



UNITED COMMUNITY

FINANCIAL CORP.

Forward-Looking Statement Disclosure

When used in this presentation the words or phrases “will likely result,” “are expected to,” “will continue,” “is anticipated,” “estimate,” “project” or similar expressions are intended to identify “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are subject to certain risks and uncertainties, including changes in economic conditions in United Community’s market area, changes in policies by regulatory agencies, fluctuations in interest rates, demand for loans in Home Savings’ market area, and competition, that could cause actual results to differ materially from results presently anticipated or projected. United Community cautions readers not to place undue reliance on any such forward-looking statements, which speak only as of the date made. United Community advises readers that the factors listed above could affect United Community’s financial performance and could cause United Community’s actual results for future periods to differ materially from any opinions or statements expressed with respect to future periods in any current statements. United Community undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which the statement is made. 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, 2013 and subsequent filings. Please refer to these SEC documents for a complete list of risk factors.

Non-GAAP Financial Measures

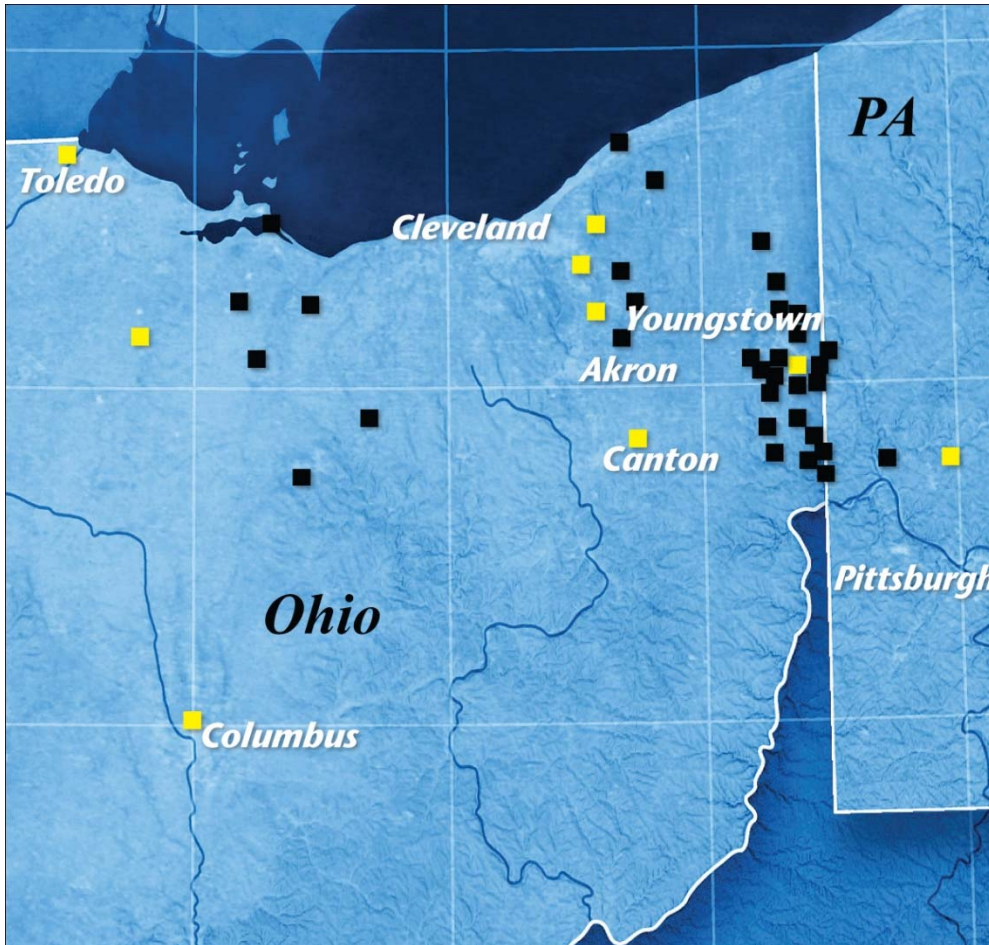
This presentation contains financial information determined by methods other than those prescribed by accounting principles generally accepted in the United States of America ("GAAP").

Management uses these non-GAAP financial measures because it believes that they are useful for evaluating our operations and performance over periods of time, as well as in managing and evaluating our business and in discussions about our operations and performance. Management believes these non-GAAP financial measures provide users of our financial information with meaningful measures for assessing our financial results, as well as a comparison to financial results for prior periods. These non-GAAP financial measures should not be considered as a substitute for financial measures determined in accordance with GAAP and may not be comparable to other similarly titled financial measures used by other companies. A reconciliation of the differences between our non-GAAP financial measures and the most comparable GAAP measures accompanies the use of such non-GAAP financial measures within the body of this presentation.

Company Profile

- The Home Savings and Loan Company, formed in 1889, is celebrating its 125th anniversary and is headquartered in Youngstown, OH
- UCFC is the holding company for the bank
- 32 branch locations and 9 loan production offices throughout Ohio and western Pennsylvania
- Assets: \$1.8 billion
- Loans: \$1.1 billion
- Deposits: \$1.3 billion – 13.8% market share in Mahoning Valley market area

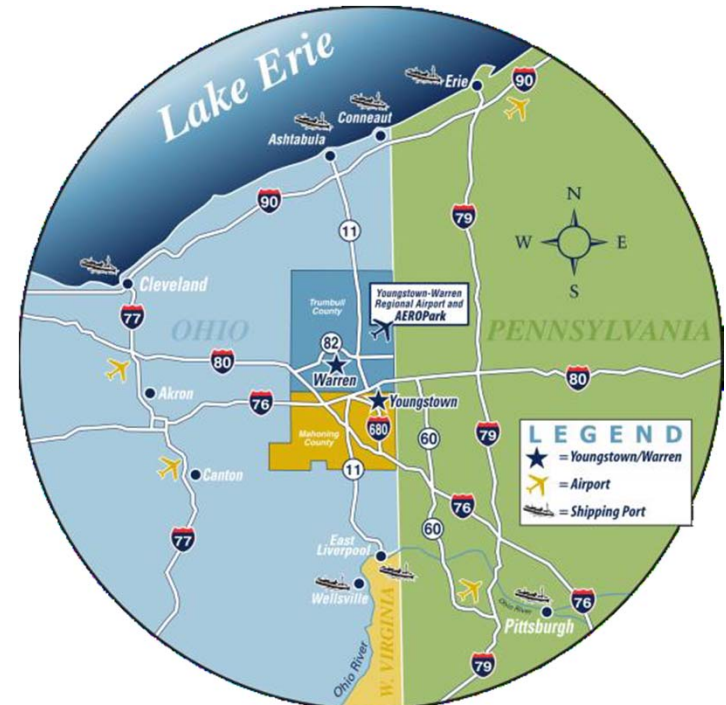
Company Profile



- Branch locations
- Mortgage loan offices

Mahoning Valley Economy

- The Youngstown/Warren/Boardman MSA has a population of 563,000 and is within 75 miles of 6.8 million people
- Youngstown is also located in the heart of the Utica and Marcellus shale formations
- Youngstown is 45 minutes from both Cleveland and Pittsburgh
- Trade, transportation and utilities now account for 21% of the total jobs in the area with education/health services contributing 19% and manufacturing 14%



A GREAT LOCATION....

Youngstown-Warren Ohio is the only metro area centered between Chicago and New York, providing easy overnight ground access to both.



Mahoning Valley Economy

- Shale gas production from fracking grew from 12.8 billion cubic feet in 2012 to 100.1 billion cubic feet in 2013. Total oil and gas production doubled between 2012 and 2013
- Unemployment rate now stands at 5.8% below the 6.1% national average

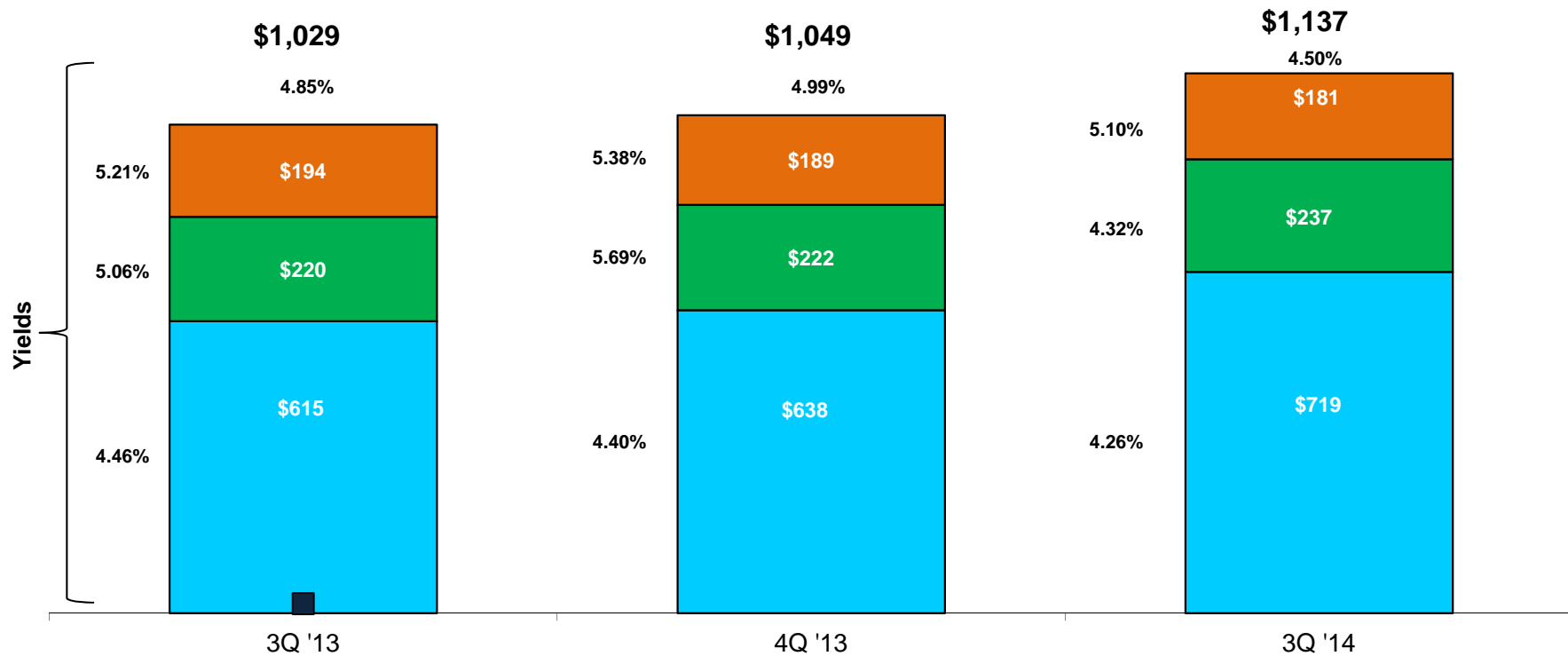


Third Quarter 2014 Highlights

- Pretax core earnings (adjusted for debt prepayment charge of \$1.4 million) for quarter were \$3.9 million
- Annualized loan growth of 12% for both the third quarter and the first nine months of 2014
- Credit quality continues to improve with third quarter net charge-offs at nine basis points of net loans
- The previously announced \$5 million cost reduction initiative was successfully completed
- Diluted earnings per share for the third quarter of \$0.06 per common share
- Declared a dividend of \$0.01 per common share

Loan Composition

Dollars in millions



Residential and residential construction

CRE, Commercial and Commercial Construction

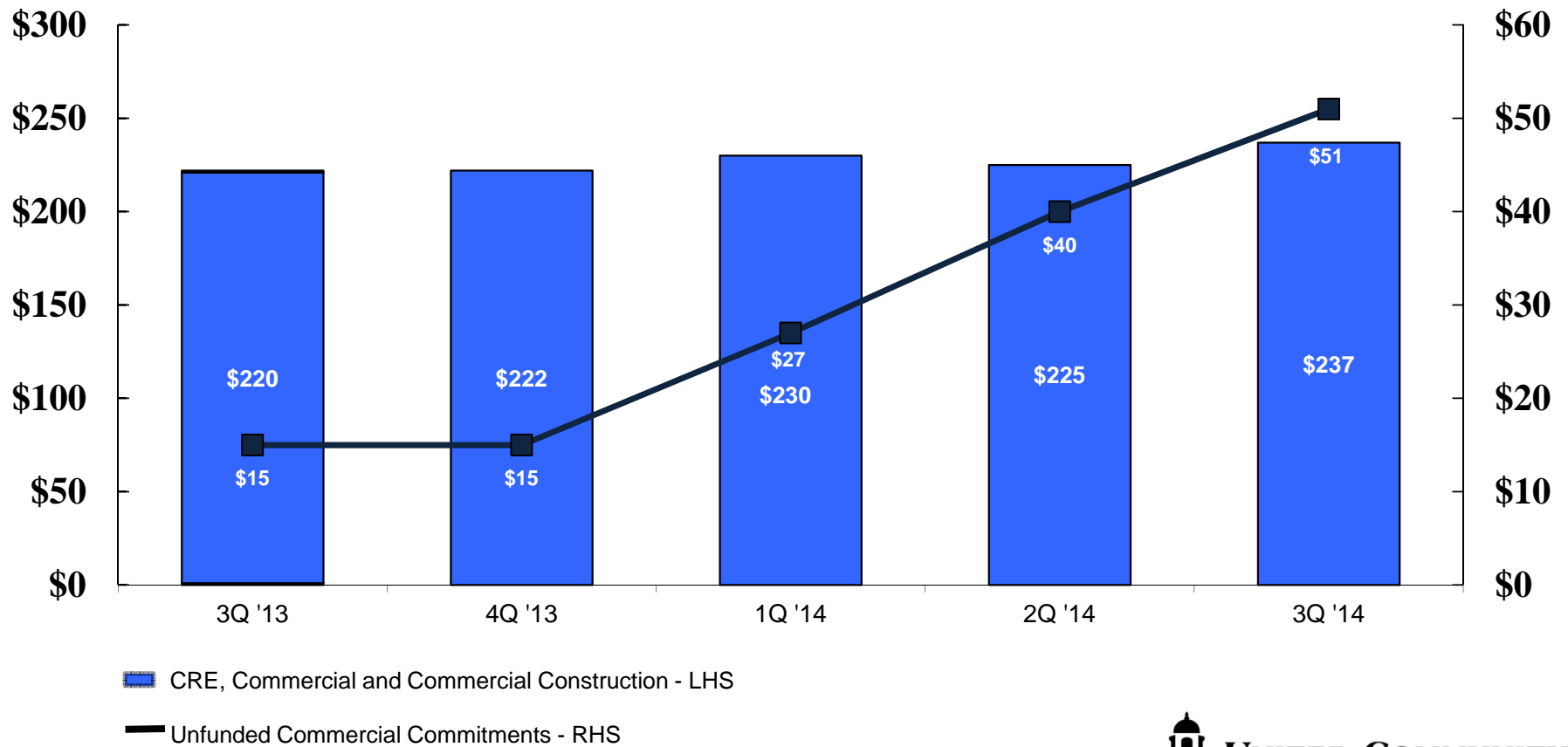
Consumer

Unfunded Commercial Commitments



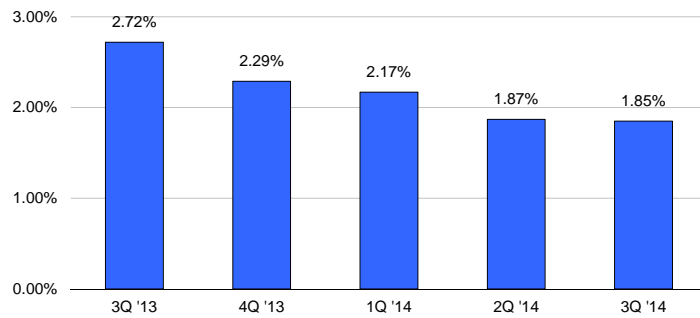
Commercial Loan Growth

Dollars in millions

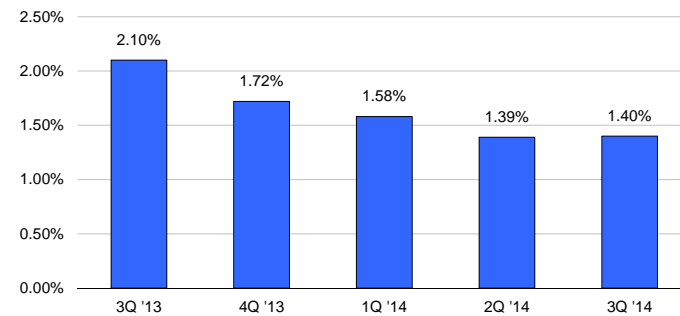


Credit Quality

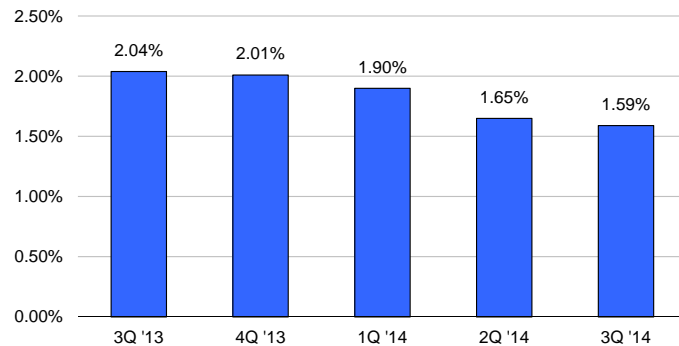
Nonperforming Loans /Total Loans



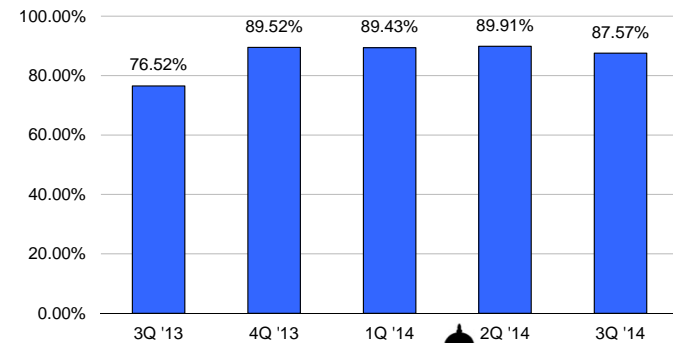
Nonperforming Assets/Total Assets



Reserves/Total Loans



Reserves/Nonperforming Loans

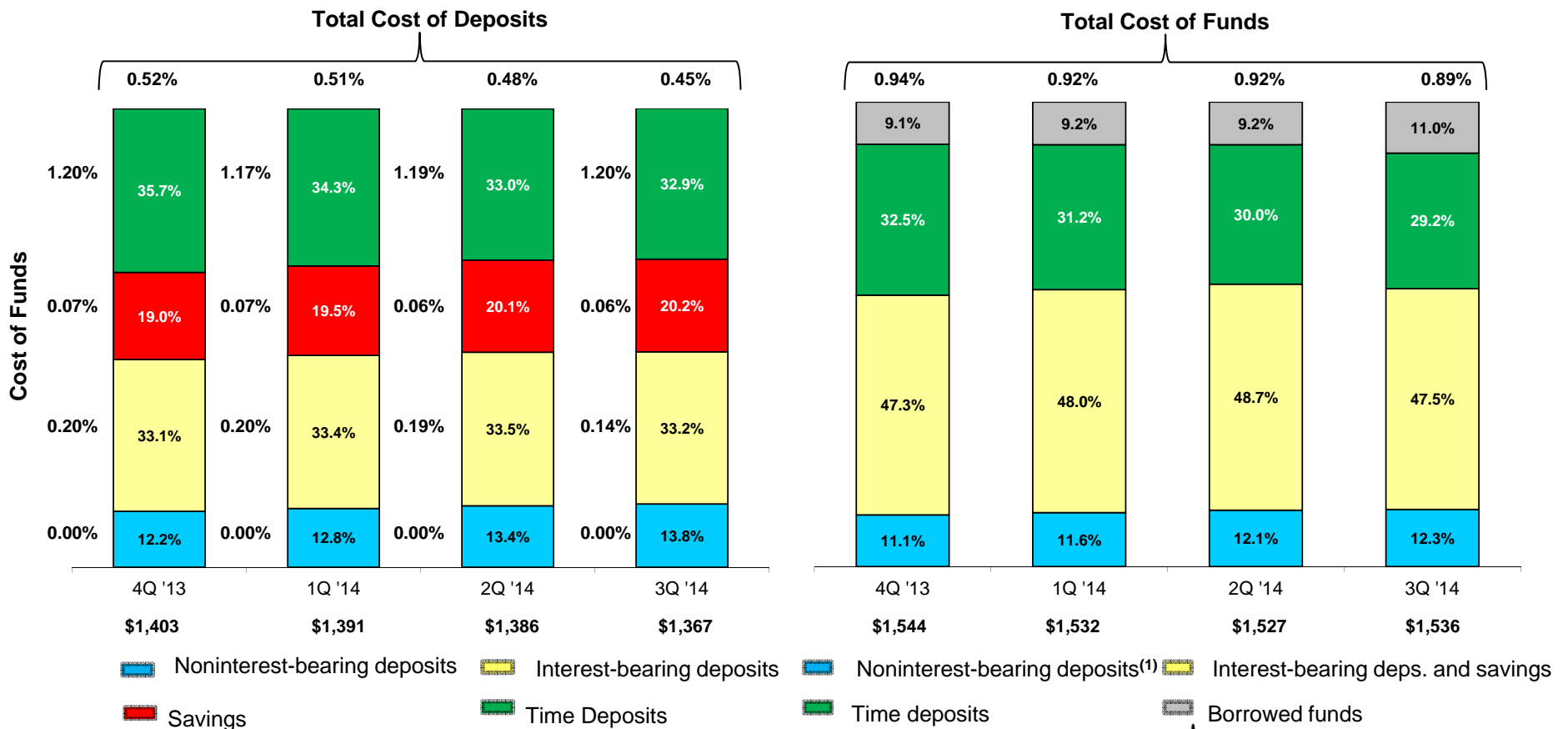


Funding Structure and Cost of Funds

Dollars in millions

Average Balances – Deposit Composition

Average Balances – Total Interest Bearing Liability Composition



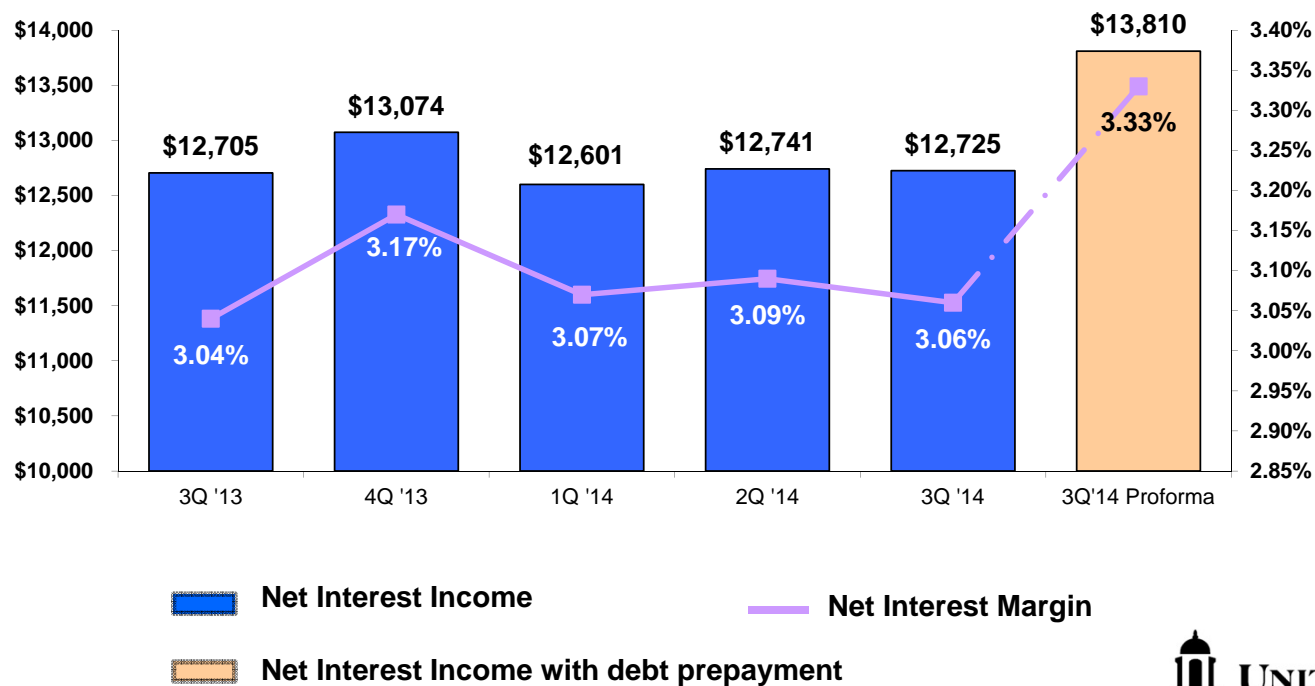
(1) Not included in cost of funds calculation



Net Interest Income and Margin

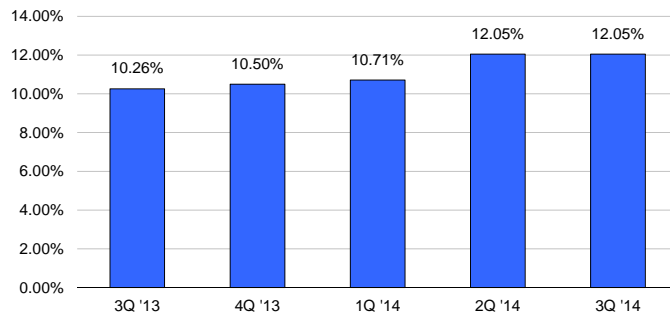
- Growth of the loan portfolio will lead to higher net interest income
- Pro forma column reflects the prepayment/restructure of \$140.0 million of high cost debt with similar duration (27 months) market debt

Dollars in thousands

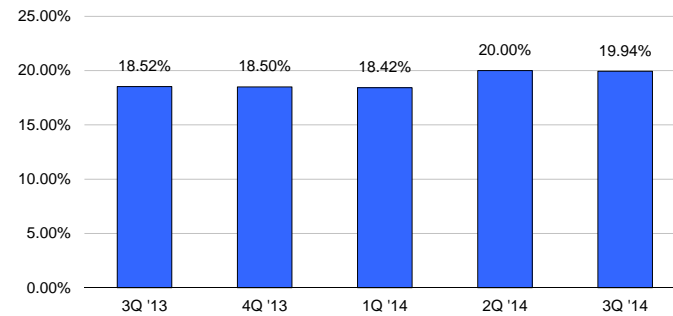


Capital Ratios

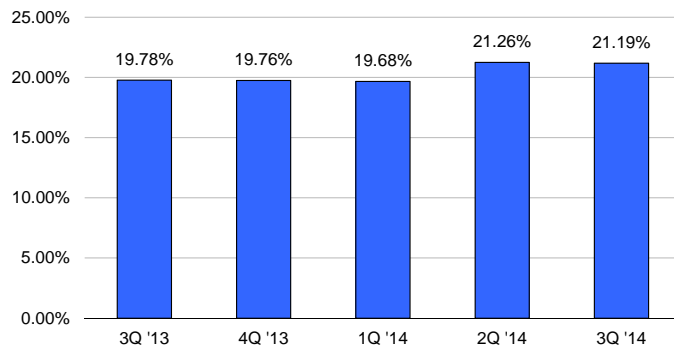
Tier 1 Leverage Ratio - Bank



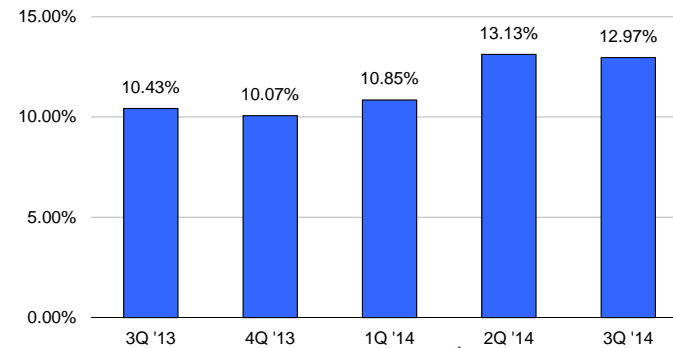
Tier 1 Risk-Based Capital Ratio - Bank



Total Risk-Based Capital Ratio - Bank



TCE/Tangible Assets - Consolidated



Bank ratios exclude a portion of the deferred tax asset



Priorities

- Business Initiatives
 - Commercial
 - Consumer
 - Small Business

- Balance Sheet Management
 - Reduction of funding costs
 - Investment portfolio management
 - Capital management
 - Share repurchase activity
 - Dividends

Opportunities

- Acquisitions
- Indirect Consumer Lending
- Mortgage Lending – New Markets
- Private Banking
- Wealth Management
- Property and Casualty Insurance

“Good people, in familiar markets, focused on businesses we know”

Appendix

Supplemental Information

Balance Sheet

<u>Assets</u>	As of <u>September 30, 2014</u>	As of <u>December 31, 2013</u>	As of <u>September 30, 2013</u>
Cash and cash equivalents	\$ 29,590	\$ 77,331	\$ 86,130
Securities	507,125	511,006	542,811
Loans, net	1,119,955	1,029,192	1,009,029
Loans held for sale	10,567	4,838	2,894
FHLB Stock	18,068	26,464	26,464
BOLI	46,048	44,972	44,603
Other assets	70,187	44,047	44,271
Total Assets	\$1,801,540	\$1,737,850	\$1,756,202
<u>Liabilities and Shareholders' Equity</u>			
Deposits	\$1,346,377	\$1,391,752	\$1,410,610
FHLB Advances and Other Borrowings	198,563	140,578	140,583
Other Liabilities	22,894	30,446	21,687
Total Liabilities	1,567,834	1,562,776	1,572,880
Total Shareholders' Equity	233,706	175,074	183,322
Total Liabilities and Stockholders' Equity	\$1,801,540	\$1,737,850	\$1,756,202

Income Statement

	Nine Months Ended <u>September 30, 2014</u>	Nine Months Ended <u>September 30, 2013</u>
Net Interest Income	\$ 38,068	\$ 38,257
Provision for Loan Losses	(1,465)	3,834
Net Interest Income after Provision	39,533	34,423
Non-Interest Income	10,836	15,625
Non-Interest Expense	42,021	41,760
Income before Income Taxes	8,348	8,288
Income Taxes	(39,050)	500
Net Income	\$ 47,398	\$ 7,788

Non-Interest Income

	Nine Months Ended <u>September 30, 2014</u>
Deposit Fees	\$ 3,850
Mortgage Banking and Servicing Income	2,390
Investment Income	1,156
Gains on Sale of AFS Securities	362
REO and Other Repossessed Assets	(628)
BOLI	1,076
Other Income	2,630
Total Non-Interest Income	10,836



Lending

- Future focus is on the growth of the CRE and Commercial lines of business. Commercial commitments have grown significantly over the last 12 months.
- Fixed rate residential mortgage balances will decline over time as the majority of fixed rate production, including new construction perms, is being originated for sale

Category (Dollars in thousands)	As of September 30, 2014	% of Portfolio	As of December 31, 2013	% of Portfolio	As of September 30, 2013	% of Portfolio
Residential Mortgage	\$669,270	58.9%	\$585,026	55.8%	\$575,191	55.9%
Residential Construction	49,410	4.3%	53,349	5.1%	38,932	3.8%
CRE and CRE Construction	197,184	17.4%	195,418	18.6%	192,941	18.8%
Commercial	39,853	3.5%	26,141	2.5%	26,888	2.6%
Home Equity Lines/Loans	154,936	13.6%	159,795	15.2%	163,866	15.9%
Other Consumer	26,538	2.3%	29,436	2.8%	30,517	3.0%
Total Loans	\$1,137,191	100.0%	\$1,049,165	100.0%	\$1,028,935	100.0%
Commercial Commitments	\$50,786		\$14,621		\$14,846	

Executive Management Team

Gary M. Small, President and CEO

- Named President and CEO of UCFC and Home Savings in March 2014
- Formerly with S&T Bank as a Senior Executive Vice President – Chief Banking Officer
- Executive Vice President – Regional Banking for Sky Financial Group and its successor, Huntington Bank
- Spent 20 years with National City Corporation in a number of senior operating and financial roles

Matthew T. Garrity, EVP, Commercial Lending & Credit Administration

- Named Executive Vice President, Commercial Lending and Credit Administration in June 2013
- Served as Senior Vice President and Chief Credit Officer commencing in June 2009
- Prior to coming to Home Savings, served as Senior Vice President for National City Capital Markets and National City Corporation's Deputy Chief Credit Officer – Northern Ohio Credit Administration
- Garrity has been in the banking industry for 23 years

Barbara J. Radis, SVP, Retail Banking

- Joined Home Savings as Senior Vice President for Retail Banking in October 2010
- Prior to joining Home Savings, served as the head of retail for Lorain National Bank
- Prior to Lorain, served as an Ohio Regional Manager for AmTrust and 12 years with US Bank as a Cleveland District Manager
- Radis has been in the banking industry for 25 years

Timothy W. Esson, CPA —Principal Accounting Officer of UCFC / SVP, CFO & Treasurer of Home Savings

- Appointed Principal Accounting Officer of UCFC in April 2014
- Joined Home Savings as CFO and Treasurer of the bank in 2003
- Prior to joining Home Savings, he served as President for Premier Bank in Elyria, Ohio
- Esson has been in the banking industry for 35 years



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