



Investor Presentation
February 18, 2010



Forward-Looking Statement Disclosure

To the extent that this presentation or the presenters discuss expectations about future financial results or market conditions or otherwise make statements about the future, such statements are forward-looking and are based on the Company's current beliefs, expectations, forecasts or projections. Actual results may differ materially from our statements due to a number of risks and uncertainties, including those described in the Company's Form 10-K for the year ended December 31, 2008 and subsequent filings. Please refer to these SEC documents for a complete list of risk factors.

Overview

United Community Financial Corp.
NASDAQ: UCFC

**The Home Savings
and Loan Company
of Youngstown,
Ohio**

39 Full Service
Branches

6 Loan Production
Offices

Operations

– MARKET AREAS –

■ HOME SAVINGS

OHIO

Ashland
Aurora
Austintown
Beachwood
Bellevue

Boardman
Canfield
Canton
Chagrin Falls
Chardon

Clyde
Columbiana
Columbus
East Liverpool
East Palestine

Findlay
Fremont
Lexington
Lisbon
McDonald

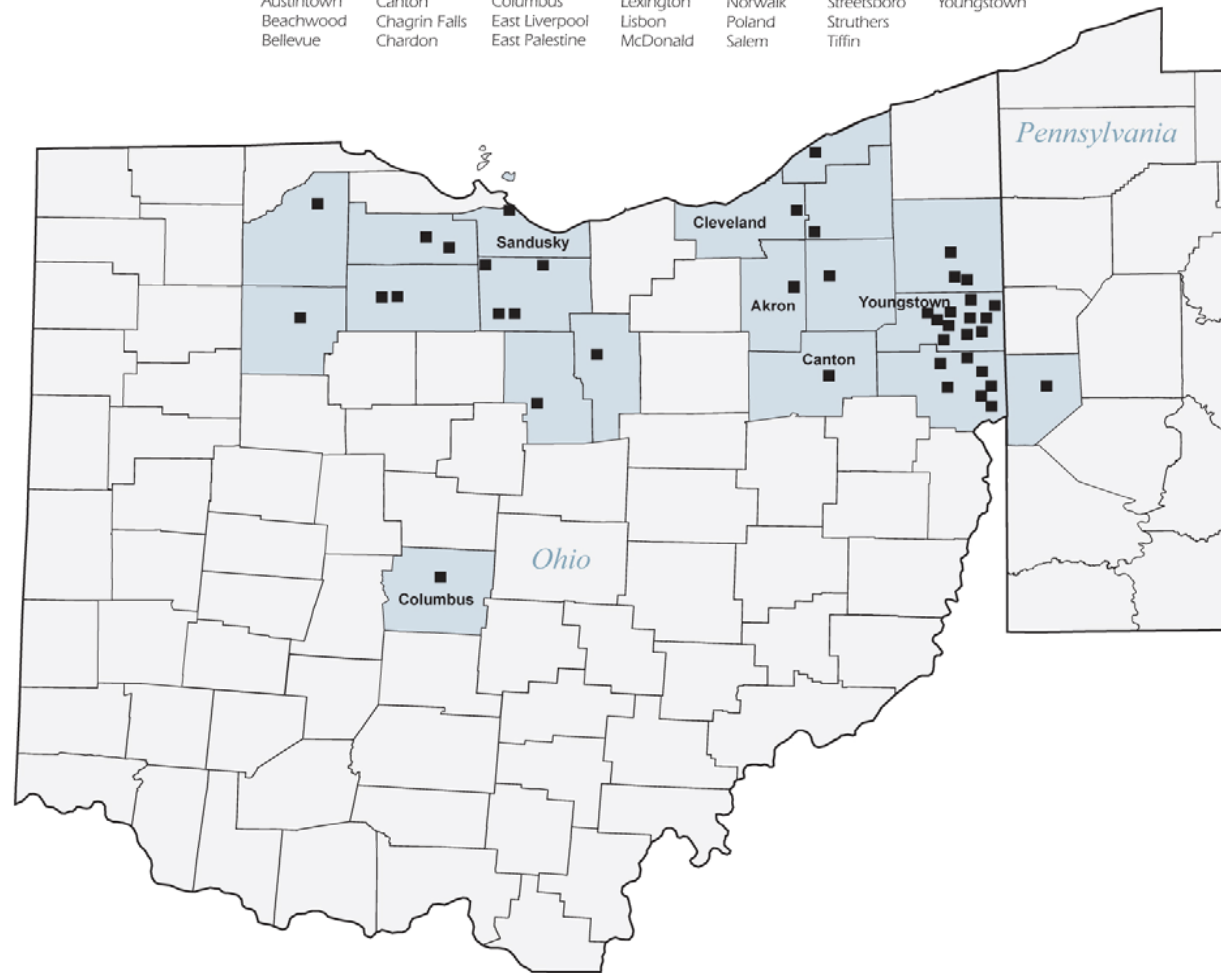
Mentor
Niles
Norwalk
Poland
Salem

Sandusky
Stow
Streetsboro
Struthers
Tiffin

Warren
Willard
Youngstown

PENNSYLVANIA

Beaver





Investment Highlights

Founded:	1889 (Home Savings)
IPO:	1998
NASDAQ:	UCFC
Shares Outstanding:	30,898,000
Average Daily Volume:	apx. 40-60,000 shares

Summary statistics (year ended December 31, 2009)

- Total Assets:	\$2.3 billion
- Total Net Loans:	\$1.9 billion
- Total Deposits:	\$1.8 billion

Investment highlights (quarter and year ended December 31, 2009)

- Mortgage loan originations reached nearly \$500 million in 2009 (a 77% increase from the prior year)
- Net interest margin increased to 3.33% for the quarter
- Capital ratios were 8.22% (Tier 1 Leverage) and 12.80% (Total Risk-Based Capital)
- Tangible Book Value was \$7.09 per share



Stock Ownership

Ownership:

	<u>Shares held</u>	<u>% of Outstanding</u>
Management ⁽¹⁾	628,874	2.0%
ESOP ⁽¹⁾	3,441,392	11.1%
Institutional Ownership ⁽²⁾		
Dimensional Fund Advisors	2,282,208	7.4 %
Farmers Trust Company ⁽¹⁾	1,260,530	4.1 %
BlackRock Global Investors	583,461	1.9 %
Vanguard Group Inc.	540,944	1.8 %
Wellington Management Co. LLP	257,045	0.8 %

Market Makers:

The following firms presently make a market in United Community Financial Corp. stock on the NASDAQ ⁽³⁾

Knight Equity Markets, L.P.
 Citadel Derivatives Group LLC
 Barclays Capital Inc.
 UBS Securities LLC

- Notes:
1. As of December 31, 2009. Management shares held does not include 2009 ESOP allocation
 2. As of September 30, 2009. Source: SNL Securities
 3. Source: Bloomberg



Balance Sheet

(Dollars in thousands)

- UCFC's balance sheet is fairly straightforward
 - Equity is comprised solely of common equity
 - No preferred stock or trust preferred
 - No TARP
- UCFC's loan portfolio contracted by \$337.4MM in 2009
 - Reflects strategic intent to preserve capital and pull back from higher-risk lending areas

<u>Assets</u>	As of Dec. 31, 2009	As of Dec. 31, 2008
Cash and cash equivalents	\$ 45,074	\$ 43,417
Securities	281,348	215,731
Loans, net	1,866,018	2,203,453
Loans held for sale	10,497	16,032
Real estate owned/other repossessed assets	30,962	29,258
Premises and equipment	23,139	25,015
Cash surrender value of life insurance	26,198	25,090
Other assets	55,191	60,077
Total Assets	<u>\$2,338,427</u>	<u>\$2,618,073</u>
<u>Liabilities and Stockholders' Equity</u>		
Deposits	\$1,769,501	\$1,885,931
FHLB Advances and Other Borrowings	318,156	462,872
Other Liabilities	30,988	31,959
Total Liabilities	<u>2,118,645</u>	<u>2,383,150</u>
Total Stockholders' Equity	219,781	234,923
Total Liabilities and Stockholders' Equity	<u>\$2,338,427</u>	<u>\$2,618,073</u>



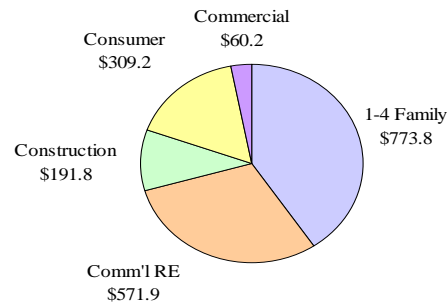
Balance Sheet Detail

As of December 31, 2009

- UCFC's loan portfolio is more bank-like than the typical thrift
- The securities portfolio has no private MBS or TRUPs
 - The securities portfolio is viewed primarily as a source of liquidity
 - There is also a very small equities portfolio at the holding company level comprised of bank stocks
- Funding is shifting away from reliance on CDs and borrowings in favor of core deposits
 - Core (non-time) deposits grew by \$68.8MM in 2009
 - Other Borrowings fell by \$144.7MM in 2009

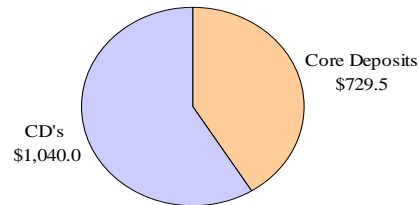
Net Loans

Total: \$1.9 Bn



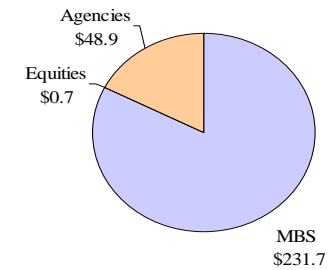
Deposits

Total: \$1.8 Bn



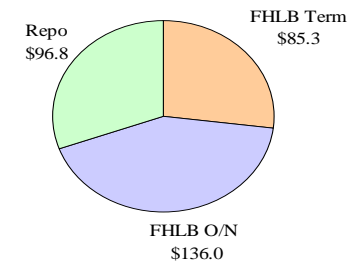
Securities

Total: \$281.3 MM



Other Borrowings

Total: \$318.2 MM



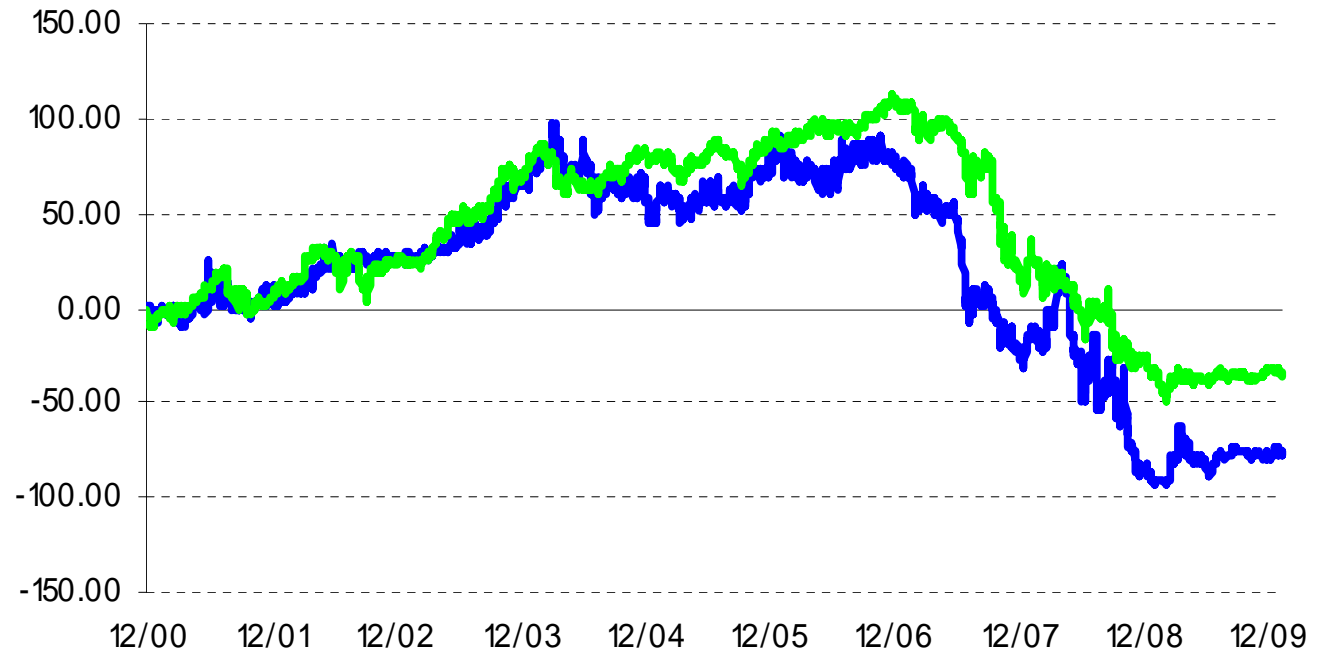


UCFC Share Price Performance

- UCFC has traded in line with the SNL Thrift Index until recently
- Recent share price performance may reflect in part:
 - Nonperforming asset trends that arose in the latter part of 2007
 - Regulatory Cease and Desist Order imposed August 2008

Price Change (%)

Indexed to 1/1/2001



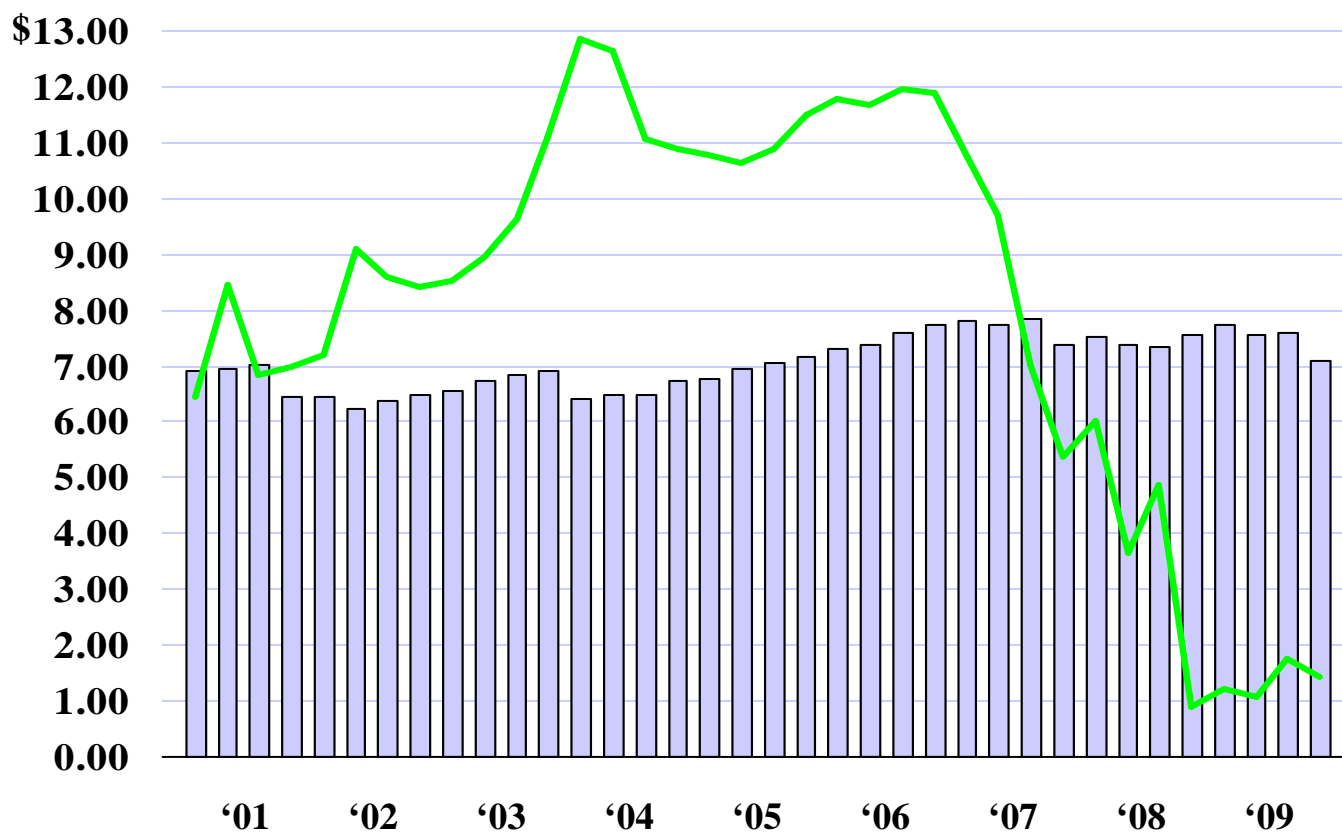
Key

- UCFC
- SNL Thrift Index



Investment Proposition

- For most of its history as a public company, UCFC traded at a multiple of book value
- UCFC's tangible book value per share has been relatively stable over the past decade
 - Tangible book value per share has remained above \$7.00, despite recent asset quality experience

Tangible Book Value per Share and Share Price



Key

-  Tangible BV/Share
-  Market Price

Review of Financial Performance (cont.)

Asset Quality

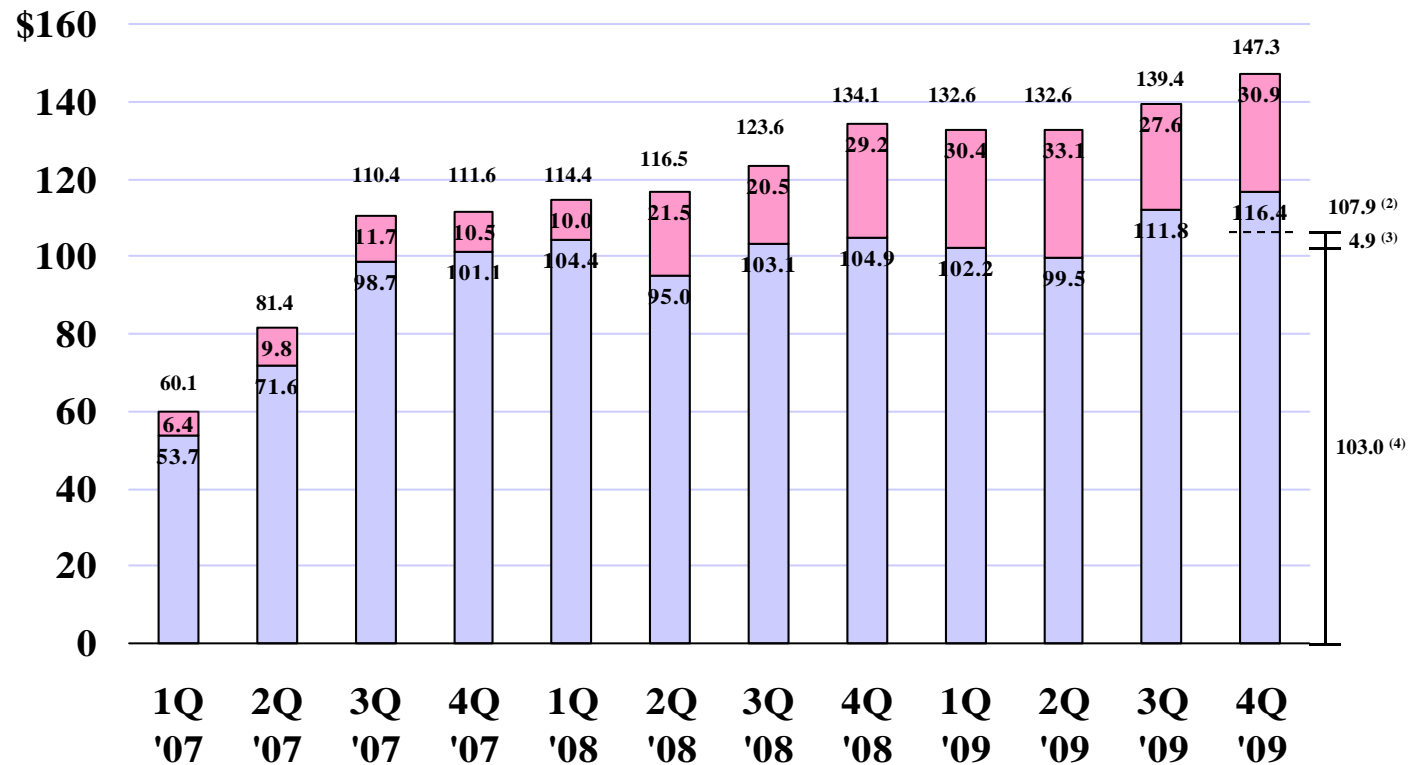
- Nonperforming assets rose sharply in the latter part of 2007
- The majority of UCFC's nonperforming loans are backed by real estate collateral
- For example, of the \$116.4MM of nonperforming loans at 12/31/09, management believes that:
 - \$107.9MM have been evaluated for impairment under FAS 114
 - These loans are supported by \$103.0MM of collateral
 - The \$4.9MM collateral shortfall has been fully reserved with specific reserves
 - The remaining exposure is supported with general reserves

Key

- OREO & repossessed assets
- Nonperforming loans ⁽¹⁾

Nonperforming Assets Trend

(\$MM)



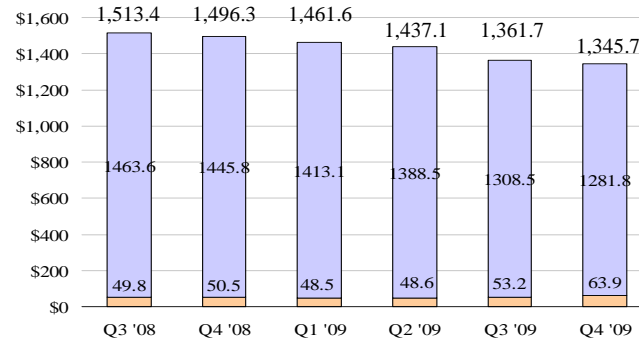
- Notes:
- Nonperforming loans consist of loans ninety days past due, plus loans less than ninety days past due and not accruing, plus restructured loans
 - Amount of nonperforming loans evaluated under FAS 114
 - Specific reserves related to loans in Note 2 above
 - Amount of collateral related to loans in Note 2 above

Nonperforming Loan Trends

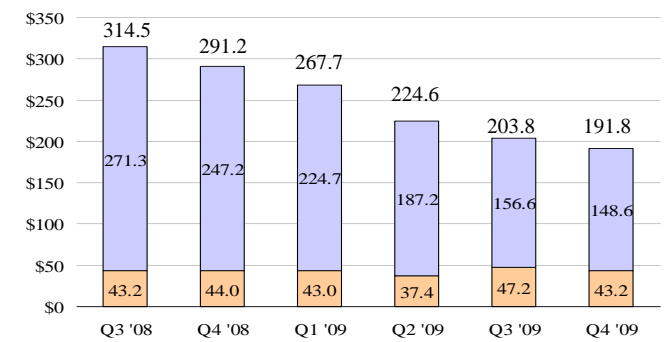
By Portfolio

- UCFC has four primary portfolios
 - Nonperforming loans are concentrated in the construction loan portfolio
 - Higher-risk segments have purposefully been allowed to run off
 - The "Real Estate" portfolio includes four sub-portfolios...

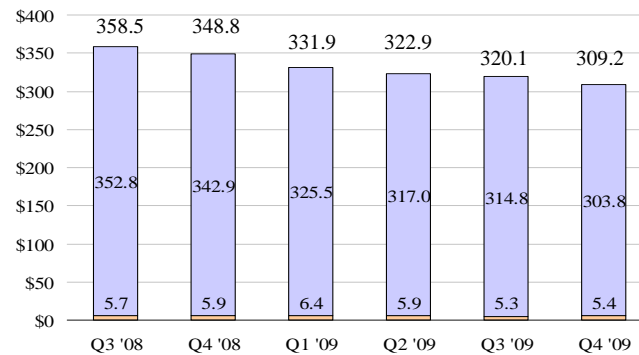
Real Estate Loans
(\$MM)



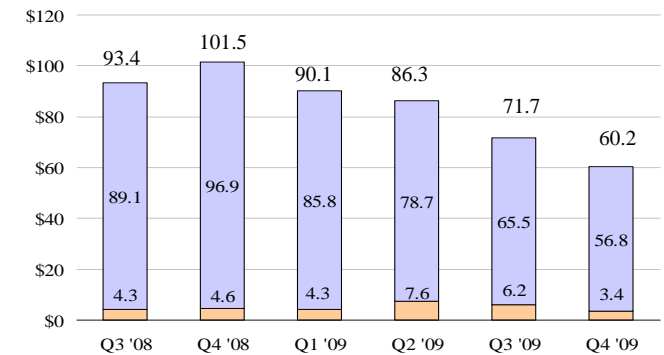
Construction Loans
(\$MM)



Consumer Loans
(\$MM)



Commercial Loans
(\$MM)



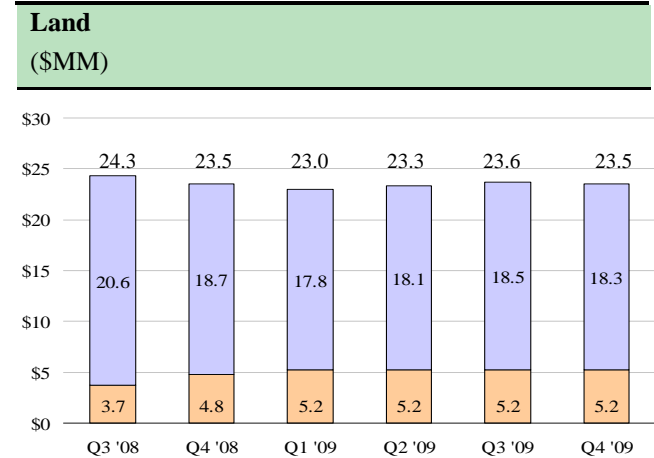
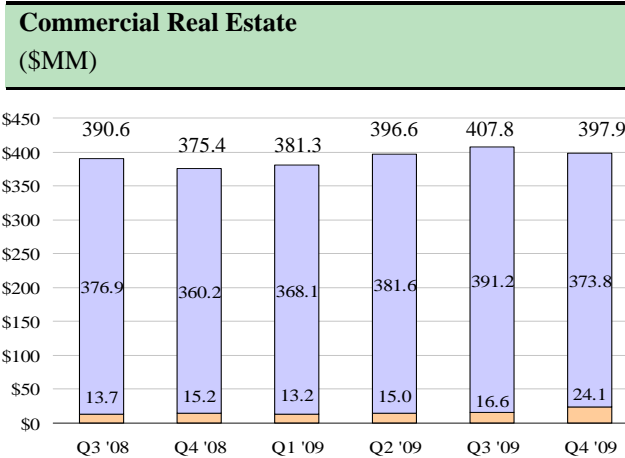
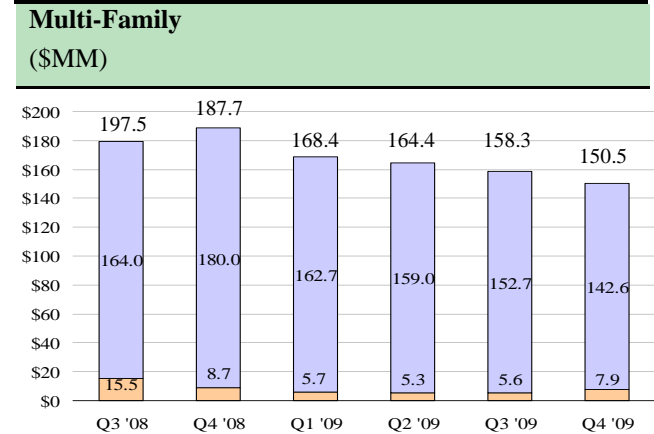
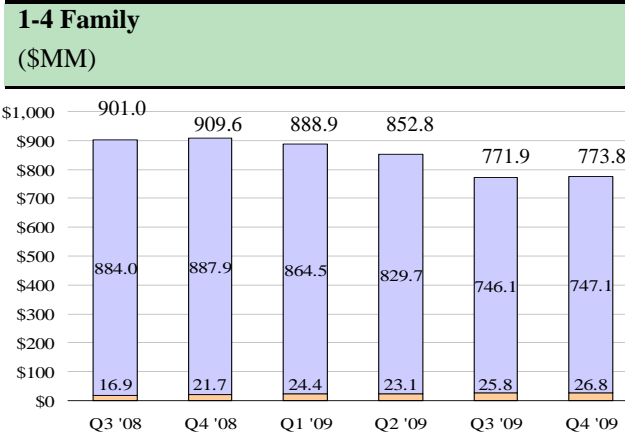
Key

- Performing
- Nonperforming

Nonperforming Loan Trends

Real Estate Portfolio

- ...UCFC's Real Estate portfolio has four sub-portfolios
 - The 1-4 Family portfolio contracted in 2009 due in part to the bulk sale of \$69MM of mortgages



Key

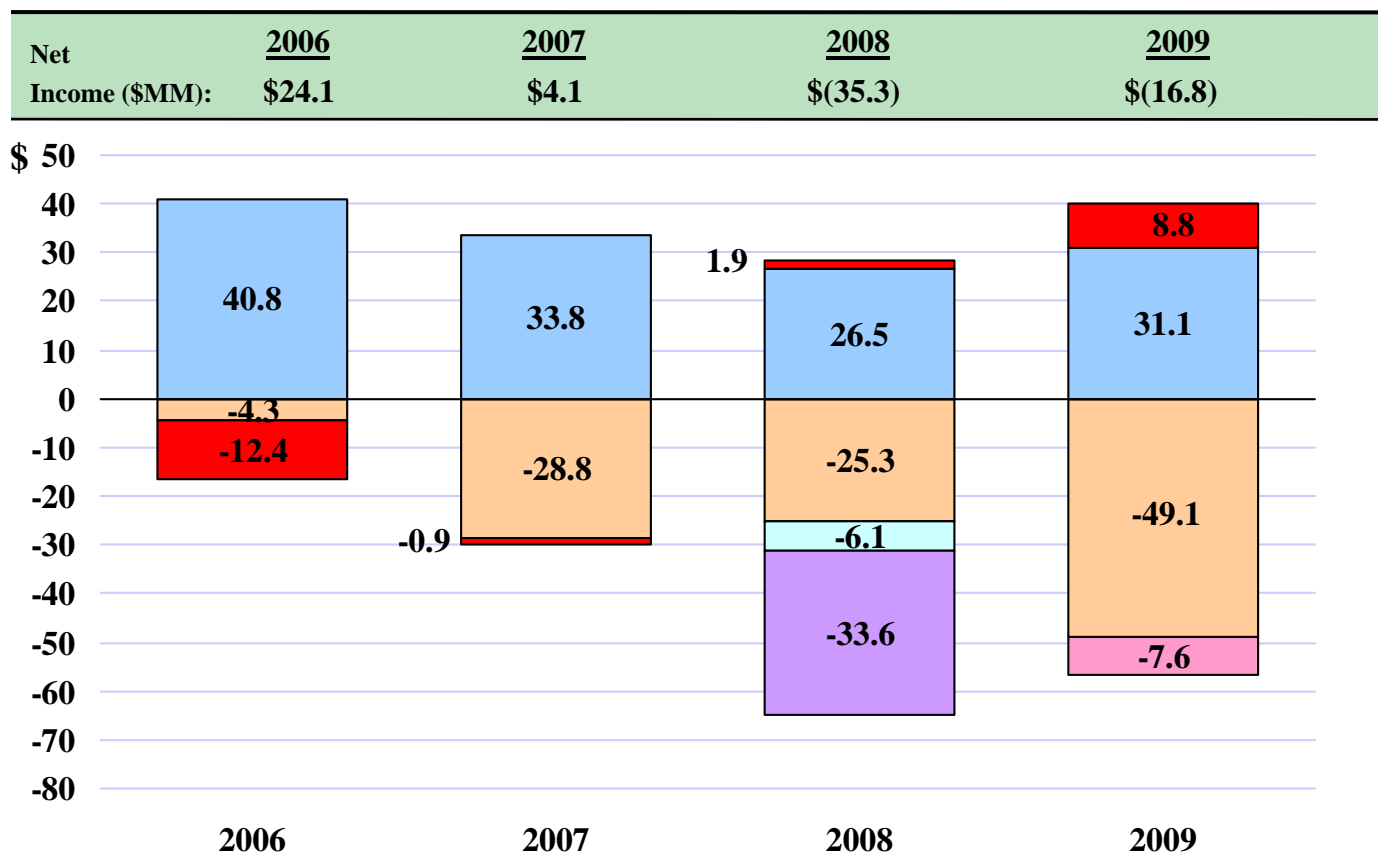
- Performing
- Nonperforming



Review of Financial Performance

UCFC Earnings Analysis ⁽¹⁾

- UCFC's pre-tax, pre-provision earnings in 2009 increased over the prior year
- Reported GAAP income reflected charges for the write-off of goodwill and securities impairment in 2008 and the establishment of a deferred tax valuation allowance in 2009
- Despite provision expense of \$49.1MM in 2009, the Company's Tangible Book Value has remained above \$7.00 per share and capital ratios have remained above regulatory requirements



Key

- Earnings prior to tax, provision and other items
- Provision expense
- Securities charge
- Goodwill charge
- Deferred tax impairment
- Income tax

Note: 1. The table above contains certain financial information determined to be a presentation not in accordance with GAAP. We have provided information about significant events that occurred during the period because we believe this information is useful to both investors and management and aids in the overall understanding of their impact on the Company's overall performance. Users should consider this financial information a supplementary tool for analysis purposes and not substitute it for GAAP net income.

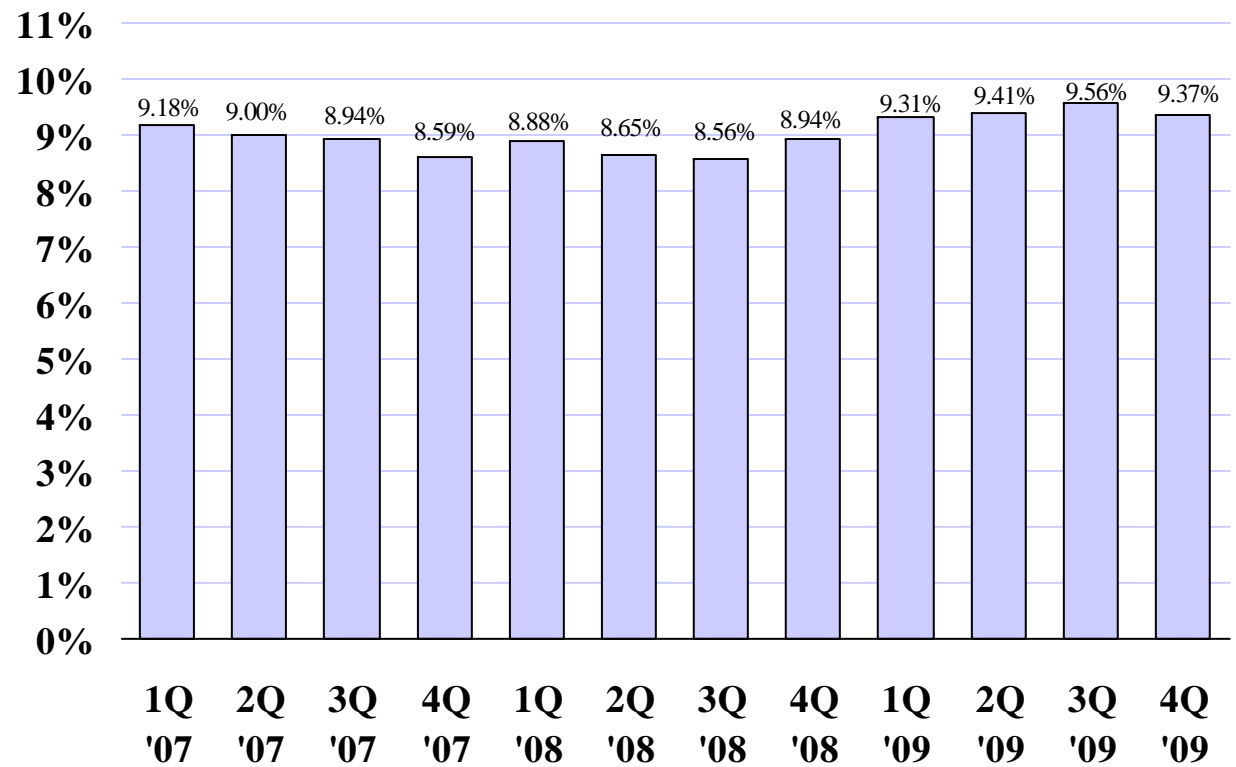
Review of Financial Performance (cont.)

Tangible Common Equity

- UCFC's consolidated tangible common equity ratio is higher now than it was in early 2007

Tangible Common Equity to Tangible Assets

UCFC Consolidated



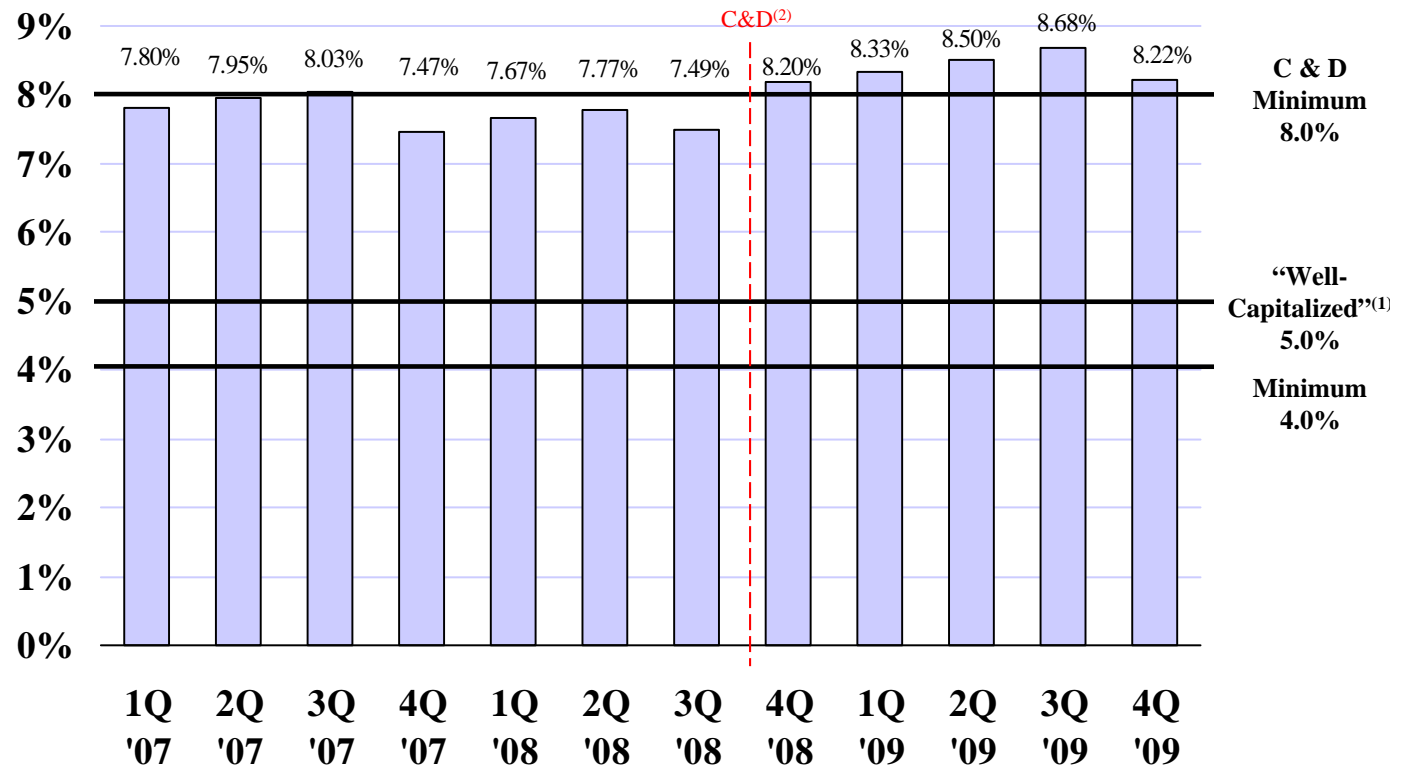
Review of Financial Performance (cont.)

Capital Adequacy at Home Savings

- Home Savings has been able to meet and maintain a Tier 1 leverage ratio in excess of the higher capital standards imposed under the terms of the Cease and Desist Order

Tier 1 Leverage Ratio (Core Capital / Average Assets)

Home Savings



- Notes:
- Home Savings has been deemed "adequately capitalized" for regulatory purposes
 - The C&D was issued in August 2008, and its capital requirements went into effect as of 12/31/08

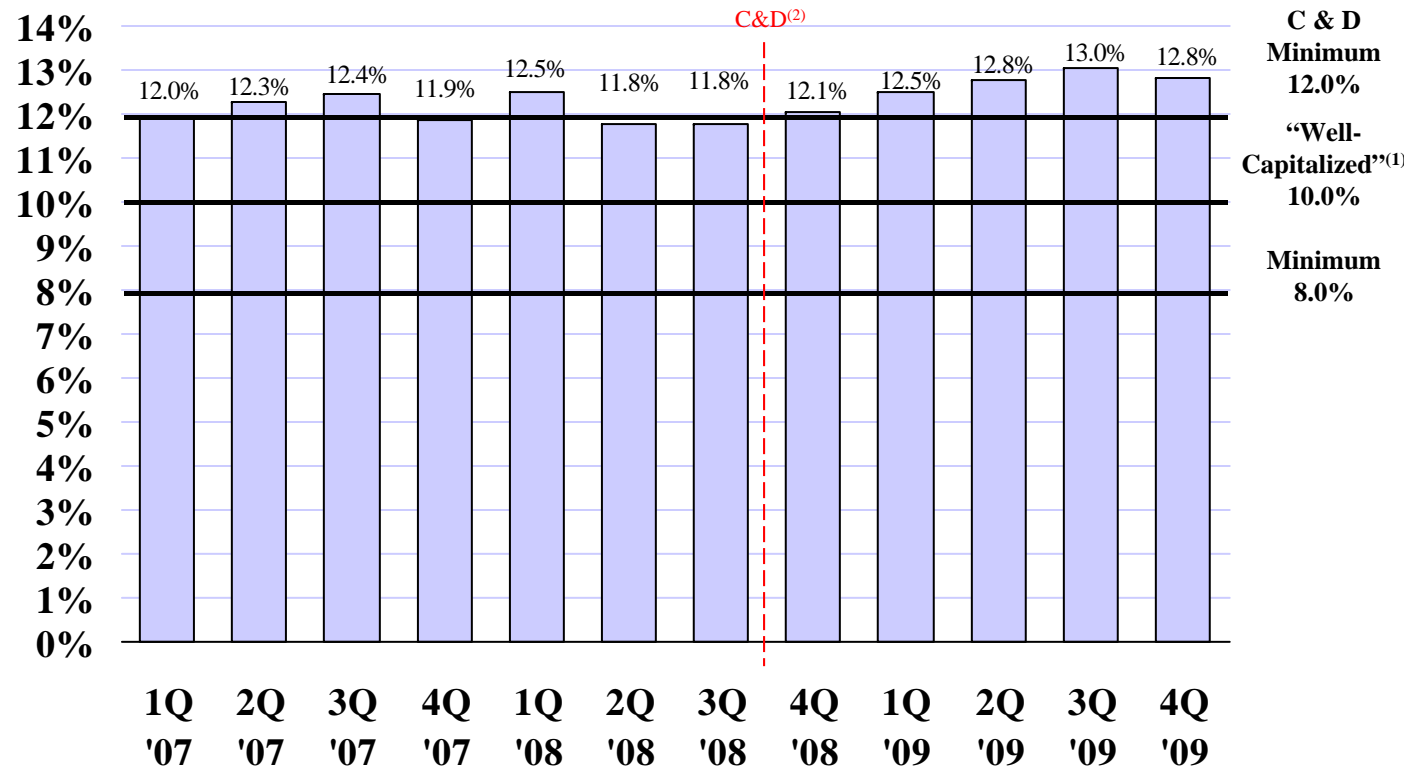
Review of Financial Performance (cont.)

Capital Adequacy at Home Savings

- Home Savings has been able to meet and maintain a Total Risk Based Capital ratio in excess of the higher capital standards imposed under the terms of the Cease and Desist Order

Total Risk-Based Capital to Risk-Weighted Assets

Home Savings



- Notes:
- Home Savings has been deemed “adequately capitalized” for regulatory purposes
 - The C&D was issued in August 2008, and its capital requirements went into effect as of 12/31/08

Weathering the Storm

- Management took significant steps in 2009 to weather the storm
 - Sold trust company subsidiary
 - Eliminated holding company debt
 - Entered into agreement for branch sale
 - Completed \$69MM bulk mortgage sale
 - Increased spread income while reducing assets by over \$300MM
 - Increased core deposits and reduced reliance on non-core funding
 - Maintained capital ratios and book value per share

- Bank Management has been significantly augmented in the last 24 months
 - New CEO, CFO, Chief Lending Officer, Chief Credit Officer and Chief Risk Officer
 - Reorganized Credit and Loan Review functions
 - New head of Special Assets
 - New head of REO
 - Added to collections and REO staff
 - Implemented comprehensive risk management program



Management

Douglas M. McKay, Chairman, President and CEO

Mr. McKay has approximately 38 years of experience in the financial services industry. Mr. McKay has been the Chairman of the Board and Chief Executive Officer of United Community Financial Corp. since its inception in 1998. Mr. McKay also serves as President of UCFC. Additionally, Mr. McKay is the Chairman of the Board of The Home Savings and Loan Company.

James R. Reske, CFA, Chief Financial Officer and Treasurer

Mr. Reske joined United Community Financial Corp. in May of 2008 and serves as both Chief Financial Officer and Treasurer of UCFC and Home Savings. Prior to joining UCFC, Mr. Reske was an investment banker with KeyBanc Capital Markets, Inc. from 2002 to May of 2008, providing strategic advice to community banks and thrifts. Prior to joining KeyBanc Capital Markets, Mr. Reske was an investment banker in the financial institutions group at Morgan Stanley in New York, and practiced banking law with Wachtell Lipton Rosen & Katz and Sullivan & Cromwell. He previously served in the bank supervision and regulation section of the Federal Reserve Board.



Board of Directors

Eugenia C. Atkinson (UCFC Director since 2005; Home Savings Director since 1999)

Mrs. Atkinson was the Executive Director of Youngstown Metropolitan Housing Authority from 2000 until her retirement in 2007. Mrs. Atkinson also serves as a director of The Home Savings and Loan Company.

Richard J. Buoncore (UCFC and Home Savings Director since 2007)

Mr. Buoncore is a Certified Public Accountant and a managing partner of MAI Wealth Advisors, LLC, Cleveland, Ohio, a position he has held since December 2006. Previously, Mr. Buoncore was Managing Partner of BC Investment Partners LLC, which merged into MAI Wealth Advisors, a position he had held since 2005. From 1999 until 2005, he was the Chief Executive Officer of Victory Capital Management, Cleveland, Ohio, and served as its President and Chief Operating Officer from 1995 until 1999. Mr. Buoncore also serves as a director of The Home Savings and Loan Company.

Scott N. Crewson (UCFC and Home Savings Director since 2009)

Mr. Crewson retired from BP in 2008, after having served the company over 27 years in a variety of executive level positions, including most recently that of Deputy Director, Business Development in London England. He joined the UCFC and Home Savings Boards of Directors in 2009.

Judge Scott D. Hunter (UCFC and Home Savings Director since 2009)

Judge Hunter currently serves as a Mahoning County Area Court Judge, Judge of the Mahoning County Misdemeanor Drug Court. He is also a managing member of Hunter-Stevens Land Title Agency, LTD and maintains a private law practice. He previously served as a partner of the Davis & Davis Law Firm. He joined the UCFC and Home Savings Boards of Directors in 2009.



Board of Directors (continued)

F. Scott O'Donnell (UCFC and Home Savings Director since 2009)

Mr. O'Donnell is the President of O'Donnell & Associates, LTD, a firm that provides specialized services to banks, boards of directors and others interested in the banking industry. Mr. O'Donnell has more than 25 years experience in the banking and regulatory industries, including prior service as the Superintendent of Financial Institutions for the State of Ohio.

Richard J. Schiraldi (Director since 2002; Home Savings Director since 2005)

Mr. Schiraldi is a Certified Public Accountant and has been a partner at Cohen & Company, Certified Public Accountants, Youngstown, Ohio, since 1990. Mr. Schiraldi served as Director of Tax Operations at Cohen from 1983 until 2003. Mr. Schiraldi also serves as a director of The Home Savings and Loan Company.

Clarence R. Smith Jr. (Director since 2005; Home Savings Director since 1976)

Mr. Smith serves as Chairman of S-P Company and Subsidiaries located in Columbiana, Ohio, a position he has held since 1971. Mr. Smith also serves as a director of The Home Savings and Loan Company.

Dr. David C. Sweet (Director since 2004; Home Savings Director since 2005)

Dr. Sweet is the President of Youngstown State University, a position he has held since July 2000. Dr. Sweet also serves as a director of The Home Savings and Loan Company.

Donald J. Varner (Director since 2007; Home Savings Director since 1987)

Mr. Varner, an attorney, was United Community Financial Corp.'s Corporate Secretary from 1998 until his retirement in 2004 and a Senior Vice President of Home Savings and Loan Company from 1995 until his retirement in 2004. Prior to that time, Mr. Varner served as Home Savings' Vice President and Corporate Counsel from 1976 to 1995. Mr. Varner also serves as a director of The Home Savings and Loan Company.



United Community Financial Corp.
NASDAQ: UCFC

www.UCFCONLINE.com
www.HOMESAVING.com

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