

United Community Bancorp
Form DEF 14A
October 21, 2015

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities

Exchange Act of 1934 (Amendment No. _____)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

<input type="checkbox"/>	<input type="checkbox"/>	Preliminary Proxy Statement
<input type="checkbox"/>	<input type="checkbox"/>	Confidential, for use of the Commission Only (as permitted by Rule 14a-6(e)(2))
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United Community Bancorp

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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[UNITED COMMUNITY BANCORP LETTERHEAD]

October 21, 2015

Dear Stockholder:

You are cordially invited to attend the annual meeting of stockholders of United Community Bancorp. We will hold the meeting at the Dearborn Adult Center, 311 W. Tate Street, Lawrenceburg, Indiana, on December 3, 2015, at 12:00 p.m., local time.

The notice of annual meeting and proxy statement appearing on the following pages describe the formal business to be transacted at the meeting. During the meeting, we will also report on the operations of the Company. Directors and officers of the Company, as well as a representative of Clark, Schaefer, Hackett & Co., the Company's independent registered public accounting firm, will be present to respond to appropriate questions of stockholders.

It is important that your shares are represented at this meeting, whether or not you attend the meeting in person and regardless of the number of shares you own. To make sure your shares are represented, we urge you to complete and mail the enclosed proxy card OR vote by Internet. If you attend the meeting, you may vote in person even if you have previously mailed a proxy card OR voted by Internet.

We look forward to seeing you at the meeting.

Sincerely,

/s/ E.G. McLaughlin

E.G. McLaughlin
President and Chief Executive Officer

United Community Bancorp

92 Walnut Street

Lawrenceburg, Indiana 47025

(812) 537-4822

NOTICE OF 2015 Annual Meeting OF STOCKHOLDERS

TIME AND DATE

12:00 p.m., local time, on Thursday, December 3, 2015.

PLACE

Dearborn Adult Center, 311 W. Tate Street, Lawrenceburg, Indiana.

ITEMS OF BUSINESS

- (1) The election of four directors of the Company;
- (2) The ratification of the appointment of Clark, Schaefer, Hackett & Co. as independent registered public accountants for the Company for the fiscal year ending June 30, 2016;
- (3) The vote on a non-binding resolution to approve the compensation of the named executive officers; and

Such other matters as may properly come before the annual meeting or any postponements or (4) adjournments of the annual meeting. The Board of Directors is not aware of any other business to come before the annual meeting.

RECORD DATE

In order to vote, you must have been a stockholder as of the close of business on October 9, 2015.

PROXY VOTING

It is important that your shares be represented and voted at the meeting. You can vote your shares by completing and returning the proxy card or voting instruction card sent to you. Voting instructions are printed on your proxy card. You also may vote by Internet by following the instructions on the enclosed proxy card. You can revoke a proxy at any time before its exercise at the meeting by following the instructions in the proxy statement.

/s/ W. Michael McLaughlin

W. Michael McLaughlin

Executive Vice President and Corporate Secretary

NOTE: Whether or not you plan to attend the annual meeting, please vote by marking, signing, dating and promptly returning the enclosed proxy card or voting instruction card in the enclosed envelope or vote via the Internet.

UNITED COMMUNITY BANCORP

PROXY STATEMENT

GENERAL INFORMATION

This proxy statement is furnished in connection with the solicitation of proxies by the Board of Directors of United Community Bancorp (“United Community,” the “Company,” “we,” “our,” or “us”) to be used at the annual meeting of stockholders of the Company. United Community is the holding company for United Community Bank (the “Bank”). The annual meeting will be held at the Dearborn Adult Center, 311 W. Tate Street, Lawrenceburg, Indiana, on December 3, 2015, at 12:00 p.m., local time. This proxy statement and the enclosed proxy card are being first mailed on or about October 21, 2015 to stockholders of record on October 9, 2015.

Important Notice Regarding the Availability of Proxy Materials for the Stockholders Meeting to be held on DECEMBER 3, 2015

The Proxy Statement and the 2015 Annual Report to Stockholders are available at <http://www.RRDEZProxy.com/2015/UCB>.

INFORMATION ABOUT VOTING

Who Can Vote at the Meeting

You are entitled to vote your shares of United Community common stock only if the records of the Company show that you held your shares as of the close of business on October 9, 2015. As of the close of business on October 9,

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2015, a total of 4,520,082 shares of United Community common stock were outstanding and entitled to vote. Each share of common stock has one vote.

Ownership of Shares; Attending the Meeting

You may own shares of United Community in one of the following ways:

· Directly in your name as the stockholder of record;

· Indirectly through a broker, bank or other holder of record in “street name”; or

· Indirectly in the United Community Bancorp Stock Fund of our 401(k) Plan, the United Community Bank Employee Stock Ownership Plan (the “ESOP”), the United Community Bancorp, Inc. 2006 Equity Incentive Plan (the “2006 Plan”) or the United Community Bancorp, Inc. 2014 Equity Incentive Plan (the “2014 Plan”), as applicable.

If your shares are registered directly in your name, you are the holder of record of these shares and we are sending these proxy materials directly to you. As the holder of record, you have the right to give your proxy directly to us or to vote in person at the meeting.

If you hold your shares in street name, your broker, bank or other holder of record is sending these proxy materials to you. As the beneficial owner, you have the right to direct your broker, bank or other holder of record how to vote by filling out a voting instruction form that accompanies your proxy materials. Your broker, bank or other holder of record may allow you to deliver your voting instructions via the Internet. Please see the instruction form provided by your broker, bank or other nominee that accompanies this proxy statement. If you hold your shares in street name, you will need proof of ownership to be admitted to the meeting. A recent brokerage statement or letter from a bank or broker are examples of proof of ownership. If you want to vote your shares of United Community common stock held in street name in person at the meeting, you must obtain a written proxy in your name from the broker, bank or other nominee who is the record holder of your shares. See “*Participants in the ESOP, 401(k) Plan, 2006 Plan or 2014 Plan*” for information on your voting rights under these plans.

Quorum and Vote Required

Quorum. The annual meeting will be held only if there is a quorum. A quorum exists if a majority of the outstanding shares of common stock entitled to vote is represented at the meeting.

Votes Required for Proposals. At this year’s annual meeting, stockholders will elect four directors, each to serve a term of three years. In voting on the election of directors, you may vote in favor of all nominees, withhold votes as to all nominees, or withhold votes as to specific nominees. There is no cumulative voting for the election of directors. Directors must be elected by a plurality of the votes cast at the annual meeting. “Plurality” means that the nominees receiving the largest number of votes cast will be elected as directors up to the maximum number of directors to be elected at the annual meeting.

In voting on the ratification of the appointment of Clark, Schaefer, Hackett & Co. as our independent registered public accountants, you may vote in favor of the proposal, vote against the proposal or abstain from voting. To ratify the selection of Clark, Schaefer, Hackett & Co. as our independent registered public accountants, the affirmative vote of a majority of the shares represented at the annual meeting and entitled to vote is required.

In the advisory vote on the non-binding resolution to approve the compensation of the named executive officers, you may vote in favor of the proposal, vote against the proposal or abstain from voting. To approve the non-binding resolution on an advisory basis, the affirmative vote of the majority of the shares represented at the meeting and

entitled to vote at the annual meeting is required.

Effect of Not Casting Your Vote. If you hold your shares in street name it is critical that you cast your vote if you want it to count in the election of directors (Item 1 of this proxy statement), and the non-binding resolution to approve the compensation of the named executive officers (Item 3 of this proxy statement). In the past, if you held your shares in street name and you did not indicate how you wanted your shares voted in the election of directors, your bank or broker was allowed to vote those shares on your behalf in the election of directors as they felt appropriate.

Your bank or broker may not vote your uninstructed shares in the election of directors (Item 1 of this proxy statement) or the non-binding resolution to approve the compensation of the named executive officers (Item 3 of this proxy statement) on a discretionary basis. Thus, if you hold your shares in street name and you do not instruct your bank or broker how to vote in the election of directors or the non-binding resolution to approve the compensation of the named executive officers no votes will be cast on your behalf. These are referred to as broker non-votes. Your bank or broker will, however, continue to have discretion to vote any uninstructed shares on the ratification of the appointment of the Company's independent registered public accounting firm (Item 2 of this proxy statement).

How We Count Votes. If you return valid proxy instructions or attend the meeting in person, your shares will be counted for purposes of determining whether there is a quorum, even if you abstain from voting. Broker non-votes, if any, also will be counted for purposes of determining the existence of a quorum. In the election of directors, votes that are withheld and broker non-votes will have no effect on the outcome of the election. In counting the votes on the non-binding resolution to approve the compensation of the named executive officers and the proposal to ratify the selection of the independent registered public accountants, abstentions will have the same effect as a negative vote and broker non-votes will have no effect on the voting.

Voting by Proxy

The Board of Directors of United Community is sending you this proxy statement for the purpose of requesting that you allow your shares of United Community common stock to be represented at the annual meeting by the persons named in the enclosed proxy card and/or voting instruction card. All shares of United Community common stock represented at the annual meeting by properly executed and dated proxy and/or voting instruction cards will be voted according to the instructions indicated on the proxy or voting instruction card. If you sign, date and return a proxy or voting instruction card without giving voting instructions, your shares will be voted as recommended by the Company's Board of Directors.

The Board of Directors recommends a vote:

“FOR” each of the nominees for director;

“FOR” ratification of Clark, Schaefer, Hackett & Co. as our independent registered public accountants for the fiscal year ending June 30, 2016; and

“FOR” the approval of the compensation of the named executive officers.

If any matters not described in this proxy statement are properly presented at the annual meeting, the persons named in the proxy card will use their own best judgment to determine how to vote your shares. This includes a motion to adjourn or postpone the annual meeting in order to solicit additional proxies. If the annual meeting is postponed or adjourned, your United Community common stock may be voted by the persons named in the proxy card on the new annual meeting date as well, unless you have revoked your proxy. The Company does not know of any other matters to be presented at the annual meeting.

You may revoke your proxy at any time before the vote is taken at the meeting, regardless of whether you submitted your original proxy by mail or the Internet. To revoke your proxy you must either advise the Corporate Secretary of the Company in writing before your common stock has been voted at the annual meeting, deliver a later-dated proxy, or attend the meeting and vote your shares in person. Attendance at the annual meeting will not in itself constitute revocation of your proxy.

If you wish to change your voting instructions after you have returned your voting instruction form to your broker, bank or other nominee, you must contact your broker, bank or other nominee.

Voting by Internet

Instead of voting by mailing a proxy card, registered stockholders can vote their shares of Company common stock via the Internet. The Internet voting procedures are designed to authenticate stockholders' identities, allow stockholders to provide their voting instructions and confirm that their instructions have been recorded properly. Specific instructions for Internet voting are set forth on the enclosed proxy card. The deadline for voting via the Internet is 11:59 p.m., Central time, on December 2, 2015.

Participants in the ESOP, 401(k) Plan, 2006 Plan and/or 2014 Plan

If you participate in the ESOP or if you hold shares through the United Community Bank 401(k) Profit Sharing Plan (the "401(k) Plan") or have unvested shares of restricted stock awarded under the 2006 Plan and/or the 2014 Plan, you will receive a voting instruction card that reflects all shares you may direct the various plan trustees to vote on your behalf under each applicable plan. Under the terms of the ESOP, the ESOP trustee votes all shares held by the ESOP, but each ESOP participant may direct the trustee how to vote the shares of common stock allocated to his or her account. The ESOP trustee, subject to the exercise of its fiduciary duties, will vote all unallocated shares of Company common stock held by the ESOP and allocated shares for which no voting instructions are received in the same proportion as shares for which it has received timely voting instructions. Under the terms of the 401(k) Plan, a participant is entitled to direct the trustee as to the voting of the shares in the United Community Bancorp Stock Fund

credited to his or her account. The Bank will direct the plan trustee to vote all shares for which no directions are given or for which instructions were not timely received in the same proportion as shares for which the trustee received voting instructions. If you participate in the 2006 Plan and/or the 2014 Plan, you will also receive a voting instruction card to direct the Equity Incentive Plan trustee how to vote the unvested shares of Company common stock awarded to you under these Plans. **The deadline for returning your voting instructions to each plan's trustee is November 25, 2015.**

CORPORATE GOVERNANCE AND BOARD MATTERS

Director Independence

The Company's Board of Directors currently consists of ten members, each of whom are "independent" under the listing standards of the NASDAQ Stock Market, except for William F. Ritzmann, the Chairman of the Board and former President and Chief Executive Officer of United Community and United Community Bank, Elmer G. McLaughlin, the President and Chief Executive Officer of United Community and United Community Bank, Robert J. Ewbank and G. Michael Seitz. As previously reported, Eugene B. Seitz, II, who was previously determined not to be independent under the listing standards of the NASDAQ Stock Market, resigned from the Board of Directors effective September 17, 2015. In determining the independence of its directors, the Board considered transactions, relationships or arrangements between United Community, United Community Bank and its directors that were required to be disclosed in this proxy statement under the heading "*Transactions with Related Persons.*" The Board also considered transactions, relationships or arrangements between United Community, United Community Bank and its directors that were not required to be disclosed in this proxy statement under the heading "*Transactions with Related Persons*" including insurance premiums the Bank paid in fiscal 2015 to Seitz Agency, Inc., an insurance agency of which G. Michael Seitz and Eugene B. Seitz, II are officers and shareholders.

Board Leadership Structure and Board's Role in Risk Oversight

The Board of Directors has determined that the separation of the offices of Chairman of the Board and President and Chief Executive Officer and the appointment of an Independent Lead Director enhances Board independence and oversight. Moreover, the separation of the Chairman of the Board and President and Chief Executive Officer and the appointment of an Independent Lead Director allows the President and Chief Executive Officer to better focus on his growing responsibilities of running the Company, enhancing shareholder value and expanding and strengthening the Company's franchise while allowing the Chairman of the Board and the Independent Lead Director to lead the Board in its fundamental role of providing advice to and independent oversight of management. Consistent with this determination, William F. Ritzmann serves as Chairman of the Board of Directors and Ralph B. Sprecher serves as Independent Lead Director. Mr. Sprecher is "independent" under the listing requirements of the NASDAQ Stock Market; however, Mr. Ritzmann is currently not independent.

Risk is inherent with every business, and how well a business manages risk can ultimately determine its success. The Company faces a number of risks, including credit risk, interest rate risk, liquidity risk, operational risk, strategic risk and reputation risk. Management is responsible for the day-to-day management of risks the Company faces, while the Board, as a whole and through its committees, has responsibility for the oversight of risk management. In its risk oversight role, the Board of Directors has the responsibility to satisfy itself that the risk management processes designed and implemented by management are adequate and functioning as designed. To do this, the Chairman of the

Board and the Independent Lead Director meet regularly with management to discuss strategy and the risks facing the Company. Senior management attends the Board meetings and is available to address any questions or concerns raised by the Board on risk management and any other matters. The Chairman of the Board, Independent Lead Director and independent members of the Board work together to provide strong, independent oversight of the Company's management and affairs through its standing committees and, when necessary, special meetings of independent directors.

Corporate Governance Policies

The Board of Directors has adopted a corporate governance policy to govern certain activities, including: the duties and responsibilities of each director; the composition, responsibilities and operation of the Board of Directors; the establishment and operation of Board committees; succession planning; convening executive sessions of independent directors; the Board of Directors' interaction with management and third parties; and the evaluation of the performance of the Board of Directors and of the Chief Executive Officer.

Committees of the Board of Directors of United Community

The following table identifies our standing committees and their members as of June 30, 2015. All members of each committee are independent in accordance with the listing standards of the NASDAQ Stock Market.

Director	Audit Committee	Nominating and Corporate Governance Committee	Compensation Committee
Ralph B. Sprecher	X		X*
Jerry W. Hacker		X*	X
James D. Humphrey	X	X	
Julie A. Mattlin	X		
Richard C. Strzynski	X*	X	X
John L. Sutton, Jr.		X	
Number of Meetings in Fiscal 2015	14	3	5

* Chairman

Audit Committee

The Board of Directors has a separately-designated standing Audit Committee established in accordance with Section 3(a)(58)(A) of the Exchange Act, as amended. The Audit Committee is responsible for reviewing the following: the integrity of the financial reports and other financial information provided by the Company to any governmental body or the public, including any certification, report, opinion or review performed by the Company's independent

registered public accounting firm; the Company's compliance with legal and regulatory requirements; the independent registered public accounting firm's qualifications and independence; the performance of the Company's internal audit functions, its independent registered public accounting firm and system of internal controls and disclosure procedures regarding finance, accounting, legal compliance and ethics that management and the Board has established; the Company's auditing, accounting and financial reporting processes generally; and the preparation of information required by the Securities and Exchange Commission rules to be included in the Company's annual proxy statement. The Audit Committee meets periodically with the independent registered public accountants and management to review accounting, auditing, internal control structure and financial reporting and compliance matters. The Board of Directors has determined that Mr. Strzynski is an audit committee financial expert under the rules of the SEC. The Audit Committee acts under a written charter adopted by the Board of Directors, a copy of which is available free of charge at *About Us—Corporate Governance* on our website at www.bankucb.com, and is available in print to any shareholder who requests a copy.

Compensation Committee

The Compensation Committee is responsible for all matters regarding the Company's and the Bank's employee compensation and benefit programs. The Compensation Committee operates under a written charter, a copy of which is available free of charge at *About Us—Corporate Governance* on our website at www.bankucb.com, and is available in print to any shareholder who requests a copy.

During 2015, the Compensation Committee engaged Blanchard Consulting Group, Inc., to assist the Compensation Committee in developing compensation programs that support our business strategy and compensation philosophy. In 2015, Blanchard prepared a review of the executive management compensation and worked with the Compensation Committee to create an annual incentive plan that reflects the Company's demographics, management structure and business strategy. While the Compensation Committee considers input from our compensation consultant when making compensation decisions, the Committee's final decisions reflect many factors and considerations. The Compensation Committee reviewed its relationship with Blanchard in 2015 and considered all relevant factors, including those set forth in Rule 10C-1(b)(4)(i) through (vi) under the Securities Exchange Act of 1934 and determined that the work performed by Blanchard does not raise a conflict of interest.

Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee takes a leadership role in shaping governance policies and practices, including recommending to the Board of Directors the corporate governance policies and guidelines applicable to United Community and monitoring compliance with these policies and guidelines. In addition, the Nominating and Corporate Governance Committee is responsible for identifying individuals qualified to become Board members and recommending to the Board the director nominees for election at the next annual meeting of stockholders. It leads the Board in its annual review of the Board's performance and recommends director candidates for each committee for appointment by the Board. The Nominating and Corporate Governance Committee acts under a written charter adopted by the Board of Directors, a copy of which is available free of charge at *About Us—Corporate Governance* on our website at www.bankucb.com, and is available in print to any shareholder who requests a copy.

Minimum Qualifications. The Nominating and Corporate Governance Committee has adopted a set of criteria that it considers when it selects individuals to be nominated for election to the Board of Directors. First, a candidate must meet the eligibility requirements set forth in United Community Bancorp's Bylaws, which include a requirement that the candidate not have been subject to certain criminal or regulatory actions. A candidate also must meet any qualification requirements set forth in any board or committee governing documents.

The Nominating and Corporate Governance Committee seeks to create a Board that is strong in its collective knowledge and has a diversity of skills and experience with respect to accounting and finance, management and leadership, vision and strategy, business operations, business judgment, industry knowledge and corporate governance. The Nominating and Corporate Governance Committee will consider the following criteria in selecting nominees: financial, regulatory and business experience; familiarity with and participation in the local community; integrity, honesty and reputation; dedication to United Community Bancorp and its stockholders; independence; and any other factors the Nominating and Corporate Governance Committee deems relevant, including age, diversity, size of the Board of Directors and regulatory disclosure obligations.

In addition, before nominating an existing director for re-election to the Board of Directors, the Nominating and Corporate Governance Committee will consider and review an existing director's Board and committee attendance and performance; length of Board service; experience, skills and contributions that the existing director brings to the Board; and independence.

Director Nomination Process. The process that the Nominating and Corporate Governance Committee follows when it identifies and evaluates individuals to be nominated for election to the Board of Directors is as follows:

Identification. For purposes of identifying nominees for the Board of Directors, the Nominating and Corporate Governance Committee relies on personal contacts of committee members and other members of the Board of Directors as well as its knowledge of members of United Community Bank's local communities. The Nominating and Corporate Governance Committee will also consider director candidates recommended by stockholders in accordance with the policy and procedures set forth below. The Nominating and Corporate Governance Committee has not used an independent search firm to identify nominees.

Evaluation. In evaluating potential nominees, the Nominating and Corporate Governance Committee determines whether the candidate is eligible and qualified for service on the Board of Directors by evaluating the candidate under the selection criteria set forth above. In addition, the Nominating and Corporate Governance Committee will conduct a check of the individual's background and interview the candidate.

Consideration of Recommendations by Stockholders. It is the policy of the Nominating and Corporate Governance Committee of the Board of Directors of United Community Bancorp to consider director candidates recommended by stockholders who appear to be qualified to serve on United Community Bancorp's Board of Directors. The Nominating and Corporate Governance Committee may choose not to consider an unsolicited recommendation if no vacancy exists on the Board of Directors and the Nominating and Corporate Governance Committee does not perceive a need to increase the size of the Board of Directors. In order to avoid the unnecessary use of the Nominating and Corporate Governance Committee's resources, the Nominating and Corporate Governance Committee will consider only those director candidates recommended in accordance with the procedures set forth below.

Procedures to be Followed by Stockholders. To submit a recommendation of a director candidate to the Nominating and Corporate Governance Committee, a stockholder should submit the following information in writing, addressed to the Chairman of the Nominating and Corporate Governance Committee, care of the Corporate Secretary, at the main office of United Community Bancorp:

1. The name of the person recommended as a director candidate;
2. All information relating to such person that is required to be disclosed in solicitations of proxies for election of directors pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended;
3. The written consent of the person being recommended as a director candidate to being named in the proxy statement as a nominee and to serving as a director if elected;

As to the stockholder making the recommendation, the name and address, as they appear on United Community Bancorp's books, of such stockholder; provided, however, that if the stockholder is not a registered holder of United Community Bancorp's common stock, the stockholder should submit his or her name and address along with a current written statement from the record holder of the shares that reflects ownership of United Community Bancorp's common stock; and

5. A statement disclosing whether such stockholder is acting with or on behalf of any other person and, if applicable, the identity of such person.

In order for a director candidate to be considered for nomination at United Community Bancorp's annual meeting of stockholders, the recommendation must be received by the Nominating and Corporate Governance Committee at least 120 calendar days before the date United Community Bancorp's proxy statement was released to stockholders in connection with the previous year's annual meeting, advanced by one year.

Director Compensation

The Company uses a combination of cash and stock-based incentive compensation to attract and retain qualified candidates to serve on the board of directors. In addition, the Company offers health and life insurance benefits. The Company's compensation and benefits programs are designed to compensate directors fairly for their Board and committee service and align the directors' interests with the long-term interests of stockholders. The following table sets forth the value of the compensation and benefits received by our non-employee directors for their board service during fiscal 2015.

Name	Fees Earned or Paid in Cash (\$)	All Other Compensation (\$)(1)(2)(3)	Total (\$)
Robert J. Ewbank	25,000	15,395	40,395
Jerry W. Hacker	25,000	6,753	31,753
James D. Humphrey	25,000	3,287	28,287
Julie A. Mattlin (2)	—	—	—
William F. Ritzmann	28,471	28,655	57,126
Eugene B. Seitz, II (3)	28,000	20,485	48,485
G. Michael Seitz	28,500	15,395	43,895
Ralph B. Sprecher	28,554	15,383	43,937
Richard C. Strzynski	25,000	4,272	29,272
John L. Sutton, Jr. (2)	—	—	—

(1) Includes: (a) dividends paid on restricted stock, for all directors except Mattlin and Sutton (who had not received restricted stock during the 2015 fiscal year); (b) health benefits for all directors except Mattlin and Sutton. (who were not eligible for the benefit during the 2015 fiscal year) and Humphrey (who received a cash payment in lieu of the benefit); (c) life insurance coverage for all directors except Mattlin and Sutton (who were not eligible for the benefit during the 2015 fiscal year) and (d) a one-time recognition award of \$12,500 to Mr. Ritzmann for his long time service as the Company's president and chief executive officer.

(2) Julie A. Mattlin and John L. Sutton, Jr. were appointed to the United Community Bancorp and United Community Bank Board of Directors on June 25, 2015.

(3) Mr. Eugene B. Seitz, II resigned from the Board of Directors effective September 17, 2015.

Cash Retainer and Meeting Fees for Non-Employee Directors. The following table sets forth the applicable retainers and fees that were paid to our non-employee directors for their service on the Boards of Directors of United

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Community Bancorp and United Community Bank during fiscal 2015. Additionally, Mr. Sprecher received \$1,529 for his service as Chairman of the Board and \$2,025 for his service as Independent Lead Director of the Board during fiscal 2015, Mr. Ritzmann received \$3,471 for his service as Chairman of the Board during fiscal 2015, Mr. G. Michael Seitz received \$3,500 annually for his service as Secretary of the Board and Mr. Eugene Seitz received \$3,000 annually for his service as Assistant Secretary of the Board. Employee directors do not receive any retainers or fees for their services on the Boards of Directors.

Annual retainer for United Community Bancorp.	\$5,000
Annual retainer for United Community Bank	\$14,800
Annual fee for service on committees of United Community Bank	\$5,200

Directors Retirement Plan. The Bank sponsors a directors retirement plan for the purpose of providing eligible directors with a cash benefit upon retirement. Under the plan, a non-employee director who has completed at least three years of service with the Bank and has attained the designated “benefit age” (ranging from age 72 years to age 80 years and 9 months) set forth in an individual agreement under the plan will receive a retirement benefit of \$20,000 per year for ten years, payable in bi-weekly installments. A participating director may also receive an early retirement benefit upon termination of service following completion of at least three years of participation in the plan and attainment of age 65. The early retirement benefit equals \$10,000 per year for ten years upon retirement after age 65 but before age 68, or \$15,000 per year for ten years upon retirement after age 68 but before the designated benefit age. Upon the death of a director who has begun receiving benefits under the plan, the Bank will pay any remaining benefits to the director’s designated beneficiary. If the director dies while still in service as a director of the Bank, the Bank will pay the director’s beneficiary the survivor benefit set forth in the director’s individual joinder agreement under the plan. Upon termination of service in connection with a change in control, a participating director becomes entitled to the same retirement benefit the director would have received if he remained in service until reaching his designated benefit age, payable over a ten-year period. The plan also provides that the Board may approve a disability benefit equal to the actuarially-determined annuitized value of a director’s benefit under the plan upon a termination of service due to disability. In addition to the above benefits, the plan provides the director’s beneficiary with a separate lump sum benefit of \$10,000 for the payment of funeral expenses. In consideration for the benefits provided under the plan and outlined above, participating directors agree not to engage in certain competitive business activities while serving on the Board or following termination of service for reasons other than a change in control. No benefits are payable under the plan upon a termination of service for cause. Directors G. Michael Seitz, Sprecher, Hacker, Strzynski, Ewbank, Humphrey, Mattlin and Sutton currently participate in the plan.

Stock Benefit Plans. Directors are also eligible to receive equity-based awards under the 2014 Plan. During the year ended June 30, 2015, non-employee directors did not receive options or shares of restricted stock. Provided a director’s continuous status as a participant in the 2014 Plan does not terminate, both the stock options and restricted stock awards typically vest in five equal annual installments commencing on the first anniversary of the date the awards were granted. If a director terminates service with the Company by reason of his death or disability or upon a change in control, all unvested stock options and/or restricted stock awards will fully vest.

Board and Committee Meetings

During the year ended June 30, 2015, the Board of Directors of United Community Bancorp met 19 times and the Board of Directors of United Community Bank met 24 times. Each director attended at least 75% of the total meetings of United Community Bancorp’s and United Community Bank’s respective Board of Directors and the committees on which such director served except one director attended fewer than 75% of the total meetings due to illness.

Director Attendance at the Annual Meeting of Stockholders

The Board of Directors encourages each director to attend the annual meeting of stockholders. All of our directors attended the 2014 annual meeting of stockholders.

Code of Ethics and Business Conduct

The Company has adopted a Code of Ethics and Business Conduct that is designed to ensure that the Company's directors, executive officers and employees meet the highest standards of ethical conduct. The Code of Ethics and Business Conduct requires that the Company's directors, executive officers and employees avoid conflicts of interest, comply with all laws and other legal requirements, conduct business in an honest and ethical manner and otherwise act with integrity and in the Company's best interest. Under the terms of the Code of Ethics and Business Conduct, directors, executive officers and employees are required to report any conduct that they believe in good faith to be an actual or apparent violation of the Code of Ethics and Business Conduct.

As a mechanism to encourage compliance with the Code of Ethics and Business Conduct, the Company has established procedures to receive, retain and treat complaints received regarding accounting, internal accounting controls or auditing matters. These procedures ensure that individuals may submit concerns regarding questionable accounting or auditing matters in a confidential and anonymous manner. The Code of Ethics and Business Conduct also prohibits the Company from retaliating against any director, executive officer or employee who reports actual or apparent violations of the Code of Ethics and Business Conduct. A copy of the code of ethics is available, without charge, upon written request to c/o Corporate Secretary, 92 Walnut Street, Lawrenceburg, Indiana 47025.

REPORT OF THE AUDIT COMMITTEE

Report of the Audit Committee

United Community Bancorp's management is responsible for United Community Bancorp's internal controls and financial reporting process. The independent registered public accounting firm is responsible for performing an independent audit of United Community Bancorp's consolidated financial statements and issuing an opinion on the conformity of those financial statements with generally accepted accounting principles. The Audit Committee oversees United Community Bancorp's internal controls and financial reporting process on behalf of the Board of Directors.

In this context, the Audit Committee has met and held discussions with management and the independent registered public accounting firm. Management represented to the Audit Committee that United Community Bancorp's consolidated financial statements were prepared in accordance with generally accepted accounting principles, and the Audit Committee has reviewed and discussed the consolidated financial statements with management and the independent registered public accounting firm. The Audit Committee discussed with the independent registered public accounting firm the matters required to be discussed pursuant to U.S. Auditing Standard No. 16 (Communications with Audit Committees) issued by the Public Company Accounting Oversight Board.

In addition, the Audit Committee has received the written disclosures and the letter from the independent registered public accounting firm required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent registered public accounting firm's communications with the Audit Committee concerning independence and has discussed with the independent registered public accounting firm its independence from United Community Bancorp and its management. In concluding that the independent registered public accounting firm is independent, the Audit Committee considered, among other factors, whether the non-audit services provided by the independent registered public accounting firm were compatible with its independence.

The Audit Committee discussed with United Community Bancorp's independent registered public accounting firm the overall scope and plans for its audit. The Audit Committee meets with representatives of the independent registered public accounting firm, with and without management present, to discuss the results of their examination, their evaluation of United Community Bancorp's internal controls and the overall quality of the Company's financial reporting.

In reliance on the reviews and discussions referred to above, the Audit Committee recommended to the Board of Directors, and the board has approved, that the audited consolidated financial statements be included in the United Community Bancorp's Annual Report on Form 10-K for the year ended June 30, 2015 for filing with the Securities and Exchange Commission. The Audit Committee and the Board of Directors also have approved, subject to stockholder ratification, the selection of United Community Bancorp's independent registered public accounting firm.

The Audit Committee

Richard C. Strzynski, Chairman

Ralph B. Sprecher

James D. Humphrey

Julie A. Mattlin

STOCK OWNERSHIP

The following table provides information as of October 9, 2015 about the persons and entities known to United Community Bancorp to be the beneficial owners of more than 5% of United Community Bancorp's outstanding common stock. A person or entity may be considered to beneficially own any shares of common stock over which the person or entity has, directly or indirectly, sole or shared voting or investing power.

Name and Address	Number of Shares Owned	Percent of Common Stock Outstanding (1)
Joseph Stilwell Stilwell Value Partners VII, L.P. Stilwell Activist Fund, L.P. Stilwell Activist Investments, L.P. Stilwell Partners, L.P. Stilwell Value LLC 111 Broadway, 12th Floor New York, New York 10006	428,320 (2)	9.5%
United Community Bank Employee Stock Ownership Plan 92 Walnut Street Lawrenceburg, Indiana 47025	392,655	8.7%
Maltese Capital Management Maltese Capital Holdings, LLC		
Terry Maltese 150 East 52nd Street 30 th Floor New York, NY 10022	302,200 (3)	6.7%

(1) Based on 4,520,082 shares of United Community Bancorp's common stock outstanding and entitled to vote as of October 9, 2015.

Based on the Schedule 13D/A, as amended, filed on July 6, 2015 by Stilwell Value Partners VII, L.P., a Delaware limited partnership, Stilwell Activist Fund, L.P., a Delaware limited partnership, Stilwell Activist Investments, L.P., a Delaware limited partnership, Stilwell Partners, L.P., a Delaware limited partnership, Stilwell Value LLC, a Delaware limited liability company, and the general partner of Stilwell Value Partners VII, Stilwell Activist Fund and Stilwell Activist Investments, and Joseph Stilwell, the managing member and owner of more than 99% of the equity in Stilwell Value LLC, and the general partner of Stilwell Partners.

(2) Based on the Schedule 13G filed with the SEC on February 12, 2015. Maltese Capital Management (“MCM”) owns no shares of Common Stock directly. By reason of its position as investment advisor, MCM may be deemed to beneficially own 302,200 shares of Common Stock, which are held of record by clients of MCM. Mr. Maltese (3) directly owns no shares of Common Stock. By reason of his position as Managing Member of MCM, Mr. Maltese may be deemed to beneficially own 302,200 shares of Common Stock. Maltese Capital Holdings, LLC, by reason of its position as general partner of certain partnerships, Holdings may be deemed to beneficially own the 244,400 shares of Common Stock, which are held by such partnerships.

The following table provides information as of October 9, 2015 about the shares of United Community Bancorp common stock that may be considered to be beneficially owned by each director, named executive officer listed in the *Summary Compensation Table*, and all directors and executive officers of United Community Bancorp as a group. A person may be considered to beneficially own any shares of common stock over which he or she has, directly or indirectly, sole or shared voting or investment power. Unless otherwise indicated, none of the shares listed are pledged as security and each of the named individuals has sole voting power and sole investment power with respect to the number of shares shown.

Name	Number of Shares Owned (1)	Options Exercisable Within 60 Days	Percent of Common Stock Outstanding (2)
William F. Ritzmann	59,406 (3)	49,118	2.4%
Ralph B. Sprecher	26,052 (4)	9,828	*
Robert J. Ewbank	51,544 (5)	9,828	1.4
Jerry W. Hacker	25,898 (6)	9,828	*
James D. Humphrey	3,910	1,650	*
James W. Kittle	46,473 (7)	29,773	1.7
Vicki A. March	44,544 (8)	29,773	1.6
Julie A. Mattlin	100	—	*
Elmer G. McLaughlin	73,845 (9)	40,414	2.5
W. Michael McLaughlin	42,839 (10)	29,773	1.6
G. Michael Seitz	30,436	9,828	*
Richard C. Strzynski	17,290	9,828	*
John L. Sutton, Jr.	280	—	*
All directors and executive officers as a group (13 persons)	422,617	229,641	13.7

* Less than 1.0%.

- (1) Includes shares held in the reporting person's 401(k) Plan account as follows: Mr. Kittle, 6,320 shares; Mr. Elmer G. McLaughlin, 35,139 shares; and Mr. W. Michael McLaughlin, 17,395 shares. This amount reflects ownership units in the employer stock fund of the 401(k) Plan, which consists of both Company stock and a reserve of cash. The actual number of shares held by the individual may vary when such units are actually converted into shares upon distribution of the units to the individual. Also includes unvested shares of restricted stock over which the reporting person has voting power in the following amounts: Mr. Ritzmann – 7,760 shares; Mr. Sprecher – 2,328 shares; Mr. Ewbank – 2,328 shares; Mr. Hacker – 2,328 shares; Mr. Humphrey – 2,328 shares; Mr. Kittle – 9,312 shares; Ms. March – 9,312 shares; Ms. Mattlin, -0- shares; Mr. Elmer G. McLaughlin – 10,864 shares; Mr. W. Michael McLaughlin – 9,312 shares; Mr. G. Michael Seitz – 2,328 shares; Mr. Strzynski – 2,328 shares; Mr. Sutton, -0- shares; and for all directors and officers as a group – shares.
- (2) Based on 4,520,082 shares of the Company's common stock outstanding and entitled to vote as of October 9, 2015.
- (3) Includes 26,670 shares held in Mr. Ritzmann's individual retirement account. Also includes 23,588 shares pledged as security.
- (4) Includes 15,146 shares held in Mr. Sprecher's individual retirement account and 125 shares held by his spouse.
- (5)

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Includes 3,483 shares held by Mr. Ewbank's spouse, 12,500 shares held by his individual retirement account and 19,521 shares held by one corporation controlled by Mr. Ewbank.