

UNITED COMMUNITY FINANCIAL CORP. CORPORATE GOVERNANCE GUIDELINES

Legal Department
General Counsel

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General Philosophy

The Board of Directors (the “Board”) of United Community Financial Corp. (“UCFC”) sets high standards for UCFC’s employees and directors, and those of its subsidiaries. Implicit in this philosophy is the importance of sound corporate governance. It is the duty of the Board to serve as a prudent fiduciary for shareholders and to oversee the management of UCFC’s businesses. To fulfill its responsibilities and to discharge its duties, the Board follows the procedures and standards that are set forth in these Corporate Governance Guidelines (“Guidelines”).

Board Functions

The Board shall

- Review, approve and assist in the development of strategic plans to enhance shareholder value;
- Review performance of UCFC and of its subsidiaries;
- Oversee and evaluate management’s systems for enterprise-wide risk management, internal controls, financial reporting and public disclosure;
- Establish corporate governance standards;
- Oversee and evaluate executive management performance and compensation;
- Plan for effective succession of the chief executive officer and executive management and oversee management’s succession planning for senior management;
- Keep apprised of relations with shareholders;
- Set a tone for a climate of corporate trust and confidence through review and adoption of a conflicts of interest policy and code of ethics;
- Set standards for director qualification;
- Set standards for director orientation and continuing education;
- Undertake an annual performance evaluation of the Board; and
- Set policies and procedures with respect to review, approval and ratification of related-party transactions required to be reported under Item 404(a) of Regulation S-K of the Securities and Exchange Commission.

Director Qualifications

The Board shall have a majority of directors whom the Board has determined have no relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director and otherwise meet the criteria for independence under the rules of the NASDAQ Stock Market (“NASDAQ”). The Nominating and Governance Committee (the “Nominating Committee”) is responsible for reviewing with the Board, on a periodic basis, the requisite skills and characteristics of members of the Board. This assessment will include independence, business, strategic and financial skills, as well as overall experience in the context

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of the needs of the Board as a whole. Nominees for directors will be selected by the Nominating Committee in accordance with the policies and principles of its charter and these Guidelines. Shareholders may submit the name and qualifications of candidates for the Board in accordance with UCFC's Amended and Restated Code of Regulations (the "Code"). Each shareholder recommendation that is properly submitted and supported by adequate information about the candidate's qualifications will be evaluated by the Nominating Committee in accordance with the Code, the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

There should be no less than five (5) and no more than thirteen (13) members on the Board. No director may serve on more than four (4) other public company boards of directors. To preserve independence and to avoid conflicts of interest, each director shall advise the Chair of the Nominating Committee in advance of accepting an invitation to serve on another public company's board of directors.

The following standards shall be used to determine director qualification:

- Experience as a chief executive officer, member of senior management or director of a nationally recognized or otherwise significant business corporation, financial services company, accounting firm, real estate firm, educational institution or not-for-profit organization;
- Serves on no more than four (4) other publicly held corporation boards of directors;
- Serves on no more than two (2) other audit committees of the boards of directors of publicly held corporations;
- Whether a director or candidate for the UCFC Board is affiliated with a service provider to UCFC such as an attorney, accountant or consultant; and
- Possesses particular skills or expertise or financial wherewithal that enhance the overall composition of the Board.

There is no specified term limit that a director may serve on the UCFC Board. The Nominating Committee will periodically review the average tenure of the Board in its entirety and each director's performance and skill set in relation to UCFC's and its subsidiaries' long-term strategic goals to assess independence, attendance and overall performance.

Target Share Ownership Requirement

Directors. In order to align the interests of directors with shareholders, directors are expected to maintain a beneficial ownership interest in UCFC. Within three (3) years of the date of election or appointment to the Board of UCFC, each director shall own or acquire UCFC common shares equal to three times the value of the annual retainer paid to directors generally (the "Target Share Ownership Level"). In the event a director disposes of any shares and the number of shares he or she beneficially owns is less than the Target Share Ownership Level, such director's fees shall be used to acquire that number of shares required to meet the Target Share Ownership Level. Once a director beneficially owns at least the Target Share Ownership Level, UCFC shall pay all of

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such fees (except shares intended to be issued as part of director compensation) directly to such director unless he or she authorizes UCFC to use such fees to acquire additional shares. Any such authorization shall be in writing and delivered to either UCFC's Chairman of the Board or Secretary, and such authorization shall remain in effect until it terminates in accordance with its terms. Any acquisition of shares on behalf of a director shall be subject to all applicable Federal and state laws and regulations and UCFC's insider trading policies, and UCFC shall ensure that any required securities filings are made in a timely manner in connection with such acquisition. UCFC or a director may consult with UCFC's counsel to ensure that such acquisitions are made in accordance with applicable laws and regulations. Exceptions to these guidelines may be approved by a majority of the non-interested directors for good reason. Once a director beneficially owns at least the Target Share Ownership Level, he or she shall continue to hold shares at least at the Target Share Ownership Level regardless of market value fluctuations; provided, however, a director's acquisition of additional shares shall be subject to all applicable Federal and state laws and regulations. Notwithstanding anything contained herein to the contrary, the Target Share Ownership Level shall be adjusted as necessary if the annual retainer paid to directors generally is increased or decreased.

Officers. In order to also align the interests of the UCFC's President and CEO and other executive officers (as defined under applicable federal securities laws and regulations and the NASDAQ listing rules) with the interests of shareholders, executive officers are expected to maintain a beneficial ownership interest in UCFC. Within five (5) years of the date of hire or promotion to a position designated as an executive officer by the Board (referred to herein as the "grace period"), the executive officers shall obtain the Target Share Ownership Level set forth below:

<u>Participant</u>	<u>Target Share Ownership Level</u>
President and CEO	3x Annual Salary
All other Executive Officers	1x Annual Salary

Until the expiration of the grace period, each executive officer will be required to hold at least fifty percent (50%) of shares he or she has been awarded or acquired, on a net after-tax basis, under any UCFC equity incentive plan until the Target Share Ownership Level has been satisfied (including as a result of any increase in the Target Ownership Level).

Following the expiration of the grace period, all executive officers who have not met the Target Ownership Level will be required to hold one hundred percent (100%) of shares he or she has been awarded or acquired, on a net after tax-basis, under any UCFC equity incentive plan until the Target Ownership Level has been satisfied.

Exceptions to these guidelines may be approved for good reason by a majority of the Board.

Voting for Directors

Any nominee for director who receives a greater number of votes "withheld" from or "against" his or her election than votes "for" his or her election shall tender his or her resignation for consideration by the Nominating Committee. The Nominating Committee will make a

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recommendation to the Board as to whether to accept or reject the tendered resignation, or whether other action should be taken. The Board will act on the tendered resignation, taking into account the Nominating Committee's recommendation, and publicly disclose (by a press release, a filing with the Securities and Exchange Commission or other broadly disseminated means of communication) its decision regarding the tendered resignation and the rationale behind the decision within 90 days from the date of the certification of the election results. The Nominating Committee in making its recommendation and the Board in making its decision may each consider any factors or other information that they consider appropriate and relevant. The director who tenders his or her resignation will not participate in the recommendation of the Nominating Committee or the decision of the Board with respect to his or her resignation. If such director's resignation is not accepted by the Board, such director shall continue to serve until the next annual meeting and until his or her successor is duly elected, or his or her earlier resignation or removal. If a director's resignation is accepted by the Board, then the Board may fill the resulting vacancy or decrease the size of the Board. In the case of an election in which the number of nominees exceeds the number of directors to be elected, then the directors shall be elected by a plurality of the shares represented in person or by proxy at the meeting and entitled to vote on the election of directors.

Executive Sessions of the Board

Annually, the Board shall hold at least two (2) executive sessions without management and the chief executive officer and in addition, at least two (2) executive sessions with the chief executive officer present, but without other executive or senior management. The nonexecutive independent Chair of the Board shall preside at the executive sessions of the Board.

Director Responsibility

Directors must exercise sound business judgment and act in what they reasonably believe to be the best interests of UCFC and its shareholders. In discharging this obligation, directors may reasonably rely on the honesty and integrity of UCFC's management as well as that of its general auditor and independent registered public accounting firm.

UCFC will purchase reasonable directors' and officers' liability insurance for the benefit of its Board and management. In addition, directors and management shall be entitled to indemnification to the fullest extent permitted by the law of the State of Ohio and Article 5 of the Code.

In order to effectively oversee the management of UCFC, all directors are expected to attend meetings of the Board and meetings of committees of the Board of which they are members. Directors who attended less than seventy-five percent (75%) of meetings of the Board or meetings of committees of the Board of which they are members, together in the aggregate, for two (2) consecutive years may not, at the discretion of a majority of the Nominating Committee, be eligible for nomination to the Board. Directors are expected to be prepared for meetings and be able to devote the necessary time required. Information and data, including financial reports and other background materials, are important to an understanding of the business to be

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conducted at a Board or committee meeting and generally will be distributed in advance of the meeting.

Directors shall endeavor to promote the business of UCFC and its subsidiaries in accordance with UCFC's conflicts of interest policies and applicable Federal and state laws and regulations. Directors are encouraged to maintain personal and/or business accounts, including deposit and checking accounts, with Home Savings Bank ("Home Savings"). Directors are encouraged to assist in the development of Home Savings' business and to refer potential customers to Home Savings and other UCFC subsidiaries.

It shall be the responsibility of each independent director to disclose immediately to the Board any relationship that, either in fact or in appearance, may affect such Director's qualification as an independent director or that might impact the independent judgment of the Director in their services as a member of the Board.

Non-Executive, Independent Chairman/Chairwoman of the Board

The non-executive, independent Chairman/Chairwoman of the Board shall be elected annually by the Board, and generally shall serve a term of one (1) year until his or her resignation, retirement, removal by a majority vote of the Independent Directors in office, or until their successors are appointed and qualified. The Chairman/Chairwoman of the Board is an ex-officio member of all Board committees, including those committees that he or she is not specifically appointed to by the Board. As an ex-officio member, the Chairman/Chairwoman of the Board is entitled to vote on all matters before such committee, and his or her presence will be counted towards the establishment of a quorum.

Effect of Non-Performing Loans

Any director whose loans (including any loans of related persons or entities with whom the director has a significant relationship) with Home Savings become non-performing is not eligible for re-election and should resign his or her directorship immediately.

Board of Directors Committees

The Board will maintain an Audit Committee, a Compensation Committee, a Nominating and Governance Committee and such other committees as it determines appropriate. All of the members of the Audit Committee, Compensation Committee and Nominating Committee shall be independent directors under the criteria established by these Corporate Governance Guidelines. The Board shall determine whether other committees of the Board shall be comprised solely of independent directors.

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Independent Directors

“Independent director” means that the director shall (a) satisfy the independence requirements prescribed by applicable NASDAQ rules, (b) be a “Non-Employee Director” as defined by Rule 16b-3 under the Securities Exchange Act of 1934, as amended, and (c) be an “Outside Director” as defined by Section 162(m) of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

Each of the Audit Committee, the Compensation Committee and the Nominating Committee shall have written charters. These charters will address each committee’s purpose, duties, goals and responsibilities as well as qualifications for committee membership, procedures for committee member appointment and removal, committee structure and operations, and committee reporting to the Board. Each charter shall be posted on the UCFC web site.

The Board and each committee shall have the power to engage independent legal, financial or other advisors as it may deem necessary, without consulting or obtaining the approval of the Board or management of UCFC in advance, although it is contemplated that each committee will discuss the engagement of such advisors with the Board and management.

The Audit Committee shall have exclusive authority to engage and terminate UCFC’s independent registered public accounting firm. The Audit Committee also shall pre-approve all engagements of the independent registered public accounting firm for all non-audit services. Fees paid to the independent registered public accounting firm for non-audit services should not exceed the sum of the fees paid for audit and audit-related services. The Audit Committee also shall exercise veto authority over the appointment, replacement, reassignment or dismissal of UCFC’s internal auditor(s).

The Nominating Committee shall have exclusive authority to engage and terminate any consultant or search firm utilized to identify or recruit director candidates and to nominate directors for election by shareholders.

The Compensation Committee shall have exclusive authority to engage and terminate any compensation consultant, legal counsel or other adviser utilized to recommend compensation for the Chief Executive Officer and the executive officers of UCFC and its subsidiaries and to assess the independence of and reasonably compensate any such compensation consultant, legal counsel or other adviser. The Compensation Committee has been delegated the authority to determine the compensation of the Chief Executive Officer and the executive officers of UCFC and such other executive officers of UCFC’s subsidiaries as required by applicable laws or regulation.

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Director Retirement Age

A director who reaches the age of 75 before the end of such director's term shall retire on or before the first annual meeting of shareholders at which such director would stand for reelection by shareholders. No director shall be required to retire prior to the end of such director's term after reaching the age of 75, except as specifically provided in these Guidelines.

Director Access to Officers and Employees

Directors have full and free access to officers and employees of UCFC and its subsidiaries. Any meetings or contacts that a director wishes to initiate may be arranged through the Chief Executive Officer or the Corporate Secretary or directly by the director.

Director Compensation

The form and amount of director compensation are determined by the Board based upon recommendations made by the Compensation Committee in accordance with policies and principles set forth in these Guidelines, the Compensation Committee's charter and applicable law or regulation. The Compensation Committee will conduct an annual review of director compensation.

In order to maintain independence for members of the Audit and Compensation Committees, members of the Audit and Compensation Committees may not directly or indirectly receive fees or other compensation for services from UCFC or any of its subsidiaries as a consultant, legal advisor or financial advisor, regardless of the amount. Due to a particular Committee's time commitment and responsibilities, such Committee members may receive reasonable fees and compensation that are greater than those paid to other directors.

Director Orientation and Continuing Education

New directors may be required to participate in a comprehensive orientation to acquaint them with UCFC's strategy, long-range plans, financial statements, regulatory requirements and structure, properties and operations, these Guidelines and the code of ethics. All other directors are invited to attend any orientation programs.

From time to time, directors will receive information and updates on legal and regulatory changes that affect UCFC, the directors, the employees and its subsidiaries. The Nominating Committee, in consultation with the Company's Chairman/Chairwoman of the Board, Chief Executive Officer and Corporate Secretary, shall establish continuing education guidelines in accordance with applicable law, regulation regulatory guidance and best practices.

Annual Performance Evaluation

The Board will conduct an annual self-evaluation of itself and its committees (which evaluation(s) need not be separately conducted or conducted in writing) to determine whether they are functioning effectively. The Nominating Committee or the Chairman of the Board will survey and receive comments from each director and report annually to the Board with an assessment of the Board's performance.

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Reimbursement of Expenses

All directors are entitled to receive reimbursement for travel and other expenses incurred in attending meetings of the Board or committees and training programs or seminars approved in advance by the Chief Executive Officer. Directors shall provide reasonable documentation, including available receipts, to support any request for reimbursement of expenses.