

UNITED COMMUNITY BANCORP AUDIT COMMITTEE CHARTER

I. Purpose

The primary function of the Audit Committee (the “Committee”) of the Board of Directors (the “Board”) of United Community Bancorp (the “Company”) is to assist the Board in its oversight of the quality and integrity of the Company’s financial statements, the Company’s compliance with legal and regulatory requirements, the independent auditor’s qualifications and independence, and the performance of the Company’s internal audit function and independent auditors. In addition, the Committee shall prepare the report required by the Securities and Exchange Commission rules to be included in the Company’s annual meeting proxy statement.

II. Organization

The Committee will be comprised of three or more directors, each of whom shall satisfy the definition of independent director as defined in any qualitative listing requirements for Nasdaq Stock Market, Inc. issuers and any applicable Securities and Exchange Commission rules and regulations. All members of the Committee should be financially literate at the time of appointment, meaning they should have the ability to read and understand fundamental financial statements, including the Company’s balance sheet, income statement and cash flow statement. The members of the Committee and the Chairperson shall be elected by the Board on an annual basis. Members shall serve until their successors are appointed.

III. Structure and Meetings

The Committee shall meet quarterly, or more frequently as circumstances may require. A quorum of the Committee shall be declared when a majority of the appointed members of the Committee are in attendance. The Committee chairperson shall preside at the meeting and, in consultation with other members of the Committee, will set the frequency and length of each meeting and the agenda of the items to be addressed at each meeting. The Committee chairperson shall ensure that the agenda for each meeting is circulated to each Committee member in advance of the meeting. The Committee shall keep written minutes of all meetings.

IV. Goals and Responsibilities

In carrying out its responsibilities, the Committee believes its policies and procedures should remain flexible to best react to changing conditions and to ensure to the directors and shareholders that the corporate accounting and reporting practices of the Company are in accordance with all requirements and are of the highest quality. Additionally, the Company recognizes that financial management of the Company, the internal audit staff and the independent auditor have more detailed information and knowledge about the Company than do the members of the Committee, including the Committee’s designated financial expert. Consequently, while the Committee has the powers and responsibilities set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to independently determine that the Company’s financial statements are complete and accurate or in accordance with Generally Accepted Accounting Principles (“GAAP”) and applicable rules and regulations. To fulfill its responsibilities and duties, the Committee shall:

1. Provide an open avenue of communication between management, the independent auditor and the Board.
2. Meet with the independent auditors and management at least quarterly to review the Company’s financial statements. In meetings attended by the independent auditors or by regulatory examiners, a portion of the meeting will be reserved for the Committee to meet in closed session with these parties.
3. Review all significant risks or exposures to the Company found during audits performed by the independent auditor and ensure that these items are discussed with management. From these discussions, assess and report to the Board regarding how the findings should be addressed.
4. Review recommendations from the independent auditor regarding internal controls and other matters relating to the accounting policies and procedures of the Company.

5. Following each meeting of the Committee, the Chairperson of the Committee will submit a record of the meeting to the Board, including any recommendations that the Committee may deem appropriate.
6. Ensure that the independent auditor discusses with the Committee their judgments about the quality, not just the acceptability, of the Company's accounting principles as applied in the financial reports. The discussion should include such issues as the clarity of the Company's financial disclosures and degree of aggressiveness or conservatism of the Company's accounting principles and underlying estimates and other significant decisions made by management in preparing the financial disclosures.
7. Review the Company's audited annual financial statements and the independent auditor's opinion regarding such financial statements, including a review of the nature and extent of any significant changes in accounting principles.
8. Arrange for the independent auditor to be available to the full Board at least annually to discuss the results of the annual audit and the audited financial statements that are a part of the annual report to shareholders.
9. Review with management, the independent auditor and legal counsel, legal and regulatory matters that may have a material impact on the financial statements.
10. Review with management and the independent auditor all interim financial reports filed pursuant to the Securities Exchange Act of 1934.
11. Generally discuss earnings press releases and financial information, as well as earnings guidance provided to analysts and rating agencies.
12. Select the independent auditor, considering independence and effectiveness, and be ultimately responsible for their compensation, retention and oversight (including resolution of disagreements between management and the auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or related work, and each such registered public accounting firm shall report directly to the Committee. The Committee should confirm the independence of the independent auditor by requiring them to disclose in writing all relationships that, in the auditor's professional judgment, may reasonably be thought to bear on the ability to perform the audit independently and objectively.
13. Review the performance of and scope of work performed by the independent auditor.
14. Have in place procedures for (1) receiving, retaining and treating complaints regarding accounting, internal accounting controls, or auditing matters, and (2) the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.
15. Approve, in advance, all permissible non-audit services to be completed by the independent auditor. Such approval process will ensure that the independent auditor does not provide any non-audit services to the Company that are prohibited by law or regulation.
16. The Committee shall annually provide a written report of its activities and findings, a copy of which shall be included within the proxy statement for the annual meeting. The report shall appear over the names of the audit committee. Such report shall be furnished to and approved by the full board of directors prior to its inclusion in the proxy statement. The report will state whether the committee: (i) has reviewed and discussed the audited financial statements with management; (ii) has discussed with the independent auditors the matters to be discussed by Statement of Auditing Standards No. 61; (iii) has received the written disclosures and the letter from the independent auditors regarding the independence required by Independence Standards Board Standard No. 1; (iv) has discussed with the auditors their independence; and (v) based on the review and discussion of the audited financial statements with management and the independent auditors, has recommended to the board of directors that the audited financial statements be included in the Company's annual report on Form 10-K.
17. Set clear hiring policies for hiring employees or former employees of the independent auditors.

18. Review and approve all related-party transactions.

V. Performance Evaluation and Disclosure Obligations

In addition to the responsibilities presented above, the Committee will examine this Charter on an annual basis to assure that it remains adequate to address the responsibilities of the Committee. Further, the Committee will disclose in each annual meeting proxy statement to its shareholders a copy of the Charter once every three years, or disclose the Charter on the Company website as permitted under applicable regulations.

VI. Audit Committee Resources

The Committee shall be authorized to retain independent counsel and other advisors as it deems necessary to carry out its duties. In connection therewith, the Committee shall be provided appropriate funding, as determined by the Committee, for payment to such counsel and other advisors. In addition, the Committee shall be provided funding for ordinary administrative expenses of the Committee.