised by a board-approved independent appraiser. We generally require title insurance on all first mortgage loans. Borrowers must obtain hazard insurance, and flood insurance for loans on properties located in a flood zone, before closing the loan.

We do not offer, and have not previously offered, subprime, Alt-A, low-doc, no-doc loans or loans with negative amortization and generally do not offer interest-only loans.

Multi-family Real Estate Loans. We offer adjustable-rate mortgage loans secured by multi-family real estate. Our multi-family real estate loans are generally secured by apartment buildings within and without our primary market area. At December 31, 2010, approximately 71.2% of our multi-family real estate loans were secured by properties located outside of Dearborn, Ripley, Franklin, Ohio and Switzerland Counties, Indiana, 96.1% of which were in the Cincinnati and northern Kentucky markets. In June, 2010, we implemented a strategy to control the growth of our nonresidential real estate and multi-family real estate loan portfolios, particularly outside of Dearborn, Ripley, Franklin, Ohio and Switzerland Counties, Indiana. We intend to continue this strategy for the foreseeable future until the local economy materially improves and the level of our nonperforming assets in these loan portfolios materially declines. At December 31, 2010, \$13.6 million or 58.1% of nonperforming assets were multi-family residential real estate loans, including six troubled debt restructurings with aggregate outstanding balances of \$11.5 million. For additional information regarding our troubled debt restructurings and our multi-family residential lending, see *Management's Discussion and Analysis of Financial Conditions and Results of Operations Our Operating Strategy Improving Our Asset Quality*, *Implementing a controlled growth strategy to prudently increase profitability and enhance stockholder value* and *Risk Management Analysis of Nonperforming and Classified Assets*.

These loans are typically repaid or the term is extended before maturity, in which case a new rate is negotiated to meet market conditions and an extension of the loan is executed for a new term with a new amortization schedule. We originate adjustable-rate multi-family real estate loans with terms up to 30 years. Interest rates and payments on most of these loans typically adjust annually after an initial fixed term of one to seven years, with the adjustable-rate generally being based on the prime interest rate as published in *The Wall Street Journal*, plus a spread. The maximum amount by which the interest rate may be increased is generally two percentage points per adjustment period and the lifetime interest rate cap is six percentage points over the initial interest rate of the loan. Our adjustable-rate multi-family loans generally do not provide for a decrease in the rate paid below the initial contract rate. Loans are secured by first mortgages that generally do not exceed 80% of the lesser of the property's appraised value or the purchase price. When the borrower is a corporation, partnership or other entity, we generally require that significant equity holders serve as co-borrowers on the loan, or, to a lesser extent, serve as a personal guarantor of the loan. Environmental surveys and/or inspections are generally required for loans over \$500,000.

Loans secured by multi-family real estate generally have larger balances and involve a greater degree of risk than one- to four-family mortgage loans. A primary concern in multi-family real estate lending is the borrower's creditworthiness and

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the feasibility and cash flow potential of the project. Payments on loans secured by income properties often depend on successful operation and management of the properties. As a result, repayment of such loans may be subject to a greater extent than one- to four-family residential real estate loans to adverse conditions in the real estate market or the economy. To monitor cash flows on income properties, we require borrowers and loan guarantors of loan relationships totaling more than \$1.0 million, in the aggregate, to provide annual financial statements and/or tax returns. In reaching a decision on whether to make a multi-family real estate loan, we consider the net operating income of the property, the borrower's character and expertise, credit history and profitability and the value of the underlying property. In addition, with respect to rental properties, we will also consider the term of the lease and the credit quality of the tenants. We have generally required that the properties securing these real estate loans have debt service coverage ratios (the ratio of earnings before debt service to debt service) of at least 1.20x.

At December 31, 2010, we had \$47.9 million in multi-family real estate loans outstanding, or 15.7% of total loans.

At December 31, 2010, the largest outstanding multi-family real estate loan had an outstanding balance of \$5.0 million and is secured by apartment buildings in Cincinnati, Ohio. At December 31, 2010, this loan was performing in accordance with its original terms.

Nonresidential Real Estate and Land Loans. We offer adjustable-rate mortgage loans secured by nonresidential real estate. Our nonresidential real estate loans are generally secured by commercial buildings. These loans are typically repaid or the term is extended before maturity, in which case a new rate is negotiated to meet market conditions and an extension of the loan is executed for a new term with a new amortization schedule. We originate adjustable-rate nonresidential real estate loans with terms up to 30 years. Interest rates and payments on most of these loans typically adjust annually after an initial fixed term of one to seven years, with the adjustable-rate generally being based on the prime interest rate as published in *The Wall Street Journal*, plus a spread. The maximum amount by which the interest rate may be increased is generally two percentage points per adjustment period and the lifetime interest rate cap is six percentage points over the initial interest rate of the loan. Loans are secured by first mortgages that generally do not exceed 80% of the lesser of the property's appraised value or the purchase price (75% for improved land only loans and 65% for unimproved land only loans), the maximum amount of which is limited by our in-house loans to one borrower limit. When the borrower is a corporation, partnership or other entity, we generally require that significant equity holders serve as co-borrowers or as personal guarantors of the loan. At December 31, 2010, approximately \$6.1 million, or 25.9%, of our nonperforming loans were nonresidential real estate loans, including five nonresidential real estate loans with aggregate outstanding balances of \$5.0 million. In June, 2010, we implemented a strategy to control the growth of our nonresidential real estate and multi-family real estate loan portfolios, particularly outside of Dearborn, Ripley, Franklin, Ohio and Switzerland Counties, Indiana. We intend to continue this strategy for the foreseeable future until the local economy materially improves and the level of our nonperforming assets in these loan categories materially declines. For additional information regarding our troubled debt restructurings, controlled growth strategy and our nonresidential real estate and land loans, see *Management's Discussion and Analysis of Financial Conditions and Results of Operations Our Operating Strategy Improving Our Asset Quality*, *Implementing a controlled growth strategy to prudently increase profitability and enhance stockholder value* and *Risk Management Analysis of Nonperforming Assets*.

Loans secured by nonresidential real estate generally have larger balances and involve a greater degree of risk than one- to four-family mortgage loans. Our primary concern in nonresidential real estate lending is the borrower's creditworthiness and the feasibility and cash flow potential of the project. Payments on loans secured by income properties often depend on successful operation and management of the properties. As a result, repayment of such loans may be subject to a greater extent than one- to four-family residential real estate loans to adverse conditions in the real estate market or the economy. To monitor cash flows on income properties, we require borrowers and loan guarantors of loan relationships totaling more than \$1.0 million, in the aggregate, to provide annual financial statements and/or tax returns. In reaching a decision on whether to make a nonresidential real estate loan, we consider the net operating income of the property, the borrower's expertise and character, credit history and profitability and the value of the underlying property. In addition, with respect to rental properties, we will also consider the term of the leases and the credit quality of the tenants. We have generally required that the properties securing these real estate loans have debt service coverage ratios (the ratio of earnings before debt service to debt service) of at least 1.20x. Environmental surveys and/or inspections are generally required for loans over \$500,000.

We also originate loans secured by unimproved property, including lots for single-family homes and for mobile homes, raw land, commercial property and agricultural property. The terms and rates of our land loans are higher than our nonresidential and multi-family real estate loans. Loans secured by undeveloped land or improved lots generally involve

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greater risks than one-to four-family residential mortgage lending because land loans are more difficult to evaluate. If the estimate of value proves to be inaccurate, in the event of default and foreclosure, we may be confronted with a property the value of which is insufficient to assure full repayment. Loan amounts generally do not exceed 75% and 65% of the lesser of the appraised value or the purchase price for improved and unimproved land loans, respectively.

At December 31, 2010, we had \$71.1 million in nonresidential real estate loans outstanding, or 23.4% of total loans, and \$4.6 million in land loans outstanding, or 1.5% of total loans.

At December 31, 2010, the largest outstanding nonresidential real estate loan had an outstanding balance of \$3.1 million. The loan was paid off after year end and was secured by a hotel. At December 31, 2010, our largest land loan, which was performing in accordance with its original terms at that date, had an outstanding balance of \$894,000 and was secured by land held for nonresidential real estate development.

Construction Loans. We originate fixed-rate and adjustable-rate loans to individuals and, to a lesser extent, builders to finance the construction of residential dwellings. We also make construction loans for commercial development projects, including apartment buildings, restaurants, shopping centers and owner-occupied properties used for businesses. Our construction loans generally provide for the payment of interest only during the construction phase, which is usually nine months for residential properties and 12 months for commercial properties. At the end of the construction phase, the loan generally converts to a permanent mortgage loan. Loans generally can be made with a maximum loan to value ratio of 95% on residential construction and 80% on commercial construction at the time the loan is originated. Before making a commitment to fund a construction loan, we require an appraisal of the property by an independent licensed appraiser. We also will require an inspection of the property before disbursement of funds during the term of the construction loan.

At December 31, 2010, our largest outstanding residential construction loan was for \$440,000, all of which was outstanding. At December 31, 2010, our largest outstanding commercial construction loan was for \$500,000, of which \$480,000 was outstanding, and is secured by a commercial office building. These loans were performing in accordance with their original terms at December 31, 2010.

At December 31, 2010, we had \$1.5 million in construction loans outstanding, or 0.5% of total loans.

Commercial Loans. We occasionally make commercial business loans to professionals, sole proprietorships and small businesses in our market area. We extend commercial business loans on an unsecured basis and secured basis, the maximum amount of which is limited by our in-house loans to one borrower limit.

We originate secured and unsecured commercial lines of credit to finance the working capital needs of businesses to be repaid by seasonal cash flows. Commercial lines of credit secured by nonresidential real estate are adjustable-rate loans whose rates are based on the prime interest rate as published in *The Wall Street Journal*, plus a spread, and adjust monthly. Commercial lines of credit secured by nonresidential real estate have a maximum term of five years and a maximum loan-to-value ratio of 80% of the pledged collateral when the collateral is nonresidential real estate. We also originate commercial lines of credit secured by marketable securities and unsecured lines of credit. These lines of credit, as well as certain commercial lines of credit secured by nonresidential real estate, require that only interest be paid on a monthly or quarterly basis and have a maximum term of five years.

We also originate secured and unsecured commercial loans. Secured commercial loans are generally collateralized by nonresidential real estate, marketable securities, accounts receivable, inventory, industrial/commercial machinery and equipment and furniture and fixtures. We originate both fixed-rate and adjustable-rate commercial loans with terms up to 20 years for secured loans and up to five years for unsecured loans. Adjustable-rate loans are based on prime interest rate as published in *The Wall Street Journal*, plus a spread, and adjust either monthly or annually. Where the borrower is a corporation, partnership or other entity, we generally require significant equity holders to be co-borrowers, and in cases where they are not co-borrowers, we generally require personal guarantees from significant equity holders.

When making commercial business loans, we consider the financial statements and/or tax returns of the borrower, the borrower's payment history of both corporate and personal debt, the debt service capabilities of the borrower, the projected cash flows of the business, the viability of the industry in which the customer operates and the value of the collateral.

At December 31, 2010, our largest commercial loan was a \$594,000 loan secured by the accounts receivable of a public utilities company. This loan was performing in accordance with its original terms at December 31, 2010.

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At December 31, 2010, we had \$3.6 million in commercial loans outstanding, or 1.2% of total loans.

Consumer Loans. We offer a variety of consumer loans, primarily home equity loans and lines of credit, and, to a much lesser extent, loans secured by savings accounts or certificates of deposit (share loans), new farm and garden equipment, new and used automobiles, recreational vehicle loans and secured and unsecured personal loans.

The procedures for underwriting consumer loans include an assessment of the applicant's payment history on other debts and ability to meet existing obligations and payments on the proposed loan. Although the applicant's creditworthiness is a primary consideration, the underwriting process also includes a comparison of the value of the collateral, if any, to the proposed loan amount.

We generally offer home equity loans and lines of credit with a maximum combined loan to value ratio of 90%. Our lowest interest rates are generally offered to customers with a maximum combined loan to value ratio of 80% or less. Home equity lines of credit have adjustable-rates of interest that are based on the prime interest rate. Home equity lines of credit generally require that only interest be paid on a monthly basis and have terms up to 20 years. Interest rates on these loans typically adjust monthly. We offer fixed-rate and adjustable-rate home equity loans. Home equity loans with fixed-rates have terms that range from one to 15 years. Home equity loans with adjustable-rates have terms that range from one to 30 years. Interest rates on these loans are based on the prime interest rate as published in *The Wall Street Journal*, plus a spread. We hold a first mortgage position on most of the homes that secure our home equity loans and home equity lines of credit.

We offer loans secured by new and used vehicles. These loans have fixed interest rates and generally have terms up to five years.

We offer loans secured by new and used boats, motor homes, campers and motorcycles. We offer fixed and adjustable-rate loans for new motor homes and boats with terms up to 20 years for adjustable-rate loans and up to 10 years for fixed-rate loans. We offer fixed-rate loans for all other new and used recreational vehicles with terms up to 10 years for campers and five years for motorcycles.

We offer secured consumer loans with fixed interest rates and terms up to 10 years and secured lines of credit with adjustable-rates based on the prime interest rate as published in *The Wall Street Journal* with terms up to five years. We also offer fixed-rate unsecured consumer loans and lines of credit with terms up to five years. For more information on our loan commitments, see *Management's Discussion and Analysis of Financial Condition and Results of Operations Risk Management Liquidity Management*.

Agricultural Loans. Our agricultural loans were acquired in connection with our acquisition of the Ripley County branch offices in 2010. Our agricultural loans generally consist of short and medium-term loans and lines of credit that are primarily used for crops, livestock, equipment and general operations. Agricultural loans are ordinarily secured by assets such as livestock or equipment and are repaid from the operations of the farm. Agricultural loans generally have maturities of five years or less, with operating lines for one production season. We have a loan officer who specializes in agricultural lending. At December 31, 2010, we had \$2.0 million in agricultural loans outstanding. At December 31, 2010, our largest outstanding agricultural loan was for \$663,000, and is secured by farm equipment. This loan was performing in accordance with its original terms at December 31, 2010.

Loan Underwriting Risks.

Adjustable-Rate Loans. While we anticipate that adjustable-rate loans will better offset the adverse effects of an increase in interest rates as compared to fixed-rate mortgages, the increased mortgage payments required of adjustable-rate loan borrowers in a rising interest rate environment could cause an increase in delinquencies and defaults. The marketability of the underlying property also may be adversely affected in a high interest rate environment. In addition, although adjustable-rate mortgage loans help make our loan portfolio more responsive to changes in interest rates, the extent of this interest sensitivity is limited by the annual and lifetime interest rate adjustment limits.

Multi-Family and Nonresidential Real Estate and Land Loans. Loans secured by multi-family and nonresidential real estate generally have larger balances and involve a greater degree of risk than one- to four-family mortgage loans. Of primary concern in multi-family and nonresidential real estate lending is the borrower's creditworthiness and the feasibility and cash flow potential of the project. Payments on loans secured by income properties often depend on successful operation

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and management of the properties. As a result, repayment of such loans may be subject to a greater extent than residential real estate loans to adverse conditions in the real estate market or the economy. To monitor cash flows on income properties, we require borrowers and loan guarantors of loan relationships totaling more than \$1.0 million, in the aggregate, to provide annual financial statements and/or tax returns. In reaching a decision on whether to make a multi-family and nonresidential real estate loan, we consider the net operating income of the property, the borrower's expertise, credit history and profitability and the value of the underlying property. We have generally required that the properties securing these real estate loans have debt service coverage ratios (the ratio of earnings before debt service to debt service) of at least 1.20x. Environmental surveys and inspections are obtained when circumstances suggest the possibility of the presence of hazardous materials.

We underwrite all loan participations to our own underwriting standards and will not participate in a loan unless each participant has at least a 10% interest in the loan. In addition, we also consider the financial strength and reputation of the lead lender. To monitor cash flows on loan participations, we require the lead lender to provide us with annual financial statements from the borrower. Generally, we also conduct an annual internal loan review for loan participations.

Construction Loans. Construction financing is generally considered to involve a higher degree of risk of loss than long-term financing on improved, occupied real estate. Risk of loss on a construction loan depends largely upon the accuracy of the initial estimate of the property's value at completion of construction and the estimated cost (including interest) of construction. During the construction phase, a number of factors could result in delays and cost overruns. If the estimate of construction costs proves to be inaccurate, we may be required to advance funds beyond the amount originally committed to permit completion of the building. If the estimate of value proves to be inaccurate, we may be confronted, at or before the maturity of the loan, with a building having a value which is insufficient to assure full repayment. If we are forced to foreclose on a building before or at completion due to a default, there can be no assurance that we will be able to recover all of the unpaid balance of, and accrued interest on, the loan as well as related foreclosure and holding costs.

Commercial Loans. Unlike one-to four-family mortgage loans, which generally are made on the basis of the borrower's ability to make repayment from his or her employment or other income, and which are secured by real property the value of which tends to be more easily ascertainable, commercial loans are of higher risk and typically are made on the basis of the borrower's ability to make repayment from the cash flow of the borrower's business. As a result, the availability of funds for the repayment of commercial loans may depend substantially on the success of the business itself. Further, any collateral securing such loans may depreciate over time, may be difficult to appraise and may fluctuate in value.

Consumer Loans. Consumer loans may entail greater risk than do one-to four-family mortgage loans, particularly in the case of consumer loans that are unsecured or secured by assets that depreciate rapidly. In such cases, repossessed collateral for a defaulted consumer loan may not provide an adequate source of repayment for the outstanding loan and the remaining deficiency often does not warrant further substantial collection efforts against the borrower. In addition, consumer loan collection