



Annual Meeting Presentation  
April 29, 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, 2009 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**

38 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

Fremont  
Lexington  
Lisbon  
McDonald  
Mentor

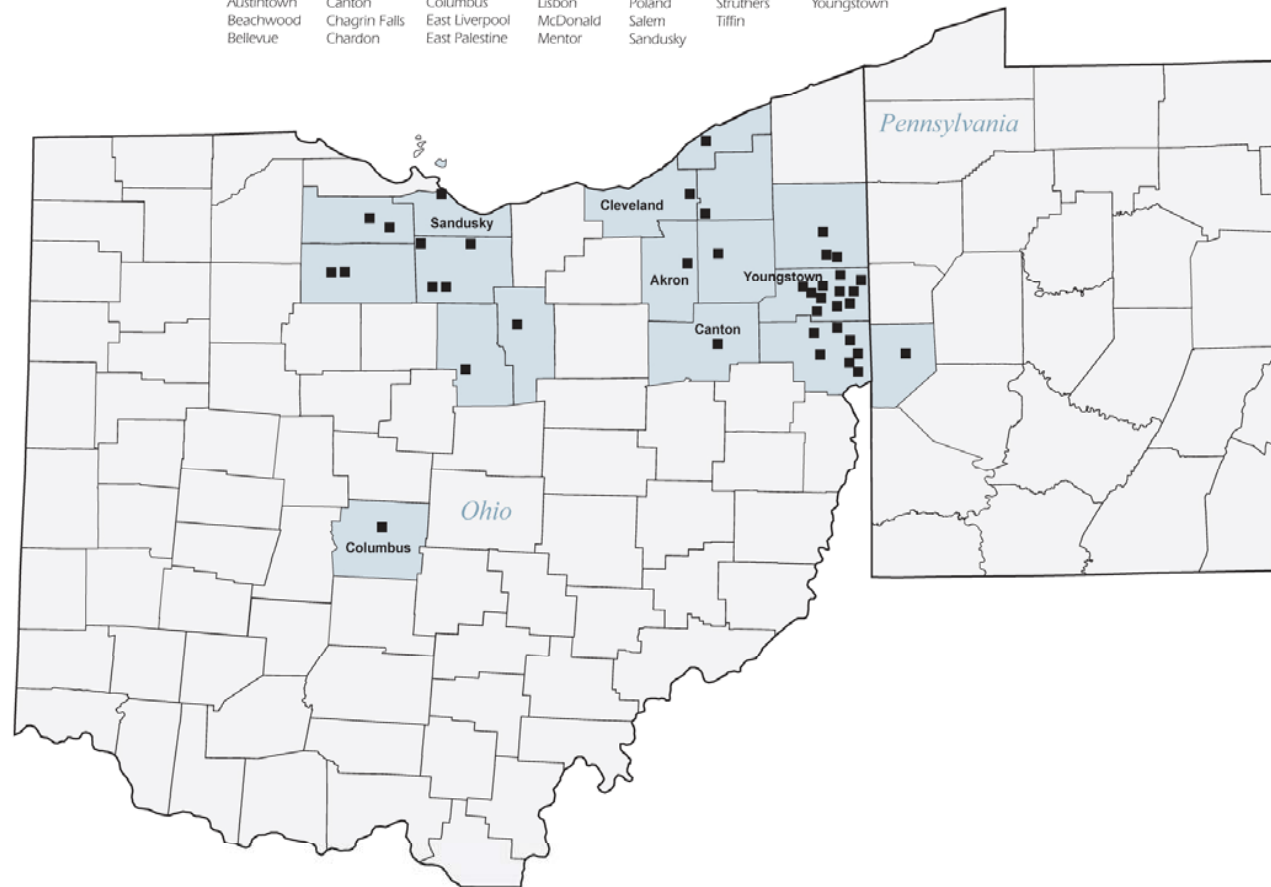
Niles  
Norwalk  
Poland  
Salem  
Sandusky

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. 30,000 shares

### Summary statistics (year ended December 31, 2009)

- Total Assets:	\$2.3 billion
- Total Net Loans:	\$1.9 billion
- Total Deposits:	\$1.8 billion
- Total Shareholders' Equity:	\$220 million

### Investment highlights (quarter ended March 31, 2010)

- Net interest margin was 3.28%
- Capital ratios were 8.57% (Tier 1 Leverage) and 12.84% (Total Risk-Based Capital)
- Tangible common equity to tangible assets was 9.47%
- Book value per share and tangible book value per share were \$7.01 and \$6.99, respectively



## Stock Ownership

### Ownership:

	<u>Shares held</u>	<u>% of Outstanding</u>
Management <sup>(1)</sup>	677,150	2.2%
ESOP <sup>(1)</sup>	3,441,392	11.1%
Institutional Ownership <sup>(2)</sup>		
Dimensional Fund Advisors <sup>(1)</sup>	2,275,714	7.4 %
Farmers Trust Company <sup>(1)</sup>	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 %

Notes:

1. As of December 31, 2009

2. As of September 30, 2009. Source: SNL Securities

3. Source: Bloomberg

## 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 Real Estate Owned department (REO)
  - Added to collections, REO and Special Assets staff
  - Implemented comprehensive risk management program
  
- Added three new qualified directors
  - Scott Crewson
  - Scott Hunter
  - Scott O'Donnell

## Select Balance Sheet Trends

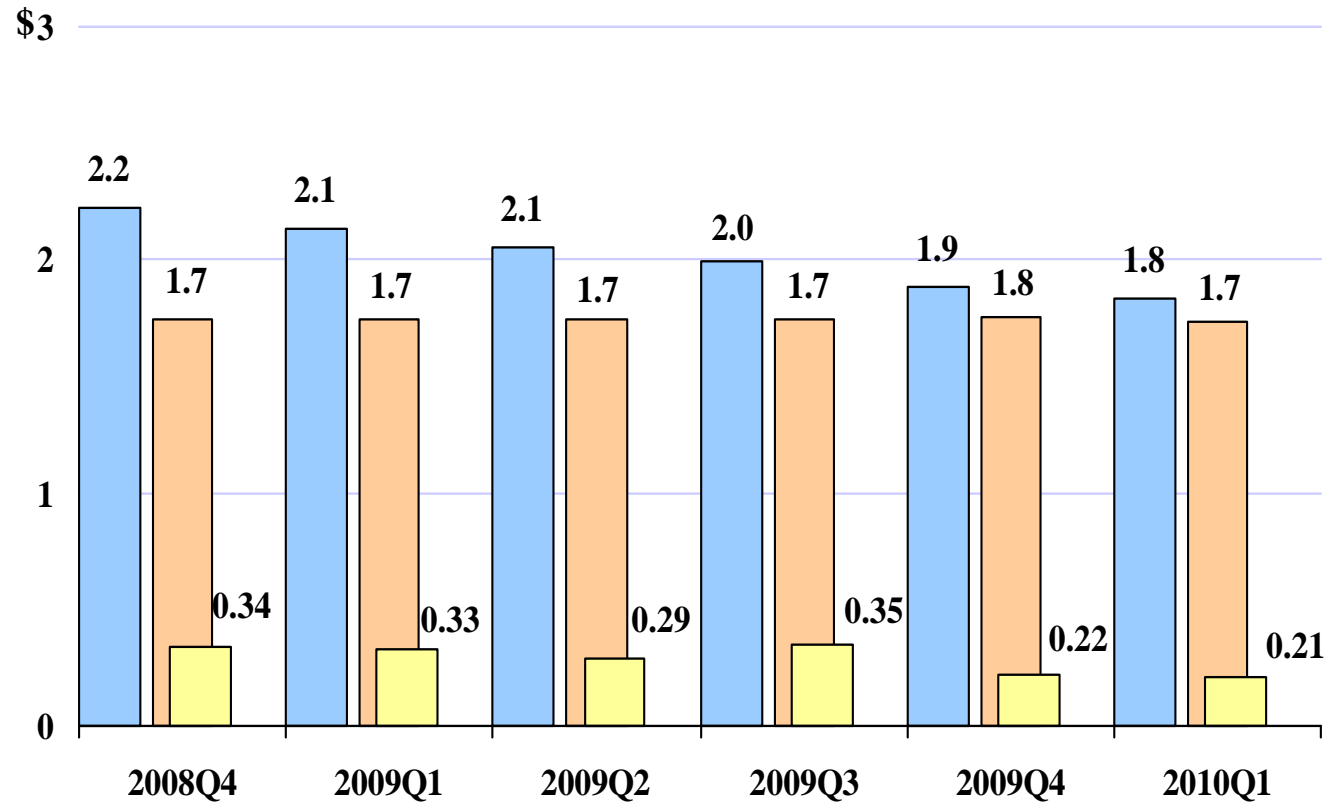
- Over the past year, the Company has purposefully shrunk its loan portfolio as part of a strategy to preserve capital ratios and pull back from higher risk lending areas
- Retail deposits<sup>(1)</sup>, however, have remained relatively stable by comparison
- As a result, the Company has been able to reduce its reliance upon borrowed funds

### Key

- Net Loans<sup>(1)</sup>
- Retail Deposits<sup>(2)</sup>
- FHLB Borrowings

### Net Loans<sup>(1)</sup>, Retail Deposits<sup>(2)</sup> and FHLB Borrowings

(\$Bn)



- Notes: 1. Total loans net of loan loss reserves  
2. Total deposits excluding brokered certificates of deposit



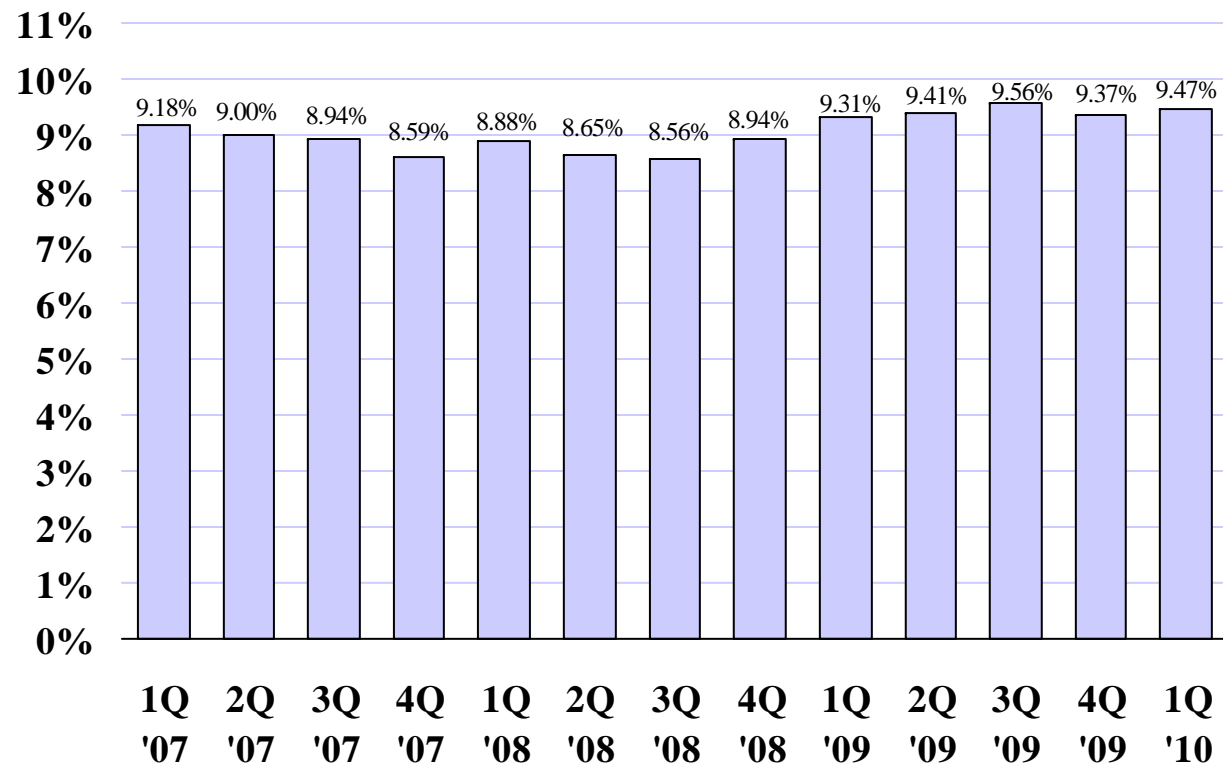
## Review of Financial Performance (cont.)

### 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



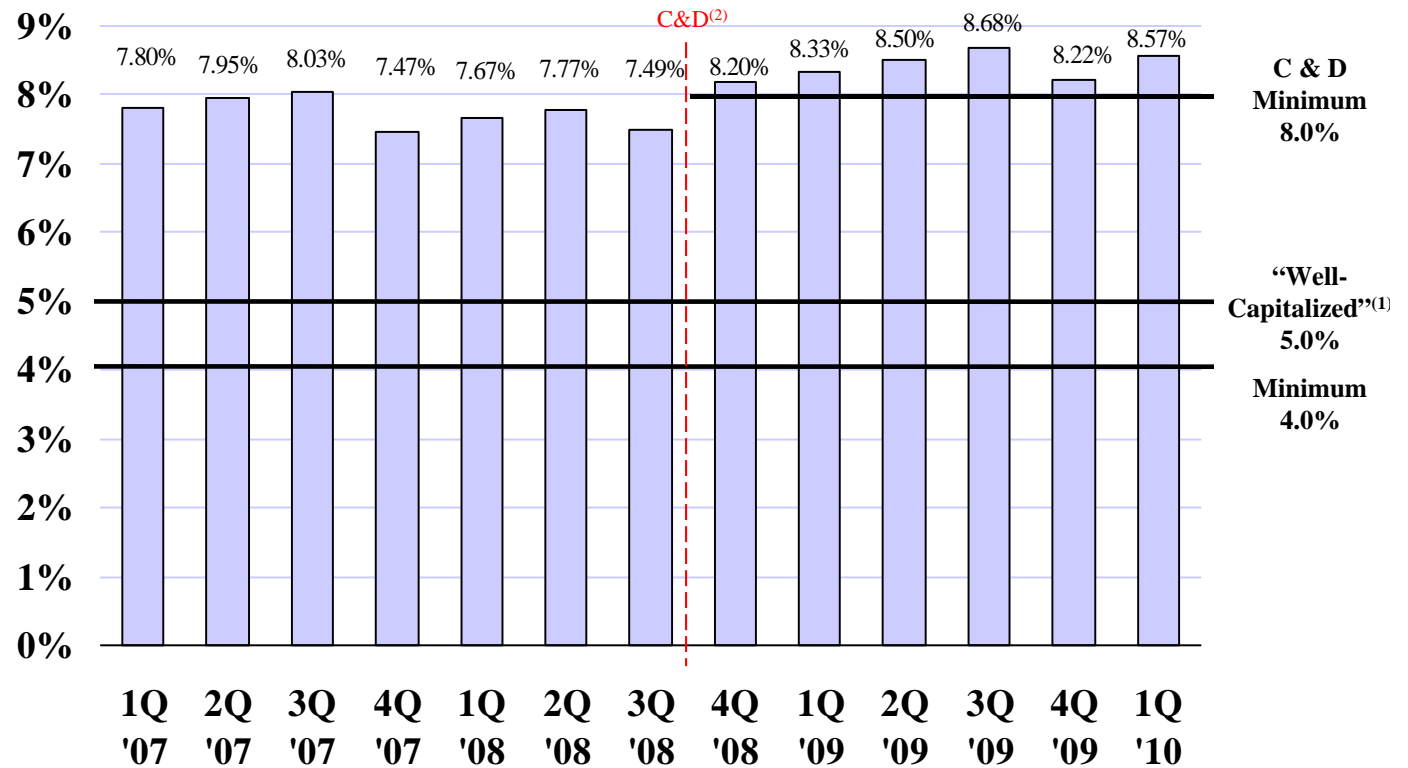
# Review of Financial Performance (cont.)

## 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



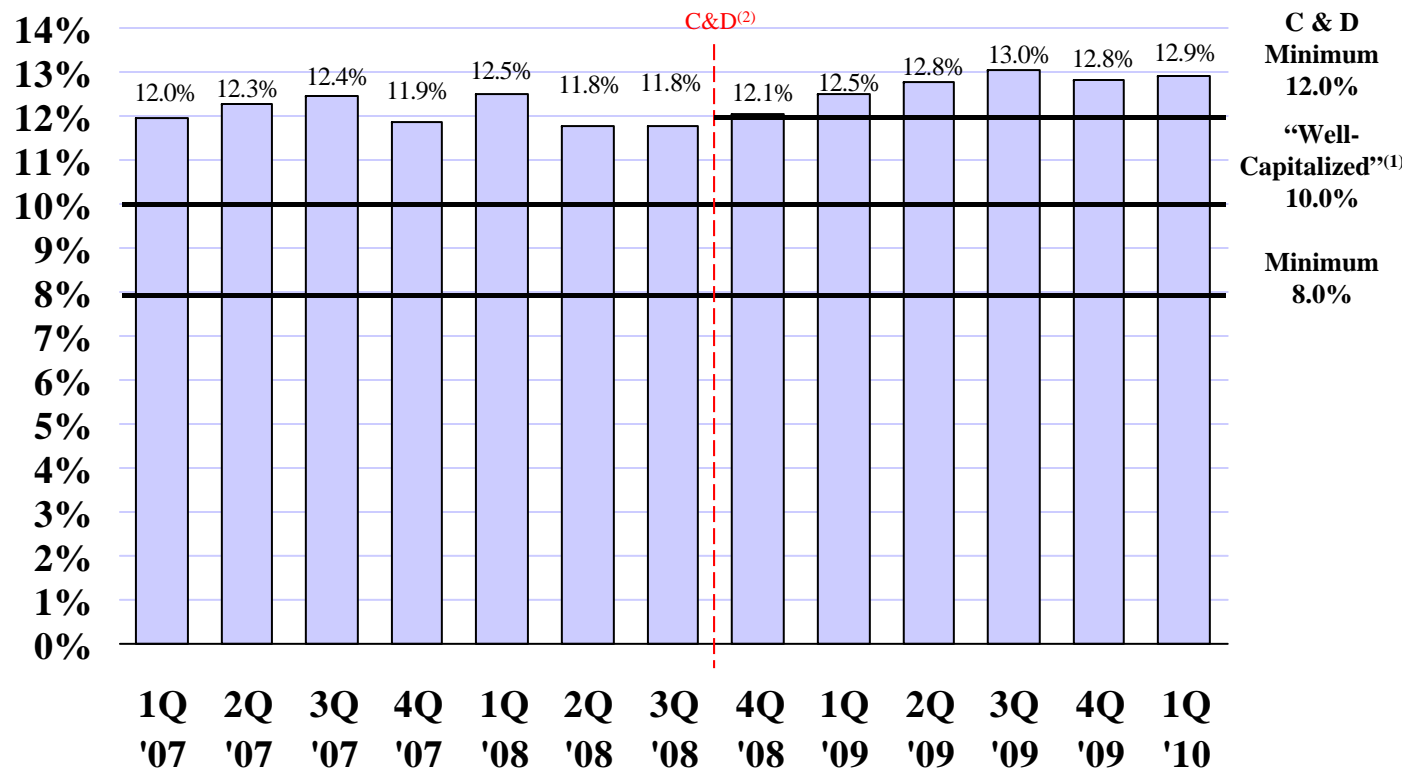
# Review of Financial Performance (cont.)

## 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



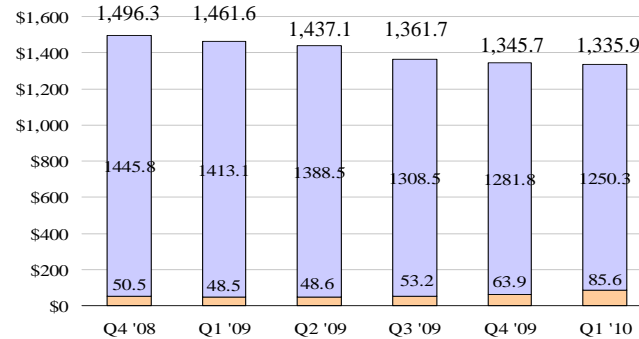
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# Nonperforming Loan Trends

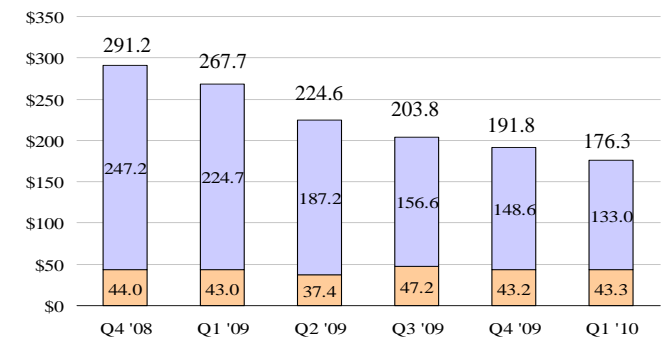
## By Portfolio

- UCFC has four primary portfolios
  - The construction loan portfolio has had a relatively higher proportion of nonperforming loans
  - Higher-risk segments of the loan portfolio have purposefully been allowed to run off
  - The "Real Estate" portfolio includes four sub-portfolios...

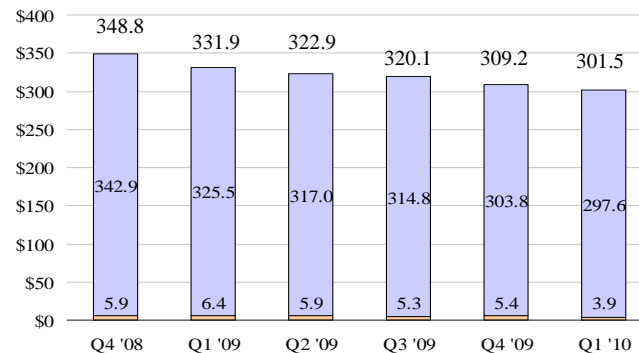
**Real Estate Loans**  
(\$MM)



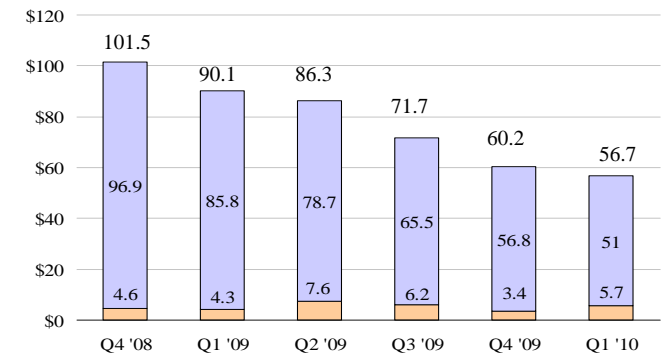
**Construction Loans**  
(\$MM)



**Consumer Loans**  
(\$MM)



**Commercial Loans**  
(\$MM)



### Key

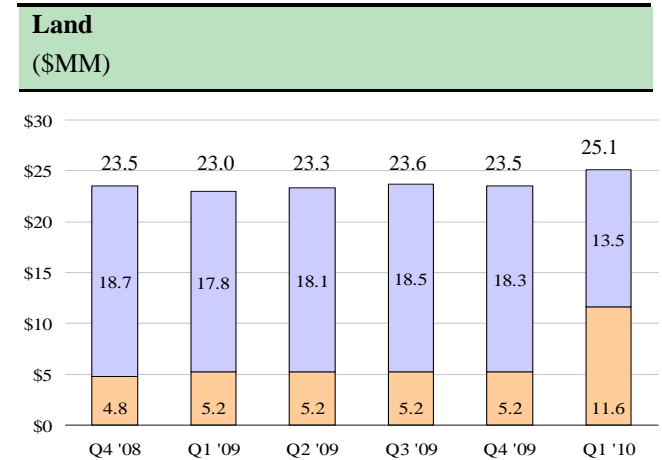
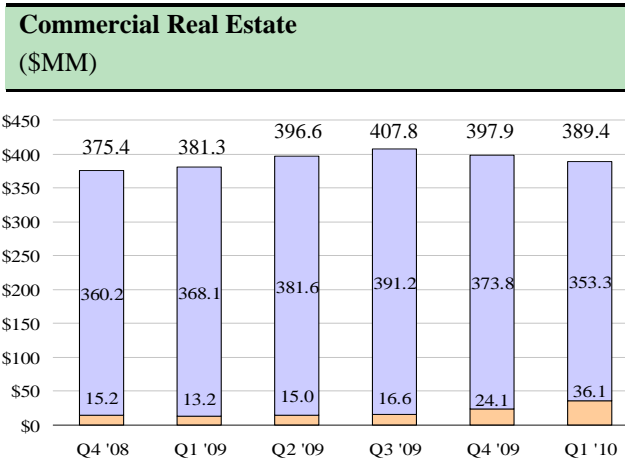
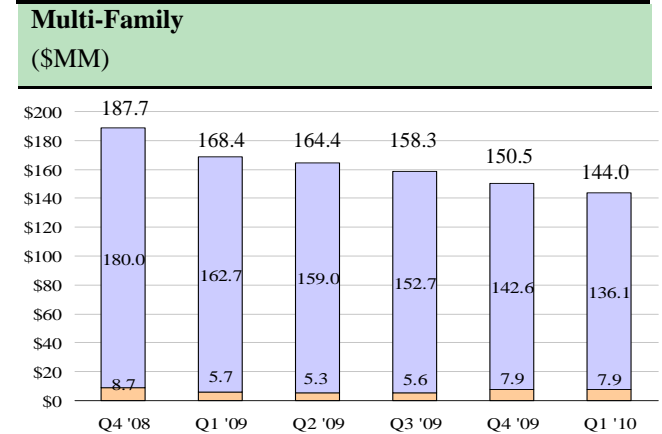
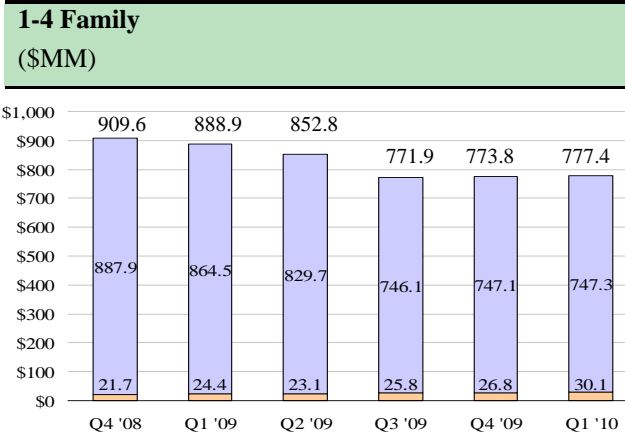
- Performing
- Nonperforming



# 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

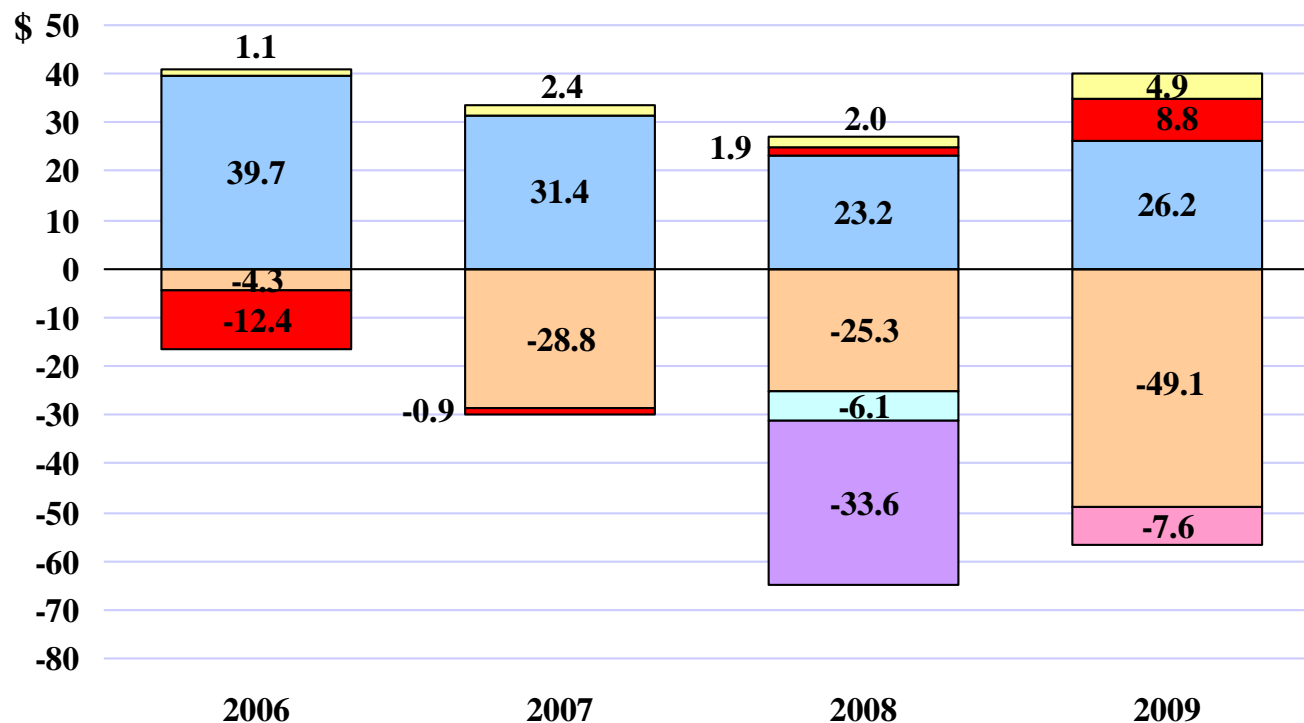
- Performing
- Nonperforming

# Review of Financial Performance

## UCFC Earnings Analysis <sup>(1)</sup>

- 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 at or about \$7.00 per share and capital ratios have remained above regulatory requirements

Net	2006	2007	2008	2009
Income (\$MM):	\$24.1	\$4.1	\$(35.3)	\$(16.8)



### Key

- Earnings prior to tax, loan loss provision and other items
- Provision expense
- Securities charge
- Goodwill charge
- Deferred tax impairment
- Butler Wick
- 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.



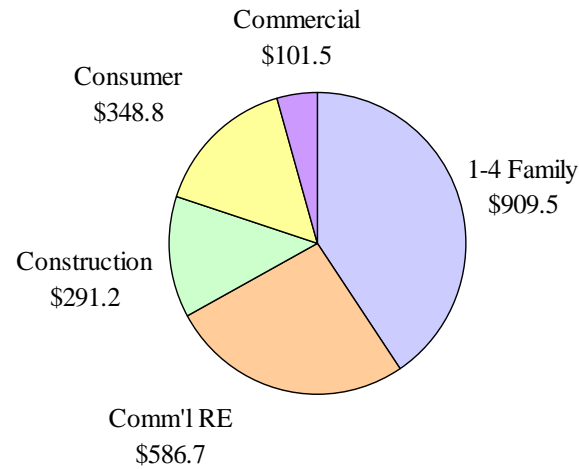
# Loan Detail

2008 vs. 2009

- UCFC's loan portfolio contracted by \$337.4MM in 2009
  - Reflects strategic intent to preserve capital and pull back from higher-risk lending areas

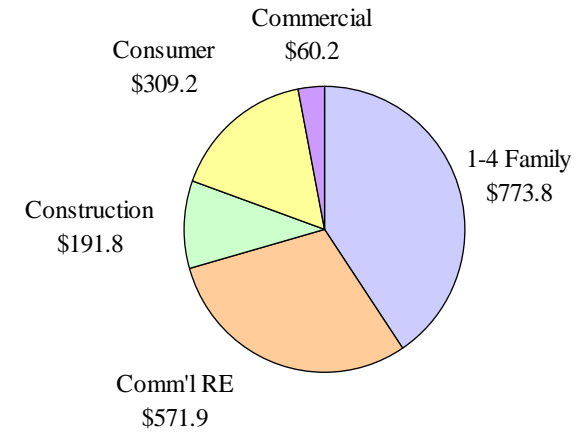
## Net Loans as of December 31, 2008

Total: \$2.2 Bn



## Net Loans as of December 31, 2009

Total: \$1.9 Bn



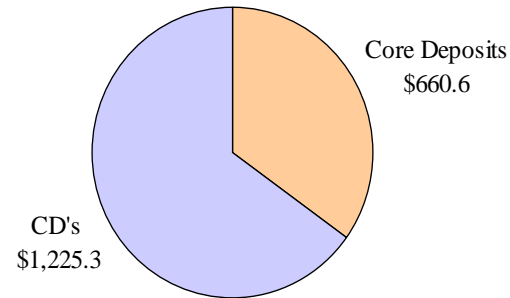
# Deposit Detail

2008 vs. 2009

- The Company's deposit composition shifted over the course of 2009 away from a dependence on time deposits in favor of core (i.e., non-time) deposits
  - Core deposits grew by \$68.9 million over the course of 2009
  - Time deposits fell from 65.0% of total deposits at 12/31/08 to 58.8% at 12/31/09

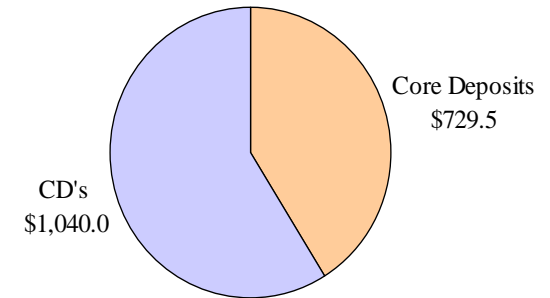
## Deposits as of December 31, 2008

Total: \$1.9 Bn



## Deposits as of December 31, 2009

Total: \$1.8 Bn





## Management's Vision for the Future

- Take advantage of the Company's sweet spot:
  - Small enough to be close to the customer
  - Large enough to offer a full product suite

### Assets

- More granular (smaller credits)
- More diversified (no concentrations)
- More commercial in nature, including small business

### Income Statement

- Diversify income stream away from just spread income
  - Non-deposit services
  - Debit card services
  - Mortgage servicing income
  - Joint ventures
- Cost effective operations
  - Systems in place to accurately measure costs

### Liabilities

- Emphasize core deposits and deep customer relationships
- Grow at a rate we can fund profitably

### Culture

- A well-qualified management team working together for a common goal
- A strong community bank culture in all markets we serve
- A company built on providing exceptional levels of personal service
  - More services to each customer
  - Ease of obtaining service
  - Linked loan and deposit services
  - Highly trained team of professionals



# 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 through March 31, 2010 (%)

Indexed to 1/1/2001



### Key

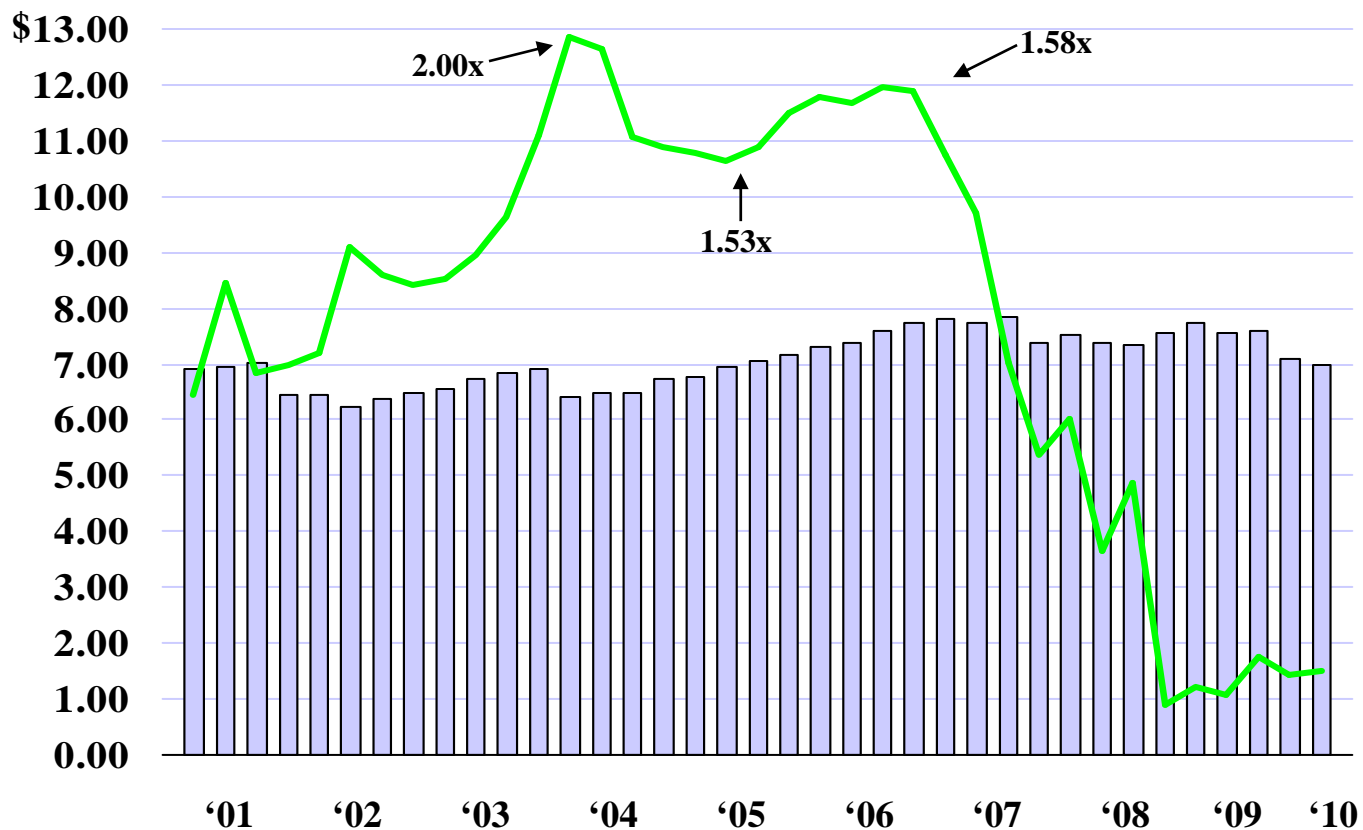
- UCFC
- SNL Thrift Index

# Evaluation of Share Price Performance



## UCFC Price/Book Performance

- For most of its history as a public company, UCFC traded at a healthy multiple of book value
- UCFC's tangible book value per share has been relatively stable over the past decade

### Tangible Book Value per Share and Share Price



#### Key

-  Tangible BV/Share
-  Market Price (at quarter end)

## Management's Vision for the Future (cont.)

### Once the Company has achieved...

- Relief from the Cease and Desist Orders
- Consistent earnings performance
- Highly capitalized status
- Asset quality control
- Share price recovery

### Then we can...

- Pay a cash dividend
- Pursue capital raising strategies if necessary and appropriate
- Become the community bank “acquiror of choice” in Ohio
- Fulfill the original mission of United Community Financial Corp.
  - Diversify geographically
  - Diversify our product line
    - Wealth management
    - Insurance
    - Real estate development, brokerage and management
    - Accounting, tax and services
  - Unite them all under one brand umbrella by providing marketing, audit, compliance, human resources, legal and data processing services



Questions