

UNITED COMMUNITY FINANCIAL CORP.
HOME SAVINGS BANK
Compensation Adjustment and Recoupment Policy

Compensation Committee
General Counsel & Secretary

Adopted: March 17, 2015
Reviewed March 5, 2019
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Purpose

This Compensation Adjustment and Recoupment Policy (this “Policy”) of United Community Financial Corp., an Ohio corporation (the “Company”), and its affiliates (collectively, “the Company”) provides for the recoupment and adjustment by the Company, under certain circumstances, of annual cash bonuses, stock-based awards, performance-based compensation, and any other forms of cash or equity compensation other than salary (“Awards”). This Policy applies to (i) all of the Company’s current employees and (ii) all former employees who were employed by the Company during any “Recovery Period” (as defined below) that follows the adoption of this policy, except to the extent that an Award agreement, Award statement or terms and conditions relating to any Award expressly provides that this Policy does not apply or as otherwise prohibited by applicable law, rule or regulation.

Compensation Recoupment and Adjustment.

If (i) the Company’s previously issued financial statements are required to be restated in a material amount as a result of non-compliance with financial reporting requirements under the Federal securities laws or U.S. generally accepted accounting principles or a restatement is otherwise required as a result of fraud, intentional misconduct or gross negligence or (ii) there has been a substantial, erroneous calculation of the Company’s incentive compensation plans from which Awards are made for any period (either (i) or (ii) being an “Adjustment Event”), the Compensation Committee will review the facts and circumstances underlying the Adjustment Event.

The Compensation Committee will make a recommendation to the Company’s Board of Directors (the “Board”) as to whether the Company should recover all or a portion of any excess Award (or multiple Awards) from, or otherwise adjust an Award to, one or more employees (or former employees) who: (i) are or were “executive officers” of the Company as defined under U.S. securities laws or regulation or the rules of the NASDAQ Stock Market; (ii) are or were directly responsible for such restatement; and (iii) are or were directly responsible for such erroneous calculation of the incentive compensation plans with respect to a “Recovery Period” in which the Company’s financial results are materially and negatively affected by an Adjustment Event. A “Recovery Period” is the three-year period ending on the date that the Company (i) is required to prepare an accounting restatement or (ii) identified the erroneous calculation of the incentive compensation plan, as applicable. Further, following a restatement of the Company’s financial statements, the Company shall recover any compensation received by the Chief Executive Officer and the Chief Financial Officer that is specifically required to be recovered by Section 304 of Sarbanes-Oxley Act of 2002.

In accordance with foregoing paragraph, if (i) any Award(s) was paid, granted or vested based upon the achievement of financial results that are materially restated or based on the substantial, erroneous calculation of the incentive compensation plan, or (ii) a lower payment, Award value or vesting amount would have occurred based upon the restated financial results or the proper calculation of the incentive compensation plan, the Company, in the sole discretion of the independent members of the Board, may seek to recoup, and any such employee (or former employee) will forfeit or repay, all or any portion of such excess compensation as the Board deems appropriate. Recoupment under this Policy may include, but is not limited to, reimbursement by the employee of the amount of cash bonuses received offset against a subsequent Award following the Recovery Period, cancellation or forfeiture of

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outstanding stock-based compensation or Awards, the payment to the Company of stock sale proceeds and the surrender of shares of the Company. The manner of recoupment will be determined by the Board in its sole discretion.

To the extent not inconsistent with applicable law regarding extensions of credit by the Company under applicable law, rule or regulations, including Regulation O, the Board of Directors may determine the period of time and method for repayment of the designated amount. Notwithstanding anything contained in this Policy to the contrary, the amount of such recoupment and adjustment shall be no more than the difference between the amount of performance-based compensation that was paid or awarded and the amount that would have been paid or granted based on the actual, restated financial statements or properly calculated incentive compensation plan Award.

If (i) any Award(s) would have been paid, granted or vested or (ii) a higher payment, Award value or vesting amount would have occurred based on the restated financial results or the proper calculation of the incentive compensation plan, the Compensation Committee will review the facts and circumstances underlying the restatement or improper calculation of the incentive compensation pool. The Committee will then make a recommendation to the Board as to whether the Company should make appropriate incremental payments to affected employees who are then currently employed by the Company. The independent members of the Board will determine, in their sole discretion, the amount, form and timing of any such incremental payments, which will be no more than the difference between the amount of performance-based compensation that was paid or awarded and the amount that would have been paid or granted based on the actual, restated financial statements or properly calculated incentive compensation plan Award. The Company will not be obligated to pay to any employee any additional compensation under this Policy.

Additional Recoupment for Fraud or Misconduct.

If the Compensation Committee determines that an employee engaged in an act of fraud or willful misconduct that contributed to the need for a financial restatement, the Committee will report such determination to the Company's Board. In such an instance, the independent members of the Board may, in their sole discretion and in addition to any other recoupment under this Policy, recover, and the employee will forfeit or repay, all of the employee's excess Awards for the relevant period.

Interpretations of and Changes to the Policy.

This Policy is intended to be interpreted in a manner consistent with any applicable rules or regulations adopted by the Securities and Exchange Commission or The NASDAQ Stock Market and any other applicable law and will be interpreted by the Board, whose interpretation of this Policy will be final. The Board may, in its sole discretion, retain at the Company's expense such legal, financial or other advisors to assist it in the interpretation and enforcement of this Policy. The Company reserves the right to adopt changes, amendments or interpretations of this Policy and any such changes, amendments or interpretations will immediately be applicable to all Awards covered by this Policy from its initial date of adoption. This Policy will not apply to the extent that such application would violate any applicable state law that is not preempted by Federal law.

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Not Exclusive Remedy. The recoupment of Awards pursuant to this Policy will not in any way limit or affect the Company's right to pursue disciplinary action or dismissal, take legal action or pursue any other available remedies permitted or required by applicable law, rules or regulations. This policy does not replace and is in addition to any rights of the Company to recoup Awards from its employees under applicable laws and regulations, including, but not limited to, the Sarbanes-Oxley Act of 2002 and the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Incorporation of Policy. Each recipient of an Award from the Company will execute an agreement providing that any Awards granted to such recipient on or after the effective date of this Policy are subject to this Policy. Additionally, the Company, in its discretion, may incorporate the requirements of this Policy into any applicable award statement, award agreement or terms and conditions of any Awards made by the Company following the adoption of this Policy.