
Section 1: 8-K (FORM 8-K)

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): January 22, 2019

UNITED COMMUNITY FINANCIAL CORP.
(Exact name of registrant as specified in its charter)

OHIO
(State or other jurisdiction
of incorporation)

000-024399
(Commission
File No.)

34-1856319
(IRS Employer
I.D. No.)

275 West Federal Street, Youngstown, Ohio 44503-1203
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (330) 742-0500

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Section 2 – Financial Information**Item 2.02 Results of Operation and Financial Condition**

- (a) On January 22, 2019, United Community Financial Corp. issued a press release announcing its results of operations for the fourth quarter of 2018. A copy of the press release is attached as Exhibit 99.

Section 9 – Financial Statements and Exhibits**Item 9.01 Financial Statements and Exhibits.**

- (d) Exhibits.

| <u>Exhibit Number</u> | <u>Description</u> | |
|---------------------------|--|--------------------|
| 99 | <u>Press Release of United Community dated January 22, 2019.</u> | Included herewith. |

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

UNITED COMMUNITY FINANCIAL CORP.

By: /s/ Jude J. Nohra
Jude J. Nohra
General Counsel & Secretary

Date: January 23, 2019

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Section 2: EX-99 (EX-99)

EXHIBIT 99



275 West Federal Street
Youngstown, Ohio 44503-1203

FOR IMMEDIATE RELEASE

Media Contact:

Kathy Bushway
Senior Vice President, Marketing
Home Savings
(330) 742-0638
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Investor Contact:

Gary M. Small
President and Chief Executive Officer
United Community Financial Corp.
(330) 742-0472

UCFC ANNOUNCES STRONG EARNINGS FOR THE FOURTH QUARTER AND A DIVIDEND OF \$0.07 PER COMMON SHARE

YOUNGSTOWN, Ohio (January 22, 2019) – United Community Financial Corp. (Company) (NASDAQ: UCFC), parent company of Home Savings Bank (Home Savings), today announced net income of \$9.6 million, or \$0.191 per diluted common share (“EPS”) for the three months ended December 31, 2018, compared to \$0.090 EPS or \$4.5 million for the three months ended December 31, 2017. For the year ended December 31, 2018, net income was \$37.2 million, or \$0.742 per diluted common share compared to \$0.437 EPS or \$21.8 million in the previous year.

Fourth quarter 2018 highlights:

- Linked quarter net loan growth of 5.2% annualized
- Net interest margin of 3.58%, or 3.42% normalized
- ROA of 1.36%, ROE of 12.15% and ROTE of 13.16%
- Efficiency ratio was 54.79%
- Repurchase of 801,000 shares

Full year 2018 highlights:

- Year over year net loan growth of 8.9%
- Year over year average customer deposit growth of 8.3%
- Net interest income up 9.4%
- Net interest margin of 3.43%, or 3.39% normalized
- ROA of 1.35%, ROE of 12.10% and ROTE of 13.13%
- Efficiency ratio was 56.85%

Gary M. Small, President and Chief Executive Officer of the Company commented, "Full year 2018 performance reflects strengths on many fronts. Loan growth up 8.9%, average customer deposit growth up 8.3%, net interest income up 9.4%, and net interest margin was managed well throughout a very challenging year. Generally, our fee businesses performed well. While the residential mortgage business continues to be very competitive, our origination activity improved 10% year over year. Loan portfolios are strong with very favorable non-performing loan and delinquency metrics."

Small further commented, "Strong fourth quarter core performance, combined with a significant impaired asset recovery and VISA stock related income recognition, provided the opportunity to undertake balance sheet restructuring during the quarter. The charges incurred to execute the restructuring of \$26 million in available for sale securities and to terminate a FHLB advance were substantially offset by the income generated from the impaired asset recovery and VISA gain. The restructuring positions the Company for improved earnings in 2019. The cumulative net effect of these actions had no material impact on net income for the quarter. We enter 2019 well capitalized, with a strong balance sheet and well positioned to address new opportunities."

Solid Loan Growth

At year-end, total net loans aggregated \$2.2 billion, an increase of 8.9% over the prior year.

Total net loan growth for the fourth quarter was \$27.9 million, or 5.2% annualized on a linked quarter basis. As anticipated, growth slowed in the fourth quarter of 2018 as the Company experienced a lower level of commercial loan originations than it had experienced earlier in the year.

Commercial loan growth was \$11.2 million for the quarter ended December 31, 2018, or 4.8% annualized on a linked quarter basis. Commercial loan growth was \$120.3 million, or 14.6% for the full year of 2018. Residential mortgage loans, including loans held for sale, increased \$17.9 million on a linked quarter basis, or 6.9% annualized. On a full year basis residential loans, including loans held for sale, increased \$58.4 million or 5.8%. Consumer loans increased \$3.5 million year over year, but declining \$6.1 million on a linked quarter basis.

Strong Business Deposit and Noninterest Bearing Deposit Growth

Average customer deposit growth totaled 8.3%, or \$148.4 million for the full year ended 2018, remaining flat in the fourth quarter of 2018 compared to the prior quarter. Total average business deposits increased 31.7% when compared to the linked quarter on an annualized basis. Average business deposits increased 19.5% when comparing the fourth quarter of 2018 to the four quarter last year. The Company also saw a 14.2% annualized increase in average noninterest bearing deposits on a linked quarter basis. Average noninterest bearing deposits increased 11.4% or \$40.4 million when comparing the full year of 2018 to the full year of 2017. The Company continues to make progress in the generation of these key funding sources.

Net Interest Margin Sees Boost

Net interest income on a fully-taxable equivalent basis increased to \$23.6 million for the quarter ended December 31, 2018, compared to \$21.7 million for the quarter ended September 30, 2018 and \$21.1 million for the quarter ended December 31, 2017. The increase in net interest income included the impact of the favorable resolution of an acquired impaired loan that added approximately \$1.1 million to loan income during the quarter.

The net interest margin was 3.58% for the three months ended December 31, 2018 due primarily to the favorable resolution of the acquired loan mentioned above. This resolution added approximately 16 basis points to the margin for the quarter. The normalized net interest margin was 3.42% compared to the 3.33% reported in the prior quarter and 3.43% for the quarter ending December 31, 2017.

Non-Interest Income

Non-interest income decreased to \$5.6 million in the fourth quarter of 2018, compared to \$6.5 million in the fourth quarter of 2017. During the fourth quarter of 2018, the Company restructured approximately \$26 million of available for sale investment securities, incurred a loss on the sale of \$861,000, and subsequently invested the sale proceeds into securities with increased yields. Offsetting this loss, was the sale of 50% of the Company's VISA Class B shares and the movement of the remaining shares to a trading account which resulted in a gain of \$669,000. The net of these two transactions was a loss of \$192,000. Additionally, the fourth quarter of 2017 is reflective of a one-time gain of \$595,000 from the sale of a bank-owned building. Adjusting for these one-time items occurring in the fourth quarter of both years, noninterest income would be flat.

Mortgage banking income declined \$257,000 in the fourth quarter of 2018 compared to the fourth quarter of 2017 as competition in the marketplace pressured margins. The Company continues to actively manage pricing and the saleable mix of originations to limit the margin compression. In addition, the Company has seen increases to mortgage servicing fees in 2018 which helps to offset the decline in the gain on mortgage sales.

Non-Interest Expense

Non-interest expense was \$17.2 million for the quarter ended December 31, 2018 compared to \$17.3 million for the quarter ended December 31, 2017. Adjusting the fourth quarter of 2018 for the termination cost of \$937,000 of a previously restructured FHLB advance, non-interest expense would be \$16.2 million compared to \$15.0 million for the quarter ended December 31, 2017, which excludes a \$2.3 million one-time asset write down in the fourth quarter of 2017. The termination of the FHLB advance will permit the Company to recognize a lower level of interest expense going forward. At December 31, 2018, total non-interest expense aggregated \$65.1 million compared to \$68.2 million the prior year. Adjusting total non-interest expense for the aforementioned items in addition to acquisition related expenses in 2017, total 2018 non-interest expense would aggregate \$64.1 million in 2018 compared to \$61.0 million the prior year, or an increase of 5.2%

The Company's efficiency ratio remained on target at a level of 54.79% for the quarter ended December 31, 2018 adjusted for the FHLB termination cost of \$937,000. Inclusive of the termination cost, the ratio would be 57.98% for the quarter. Year-to-date the efficiency ratio was 56.85% and 57.69% with and without the consideration of the termination cost.

Credit Quality

Credit quality metrics have shown improvement throughout the year, and the fourth quarter of 2018 continued the trend. The ratio of nonperforming loans to net loans was 0.30% at December 31, 2018, which is down from 0.59% reported at December 31, 2017. Total nonperforming commercial loans have now declined to only \$715,000 as of December 31, 2018, or 0.08% of total commercial loans. Total nonperforming assets to assets was 0.27% at December 31, 2018 while total delinquent loans to net loans was 0.50% for the same period. These ratios were 0.64% and 0.86%, respectively, at December 31, 2017.

During the quarter ended December 31, 2018, the Company recognized total net charge offs of \$1.1 million, or 20 basis points as a percentage of average loans. Included in the \$1.1 million was a charge off of \$676,000 for an acquired impaired loan relationship. Full-year net charge offs were \$1.5 million, or 7 basis points as a percentage of average loans.

The Company's provision for loan losses totaled \$178,000 for the fourth quarter of 2018, which was down from the \$1.2 million reported in the fourth quarter of 2017. As of December 31, 2018, the Company's allowance for loan losses to total loans was 0.93%, versus 1.05% at December 31, 2017. Also at December 31, 2018 the allowance for loan loss as a percent of nonperforming loans totaled 311.8%.

Capital Management and Tangible Book Value per Share

During the fourth quarter of 2018, the Company repurchased 801,000. Tangible book value per common share at December 31, 2018 was \$5.81 compared to \$5.41 at December 31, 2017.

Dividend Declaration and Increase to Share Repurchase Program

On January 22, 2019, the Board of Directors declared a quarterly cash dividend of \$0.07 per common share. The dividend is payable February 15, 2019 to shareholders of record at the close of business February 4, 2019. Furthermore, the Board has authorized an increase to the Company's existing share repurchase program for an additional one million shares. The Company had remaining 873,000 shares authorized for repurchase as of December 31, 2018.

Conference Call

United Community Financial Corp. will host an earnings conference call on Wednesday, January 23, 2019, at 10:00 a.m. ET., to provide an overview of the Company's fourth quarter 2018 results and highlights. The conference call may be accessed by calling 1-877-272-7661 ten minutes prior to the start time. Please ask to be joined into the United Community Financial Corp. (UCFC) call. Additionally, a live webcast may be accessed from the Company's website ir.ucfconline.com. Click on *4th Quarter 2018 Conference Call* on the corporate profile page to join the webcast.

United Community Financial Corp.

Home Savings is a wholly owned subsidiary of the Company, offering a full line of commercial, wealth management and consumer banking products and services with 35 retail banking offices (34 in Ohio and one in Pennsylvania). Home Savings also has residential mortgage loan centers servicing Ohio, West Virginia, western Pennsylvania, northern Kentucky, and eastern Indiana. Additional information on the Company, Home Savings and James & Sons Insurance is available at ir.ucfconline.com.

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When used in this press release, the words or phrases "believes," "will likely result," "are expected to," "will continue," "is anticipated," "estimate," "project," "will have," "can expect" 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 the Company's market area, changes in policies by regulatory agencies, fluctuations in interest rates, demand for loans in the Company's market area and competition that could cause actual results to differ materially from historical earnings and those presently anticipated or projected. The Company cautions readers not to place undue reliance on any such forward-looking statements, which speak only as of the date made. The Company advises readers that the factors listed above could affect the Company's financial performance and could cause the Company's actual results for future periods to differ materially from any opinions or statements expressed with respect to future periods in any current statements.

The Company does not undertake, and specifically disclaims any obligation, to release publicly the result of any revisions that may be made to any forward-looking statements to reflect events or circumstances after the date of such statements or to reflect the occurrence of anticipated or unanticipated events.

UNITED COMMUNITY FINANCIAL CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION
(Unaudited)

| | December 31, 2018 | December 31, 2017 | F/(U) |
|--|-------------------------------|----------------------|-------------|
| | <i>(Dollars in thousands)</i> | | |
| Assets: | | | |
| Cash and deposits with banks | \$ 34,380 | \$ 34,365 | 0.0% |
| Federal funds sold | 26,605 | 12,515 | 112.6% |
| Total cash and cash equivalents | 60,985 | 46,880 | 30.1% |
| Securities: | | | |
| Trading, at fair value | 364 | — | 0.0% |
| Available for sale, at fair value | 241,643 | 270,561 | -10.7% |
| Held to maturity (fair value of \$75,075 and \$82,126, respectively) | 77,491 | 82,911 | -6.5% |
| Loans held for sale, at lower of cost or market | — | 211 | 100.0% |
| Loans held for sale, at fair value | 91,472 | 83,541 | 9.5% |
| Loans, net of allowance for loan losses of \$20,443 and \$21,202 | 2,176,842 | 1,999,877 | 8.8% |
| Federal Home Loan Bank stock, at cost | 19,144 | 19,324 | -0.9% |
| Premises and equipment, net | 21,930 | 22,094 | -0.7% |
| Accrued interest receivable | 9,080 | 8,190 | 10.9% |
| Real estate owned and other repossessed assets | 1,088 | 1,253 | -13.2% |
| Goodwill | 20,221 | 20,221 | 0.0% |
| Core deposit intangible | 1,603 | 1,934 | -17.1% |
| Customer list intangible | 2,214 | 2,060 | 7.5% |
| Cash surrender value of life insurance | 64,220 | 62,488 | 2.8% |
| Other assets | 23,060 | 28,360 | -18.7% |
| Total assets | \$ 2,811,357 | \$ 2,649,905 | 6.1% |
| Liabilities and Shareholders' Equity | | | |
| Liabilities: | | | |
| Deposits: | | | |
| Interest bearing | \$ 1,528,057 | \$ 1,445,293 | 5.7% |
| Noninterest bearing | 394,208 | 354,970 | 11.1% |
| Customer deposits | 1,922,265 | 1,800,263 | 6.8% |
| Brokered deposits | 290,955 | 156,476 | 85.9% |
| Total deposits | 2,213,220 | 1,956,739 | 13.1% |
| Borrowed funds: | | | |
| Federal Home Loan Bank advances | | | |
| Long-term advances | — | 48,536 | 100.0% |
| Short-term advances | 243,000 | 308,000 | -21.1% |
| Total Federal Home Loan Bank advances | 243,000 | 356,536 | -31.8% |
| Repurchase agreements and other | 224 | 197 | 13.7% |
| Total borrowed funds | 243,224 | 356,733 | -31.8% |
| Advance payments by borrowers for taxes and insurance | 27,192 | 25,038 | 8.6% |
| Accrued interest payable | 1,279 | 1,097 | 16.6% |
| Accrued expenses and other liabilities | 17,108 | 16,033 | 6.7% |
| Total liabilities | 2,502,023 | 2,355,640 | 6.2% |
| Shareholders' Equity: | | | |
| Preferred stock-no par value; 1,000,000 shares authorized and no shares outstanding | — | — | 0.0% |
| Common stock-no par value; 499,000,000 shares authorized; 54,138,910 shares issued and 49,128,875 and 49,800,126 shares, respectively, outstanding | 177,492 | 177,458 | 0.0% |
| Retained earnings | 192,062 | 167,852 | 14.4% |
| Accumulated other comprehensive loss | (21,436) | (18,685) | 14.7% |
| Treasury stock, at cost, 5,010,035 and 4,338,784 shares, respectively | (38,784) | (32,360) | 19.9% |
| Total shareholders' equity | 309,334 | 294,265 | 5.1% |
| Total liabilities and shareholders' equity | \$ 2,811,357 | \$ 2,649,905 | 6.1% |

UNITED COMMUNITY FINANCIAL CORP.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

| | For the Three Months Ended | | | | For the Twelve Months Ended | | | |
|--|----------------------------|--------------|----------|--------|-----------------------------|--------------|-----------|--------|
| | December 31, | December 31, | Variance | F/(U) | December 31, | December 31, | Variance | F/(U) |
| | 2018 | 2017 | | | 2018 | 2017 | | |
| <i>(Dollars in thousands, except per share data)</i> | | | | | | | | |
| Interest income | | | | | | | | |
| Loans | \$ 26,587 | \$ 21,529 | \$ 5,058 | 23.5% | \$ 96,653 | \$ 79,795 | \$ 16,858 | 21.1% |
| Loans held for sale | 1,184 | 886 | 298 | 33.6% | 4,318 | 3,301 | 1,017 | 30.8% |
| Securities: | | | | | | | | |
| Available for sale, nontaxable | 334 | 416 | (82) | -19.7% | 1,412 | 1,668 | (256) | -15.3% |
| Available for sale, taxable | 1,148 | 1,222 | (74) | -6.1% | 4,732 | 5,579 | (847) | -15.2% |
| Held to maturity, nontaxable | 69 | 51 | 18 | 35.3% | 250 | 214 | 36 | 16.8% |
| Held to maturity, taxable | 380 | 421 | (41) | -9.7% | 1,574 | 1,764 | (190) | -10.8% |
| Federal Home Loan Bank stock dividends | 290 | 267 | 23 | 8.6% | 1,133 | 961 | 172 | 17.9% |
| Other interest earning assets | 178 | 57 | 121 | 212.3% | 500 | 228 | 272 | 119.3% |
| Total interest income | 30,170 | 24,849 | 5,321 | 21.4% | 110,572 | 93,510 | 17,062 | 18.2% |
| Interest expense | | | | | | | | |
| Deposits | | | | - | | | | - |
| | 5,866 | 2,603 | (3,263) | 125.4% | 17,796 | 8,437 | (9,359) | 110.9% |
| Federal Home Loan Bank advances | 810 | 1,365 | 555 | 40.7% | 4,830 | 4,699 | (131) | -2.8% |
| Repurchase agreements and other | — | 1 | 1 | 100.0% | 1 | 21 | 20 | 95.2% |
| Total interest expense | 6,676 | 3,969 | (2,707) | -68.2% | 22,627 | 13,157 | (9,470) | -72.0% |
| Net interest income | 23,494 | 20,880 | 2,614 | 12.5% | 87,945 | 80,353 | 7,592 | 9.4% |
| Taxable equivalent adjustment | 111 | 221 | (110) | -49.8% | 382 | 911 | (529) | -58.1% |
| Net interest income (FTE) (1) | 23,605 | 21,101 | 2,504 | 11.9% | 88,327 | 81,264 | 7,063 | 8.7% |
| Provision for loan losses | 178 | 1,215 | 1,037 | 85.3% | 699 | 4,253 | 3,554 | 83.6% |
| Net interest income after provision for loan losses (FTE) | 23,427 | 19,886 | 3,541 | 17.8% | 87,628 | 77,011 | 10,617 | 13.8% |
| Non-interest income | | | | | | | | |
| Insurance agency income | 562 | 552 | 10 | 1.8% | 2,197 | 2,006 | 191 | 9.5% |
| Brokerage income | 305 | 264 | 41 | 15.5% | 1,216 | 1,158 | 58 | 5.0% |
| Service fees and other charges: | | | | | | | | |
| Deposit related fees | 1,521 | 1,436 | 85 | 5.9% | 5,706 | 5,636 | 70 | 1.2% |
| Mortgage servicing fees | 858 | 780 | 78 | 10.0% | 3,304 | 3,005 | 299 | 10.0% |
| Mortgage servicing rights valuation | (44) | 6 | (50) | 833.3% | (61) | (9) | 52 | 577.8% |
| Mortgage servicing rights amortization | (430) | (518) | 88 | -17.0% | (1,949) | (1,944) | 5 | -0.3% |
| Other service fees | 36 | 42 | (6) | -14.3% | 161 | 125 | 36 | 28.8% |
| Net gains (losses): | | | | | | | | |
| Trading Securities | 669 | — | 669 | 100.0% | 669 | — | 669 | 100.0% |
| Securities available for sale | (861) | — | (861) | 100.0% | (627) | 566 | (1,193) | 210.8% |
| Mortgage banking income | 1,118 | 1,375 | (257) | -18.7% | 5,090 | 6,503 | (1,413) | -21.7% |
| Real estate owned and other repossessed assets charges, net | (24) | (46) | 22 | -47.8% | (260) | (189) | 71 | -37.6% |
| Debit/credit card fees | 1,033 | 995 | 38 | 3.8% | 4,158 | 4,215 | (57) | -1.4% |
| Trust fee income | 480 | 467 | 13 | 2.8% | 1,905 | 1,618 | 287 | 17.7% |
| Bank owned life insurance | 431 | 438 | (7) | -1.6% | 1,732 | 1,627 | 105 | 6.5% |
| Other income | (69) | 669 | (738) | 110.3% | 161 | 922 | (761) | -82.5% |
| Total non-interest income | 5,585 | 6,460 | (875) | -13.5% | 23,402 | 25,239 | (1,837) | -7.3% |
| Non-interest expense | | | | | | | | |
| Salaries and employee benefits | 9,029 | 8,347 | (682) | -8.2% | 37,071 | 34,807 | (2,264) | -6.5% |
| Occupancy | 1,023 | 1,023 | — | 0.0% | 4,167 | 3,943 | (224) | -5.7% |
| Equipment and data processing | 2,122 | 2,256 | 134 | 5.9% | 8,679 | 8,944 | 265 | 3.0% |
| Financial institutions tax | 464 | 300 | (164) | -54.7% | 1,950 | 1,648 | (302) | -18.3% |
| Advertising | 414 | 317 | (97) | -30.6% | 1,278 | 991 | (287) | -29.0% |
| Amortization of intangible assets | 128 | 114 | (14) | -12.3% | 501 | 422 | (79) | -18.7% |
| FDIC insurance premiums | 398 | 249 | (149) | -59.8% | 1,270 | 1,078 | (192) | -17.8% |
| Other insurance premiums | 70 | 114 | 44 | 38.6% | 373 | 450 | 77 | 17.1% |
| Professional fees: | | | | | | | | |
| Legal fees | 292 | 155 | (137) | -88.4% | 1,094 | 724 | (370) | -51.1% |
| Other professional fees | 721 | 461 | (260) | -56.4% | 2,262 | 2,067 | (195) | -9.4% |
| Supervisory fees | 34 | 84 | 50 | 0.0% | 152 | 84 | (68) | 100.0% |

| | | | | | | | | |
|--|-----------------|-----------------|-----------------|---------------|------------------|------------------|------------------|--------------|
| Real estate owned and other repossessed asset expenses | 34 | 17 | (17) | 100.0% | 129 | 135 | 6 | 4.4% |
| Acquisition related expenses | — | 39 | 39 | 0.0% | — | 5,001 | 5,001 | 100.0% |
| Other expenses | 2,449 | 3,853 | 1,404 | 36.4% | 6,153 | 7,965 | 1,812 | 22.7% |
| Total non-interest expenses | 17,178 | 17,329 | 151 | 0.9% | 65,079 | 68,259 | 3,180 | 4.7% |
| Income before income taxes | 11,834 | 9,017 | 2,817 | 31.2% | 45,951 | 33,991 | 11,960 | 35.2% |
| Taxable equivalent adjustment | 111 | 221 | 110 | 49.8% | 382 | 911 | 529 | 58.1% |
| Income tax expense | 2,172 | 4,294 | 2,122 | 49.4% | 8,391 | 11,295 | 2,904 | 25.7% |
| Net income | \$ 9,551 | \$ 4,502 | \$ 5,049 | 112.2% | \$ 37,178 | \$ 21,785 | \$ 15,393 | 70.7% |
| Earnings per common share: | | | | | | | | |
| Basic | \$ 0.192 | \$ 0.090 | \$ 0.102 | 113.3% | \$ 0.746 | \$ 0.440 | \$ 0.306 | 69.5% |
| Diluted | 0.191 | 0.090 | 0.101 | 112.2% | 0.742 | 0.437 | 0.305 | 69.8% |

(1) Net interest income is also presented on a fully taxable equivalent (FTE) basis, the Company believes this non-GAAP measure is the preferred industry measurement for this item.

UNITED COMMUNITY FINANCIAL CORP.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

| | For the Three Months Ended | | | |
|--|----------------------------|-----------------------|----------------|---------------|
| | December 31, 2018 | September 30, 2018 | Variance | F/(U) |
| <i>(Dollars in thousands, except per share data)</i> | | | | |
| Interest income | | | | |
| Loans | \$ 26,587 | \$ 24,031 | \$ 2,556 | 10.6% |
| Loans held for sale | 1,184 | 1,264 | (80) | -6.3% |
| Securities: | | | | |
| Available for sale, nontaxable | 334 | 333 | 1 | 0.3% |
| Available for sale, taxable | 1,148 | 1,176 | (28) | -2.4% |
| Held to maturity, nontaxable | 69 | 69 | — | 0.0% |
| Held to maturity, taxable | 380 | 374 | 6 | 1.6% |
| Federal Home Loan Bank stock dividends | 290 | 289 | 1 | 0.3% |
| Other interest earning assets | 178 | 154 | 24 | 15.6% |
| Total interest income | <u>30,170</u> | <u>27,690</u> | <u>2,480</u> | <u>9.0%</u> |
| Interest expense | | | | |
| Deposits | 5,866 | 5,044 | (822) | -16.3% |
| Federal Home Loan Bank advances | 810 | 1,023 | 213 | 20.8% |
| Total interest expense | <u>6,676</u> | <u>6,067</u> | <u>(609)</u> | <u>-10.0%</u> |
| Net interest income | <u>23,494</u> | <u>21,623</u> | <u>1,871</u> | <u>8.7%</u> |
| Taxable equivalent adjustment | <u>111</u> | <u>84</u> | <u>27</u> | <u>32.1%</u> |
| Net interest income (FTE) ⁽¹⁾ | <u>23,605</u> | <u>21,707</u> | <u>1,898</u> | <u>8.7%</u> |
| Provision for loan losses | <u>178</u> | <u>251</u> | <u>73</u> | <u>29.1%</u> |
| Net interest income after provision for loan losses (FTE) | <u>23,427</u> | <u>21,456</u> | <u>1,971</u> | <u>9.2%</u> |
| Non-interest income | | | | |
| Insurance agency income | 562 | 545 | 17 | 3.1% |
| Brokerage income | 305 | 339 | (34) | -10.0% |
| Service fees and other charges: | | | | |
| Deposit related fees | 1,521 | 1,494 | 27 | 1.8% |
| Mortgage servicing fees | 858 | 821 | 37 | 4.5% |
| Mortgage servicing rights valuation | (44) | (6) | (38) | 633.3% |
| Mortgage servicing rights amortization | (430) | (477) | 47 | -9.9% |
| Other service fees | 36 | 26 | 10 | 38.5% |
| Net gains (losses): | | | | |
| Trading | 669 | — | 669 | 100.0% |
| Securities available for sale | (861) | — | (861) | 100.0% |
| Mortgage banking income | 1,118 | 1,409 | (291) | -20.7% |
| Real estate owned and other repossessed assets charges, net | (24) | (45) | 21 | -46.7% |
| Debit/credit card fees | 1,033 | 1,000 | 33 | 3.3% |
| Trust fee income | 480 | 483 | (3) | -0.6% |
| Bank owned life insurance | 431 | 367 | 64 | 17.4% |
| Other income | — | — | — | — |
| | (69) | 190 | (259) | 136.3% |
| Total non-interest income | <u>5,585</u> | <u>6,146</u> | <u>(561)</u> | <u>-9.1%</u> |
| Non-interest expense | | | | |
| Salaries and employee benefits | 9,029 | 9,107 | 78 | 0.9% |
| Occupancy | 1,023 | 1,094 | 71 | 6.5% |
| Equipment and data processing | 2,122 | 2,032 | (90) | -4.4% |
| Financial institutions tax | 464 | 495 | 31 | 6.3% |
| Advertising | 414 | 340 | (74) | -21.8% |
| Amortization of intangible assets | 128 | 128 | — | 0.0% |
| FDIC insurance premiums | 398 | 294 | (104) | -35.4% |
| Other insurance premiums | 70 | 85 | 15 | 17.6% |
| Professional fees: | | | | |
| Legal fees | 292 | 356 | 64 | 18.0% |
| Other professional fees | 721 | 651 | (70) | -10.8% |
| Supervisory fees | 34 | 34 | — | 0.0% |
| Real estate owned and other repossessed asset expenses | 34 | 25 | (9) | -36.0% |
| Acquisition related expenses | — | — | — | 0.0% |
| Other expenses | — | — | — | — |
| | 2,449 | 1,131 | (1,318) | 116.5% |
| Total non-interest expenses | <u>17,178</u> | <u>15,772</u> | <u>(1,406)</u> | <u>-8.9%</u> |
| Income before income taxes | <u>11,834</u> | <u>11,830</u> | <u>4</u> | <u>0.0%</u> |
| Taxable equivalent adjustment | <u>111</u> | <u>84</u> | <u>(27)</u> | <u>-32.1%</u> |
| Income tax expense | <u>2,172</u> | <u>2,217</u> | <u>45</u> | <u>2.0%</u> |

| | | | | |
|-----------------------------------|-----------------|-----------------|--------------|-------------|
| Net income | <u>\$ 9,551</u> | <u>\$ 9,529</u> | <u>\$ 22</u> | <u>0.2%</u> |
| Earnings per common share: | | | | |
| Basic | \$ 0.192 | \$ 0.191 | \$ 0.001 | 0.5% |
| Diluted | 0.191 | 0.190 | 0.001 | 0.5% |

⁽¹⁾ Net interest income is also presented on a fully taxable equivalent (FTE) basis, the Company believes this non-GAAP measure is the preferred industry measurement for this item.

UNITED COMMUNITY FINANCIAL CORP.
CONSOLIDATED AVERAGE BALANCES
(Unaudited)

| | For the three months ended | | | | | | | | |
|--|-----------------------------------|-----------------------------|----------------|-----------------------------------|-----------------------------|----------------|-----------------------------------|-----------------------------|----------------|
| | December 31, 2018 | | | September 30, 2018 | | | December 31, 2017 | | |
| | Average outstanding balance | Interest earned/ paid | Yield/ rate | Average outstanding balance | Interest earned/ paid | Yield/ rate | Average outstanding balance | Interest earned/ paid | Yield/ rate |
| | <i>(Dollars in thousands)</i> | | | | | | | | |
| Interest earning assets: | | | | | | | | | |
| Net loans ⁽¹⁾ | \$ 2,161,414 | \$ 26,616 | 4.93% | \$ 2,115,227 | \$ 24,031 | 4.54% | \$ 1,975,847 | \$ 21,531 | 4.36% |
| Loans held for sale | 100,348 | 1,184 | 4.68% | 111,295 | 1,264 | 4.51% | 88,247 | 886 | 4.02% |
| Total loans, net | 2,261,762 | 27,800 | 4.91% | 2,226,522 | 25,295 | 4.54% | 2,064,094 | 22,417 | 4.34% |
| Securities: | | | | | | | | | |
| Trading | 4 | — | 0.00% | — | — | 0.00% | — | — | 0.00% |
| Available for sale-taxable | 196,910 | 1,148 | 2.33% | 204,924 | 1,176 | 2.30% | 214,631 | 1,222 | 2.28% |
| Available for sale-nontaxable ⁽²⁾ | 48,370 | 399 | 3.30% | 48,370 | 400 | 3.31% | 58,903 | 609 | 4.14% |
| Held to maturity-taxable | 65,605 | 380 | 2.32% | 67,979 | 374 | 2.20% | 75,136 | 421 | 2.24% |
| Held to maturity-nontaxable ⁽²⁾ | 12,215 | 86 | 2.82% | 12,215 | 86 | 2.82% | 9,233 | 77 | 3.34% |
| Total securities | 323,104 | 2,013 | 2.49% | 333,488 | 2,036 | 2.44% | 357,903 | 2,329 | 2.60% |
| Federal Home Loan Bank stock | 19,144 | 290 | 6.06% | 19,160 | 289 | 6.03% | 19,324 | 267 | 5.53% |
| Other interest earning assets | 34,779 | 178 | 2.03% | 30,140 | 154 | 2.03% | 22,656 | 57 | 1.01% |
| Total interest earning assets | 2,638,789 | 30,281 | 4.59% | 2,609,310 | 27,774 | 4.26% | 2,463,977 | 25,070 | 4.07% |
| Non-interest earning assets | 176,579 | | | 177,553 | | | 179,023 | | |
| Total assets | <u>\$ 2,815,368</u> | | | <u>\$ 2,786,863</u> | | | <u>\$ 2,643,000</u> | | |
| Interest bearing liabilities: | | | | | | | | | |
| Deposits: | | | | | | | | | |
| Checking accounts | \$ 620,306 | 1,114 | 0.71% | \$ 635,705 | 1,026 | 0.64% | \$ 600,249 | 589 | 0.39% |
| Savings accounts | 303,247 | 28 | 0.04% | 303,247 | 27 | 0.04% | 304,229 | 27 | 0.04% |
| Certificates of deposit | | | | | | | | | |
| Customer certificates of deposit | 619,208 | 2,652 | 1.70% | 618,545 | 2,457 | 1.58% | 530,297 | 1,458 | 1.10% |
| Brokered certificates of deposit | 393,778 | 2,072 | 2.09% | 327,120 | 1,534 | 1.86% | 164,147 | 529 | 1.29% |
| Total certificates of deposit | 1,012,986 | 4,724 | 1.85% | 945,665 | 3,991 | 1.67% | 694,444 | 1,987 | 1.14% |
| Total interest bearing deposits | 1,936,539 | 5,866 | 1.20% | 1,884,617 | 5,044 | 1.06% | 1,598,922 | 2,603 | 0.65% |
| Federal Home Loan Bank advances | | | | | | | | | |
| Long-term advances | 46,879 | 357 | 3.02% | 48,976 | 413 | 3.35% | 48,409 | 404 | 3.34% |
| Short-term advances | 75,033 | 453 | 2.40% | 120,880 | 610 | 2.00% | 301,424 | 961 | 1.28% |
| Total Federal Home Loan Bank advances | 121,912 | 810 | 2.64% | 169,856 | 1,023 | 2.39% | 349,833 | 1,365 | 1.56% |
| Repurchase agreements and other | 245 | — | 0.00% | 213 | — | 0.00% | 2,114 | 1 | 0.19% |
| Total borrowed funds | 122,157 | 810 | 2.63% | 170,069 | 1,023 | 2.39% | 351,947 | 1,366 | 1.55% |
| Total interest bearing liabilities | \$ 2,058,696 | 6,676 | 1.29% | \$ 2,054,686 | 6,067 | 1.17% | \$ 1,950,869 | 3,969 | 0.81% |
| Non-interest bearing liabilities | | | | | | | | | |
| Total noninterest bearing deposits | 395,649 | | | 382,044 | | | 355,225 | | |
| Other noninterest bearing liabilities | 46,559 | | | 39,075 | | | 41,400 | | |
| Total noninterest bearing liabilities | 442,208 | | | 421,119 | | | 396,625 | | |
| Total liabilities | \$ 2,500,904 | | | \$ 2,475,805 | | | \$ 2,347,494 | | |
| Shareholders' equity | 314,464 | | | 311,058 | | | 295,506 | | |
| Total liabilities and equity | <u>\$ 2,815,368</u> | | | <u>\$ 2,786,863</u> | | | <u>\$ 2,643,000</u> | | |
| Net interest income and interest rate spread | | | | | | | | | |
| | | <u>\$ 23,605</u> | 3.30% | | <u>\$ 21,707</u> | 3.09% | | <u>\$ 21,101</u> | 3.26% |
| Net interest margin | | | 3.58% | | | 3.33% | | | 3.43% |
| Average interest earning assets to average interest bearing liabilities | | | | | | | | | |
| | | | 128.18% | | | 126.99% | | | 126.30% |
| Interest bearing deposits | | | | | | | | | |
| Checking accounts | \$ 620,306 | \$ 1,114 | 0.71% | \$ 635,705 | \$ 1,026 | 0.64% | \$ 600,249 | \$ 589 | 0.39% |
| Savings accounts | 303,247 | 28 | 0.04% | 303,247 | 27 | 0.04% | 304,229 | 27 | 0.04% |
| Customer certificates of deposit | 619,208 | 2,652 | 1.70% | 618,545 | 2,457 | 1.58% | 530,297 | 1,458 | 1.10% |
| Total interest bearing customer deposits | 1,542,761 | 3,794 | 0.98% | 1,557,497 | 3,510 | 0.90% | 1,434,775 | 2,074 | 0.58% |
| Brokered certificates of deposit | 393,778 | 2,072 | 2.09% | 327,120 | 1,534 | 1.86% | 164,147 | 529 | 1.29% |
| Total interest bearing deposits | 1,936,539 | 5,866 | 1.20% | 1,884,617 | 5,044 | 1.06% | 1,598,922 | 2,603 | 0.65% |
| Noninterest bearing deposits | 395,649 | — | 0.00% | 382,044 | — | 0.00% | 355,225 | — | 0.00% |

| | | | | | | | | | |
|---|--------------|----------|-------|--------------|----------|-------|--------------|----------|-------|
| Total average deposits and cost of deposits | \$ 2,332,188 | \$ 5,866 | 1.01% | \$ 2,266,661 | \$ 5,044 | 0.89% | \$ 1,954,147 | \$ 2,603 | 0.53% |
| Other interest bearing liabilities | | | | | | | | | |
| Federal Home Loan Bank advances | | | | | | | | | |
| Long term advances | \$ 46,879 | \$ 357 | 3.02% | \$ 48,976 | \$ 413 | 3.35% | \$ 48,409 | \$ 404 | 3.34% |
| Short term advances | 75,033 | 453 | 2.40% | 120,880 | 610 | 2.00% | 301,424 | 961 | 1.28% |
| Total Federal Home Loan Bank advances | 121,912 | 810 | 2.64% | 169,856 | 1,023 | 2.39% | 349,833 | 1,365 | 1.56% |
| Repurchase agreements and other | 245 | — | 0.00% | 213 | — | 0.00% | 2,114 | 1 | 0.19% |
| Total borrowed funds | 122,157 | 810 | 2.63% | 170,069 | 1,023 | 2.39% | 351,947 | 1,366 | 1.55% |
| Total average deposits and other interest bearing liabilities and total cost of funds | \$ 2,454,345 | \$ 6,676 | 1.09% | \$ 2,436,730 | \$ 6,067 | 1.00% | \$ 2,306,094 | \$ 3,969 | 0.69% |
| Customer deposits interest bearing and noninterest bearing | \$ 1,938,410 | \$ 3,794 | 0.78% | \$ 1,939,541 | \$ 3,510 | 0.72% | \$ 1,790,000 | \$ 2,074 | 0.46% |
| Brokered deposits | 393,778 | 2,072 | 2.09% | 327,120 | 1,534 | 1.86% | 164,147 | 529 | 1.29% |
| Total borrowings | 122,157 | 810 | 2.63% | 170,069 | 1,023 | 2.39% | 351,947 | 1,366 | 1.55% |
| Cost of funds | 2,454,345 | 6,676 | 1.09% | 2,436,730 | 6,067 | 1.00% | 2,306,094 | 3,969 | 0.69% |

(1) Nonaccrual loans are included in the average balance at a yield of 0%.

(2) Yields are on a fully taxable equivalent basis.

UNITED COMMUNITY FINANCIAL CORP.
SELECTED FINANCIAL HIGHLIGHTS
(Unaudited)

| | At or for the quarters ended | | | | |
|--|--|-----------------------|------------------|-------------------|----------------------|
| | December 31, 2018 | September 30, 2018 | June 30, 2018 | March 31, 2018 | December 31, 2017 |
| | <i>(Dollars in thousands, except per share data)</i> | | | | |
| Financial Data | | | | | |
| Total assets | \$ 2,811,357 | \$ 2,789,183 | \$ 2,770,558 | \$ 2,690,707 | \$ 2,649,905 |
| Total loans, net | 2,176,842 | 2,148,942 | 2,099,781 | 2,061,443 | 1,999,877 |
| Total securities | 319,498 | 320,806 | 328,924 | 338,593 | 353,472 |
| Total deposits | 2,213,220 | 2,352,476 | 2,135,345 | 2,066,978 | 1,956,739 |
| Average interest-bearing deposits | 1,936,539 | 1,884,617 | 1,718,639 | 1,644,165 | 1,598,922 |
| Average noninterest-bearing deposits | 395,649 | 382,044 | 376,905 | 375,142 | 355,225 |
| Total shareholders' equity | 309,334 | 306,043 | 301,484 | 296,195 | 294,265 |
| Net interest income | 23,494 | 21,623 | 21,295 | 21,533 | 20,880 |
| Net interest income (FTE) ⁽¹⁾ | 23,605 | 21,707 | 21,385 | 21,630 | 21,101 |
| Provision (recovery) for loan losses | 178 | 251 | (138) | 407 | 1,215 |
| Noninterest income | 5,585 | 6,146 | 5,852 | 5,819 | 6,460 |
| Noninterest expense | 17,178 | 15,772 | 15,530 | 16,600 | 17,329 |
| Income tax expense | 2,172 | 2,217 | 2,214 | 1,789 | 4,294 |
| Net income | 9,551 | 9,529 | 9,541 | 8,556 | 4,502 |
| Share Data | | | | | |
| Basic earnings per common share | \$ 0.192 | \$ 0.191 | \$ 0.191 | \$ 0.172 | \$ 0.090 |
| Diluted earnings per common share | 0.191 | 0.190 | 0.190 | 0.171 | 0.090 |
| Book value per common share | 6.30 | 6.13 | 6.04 | 5.94 | 5.90 |
| Tangible book value per common share | 5.81 | 5.65 | 5.56 | 5.45 | 5.41 |
| Market value per common share | 8.85 | 9.67 | 10.99 | 9.86 | 9.13 |
| Common shares outstanding at end of period | 49,129 | 49,923 | 49,904 | 49,882 | 49,800 |
| Weighted average shares outstanding—basic | 49,445 | 49,683 | 49,694 | 49,611 | 49,497 |
| Weighted average shares outstanding—diluted | 49,695 | 49,947 | 49,944 | 49,885 | 49,827 |
| Key Ratios | | | | | |
| Return on average assets (ROA) ⁽²⁾ | 1.36% | 1.37% | 1.40% | 1.28% | 0.68% |
| Return on average equity (ROE) ⁽³⁾ | 12.15% | 12.25% | 12.56% | 11.44% | 6.09% |
| Return on tangible equity (ROTE) ⁽⁴⁾ | 13.16% | 13.28% | 13.65% | 12.44% | 6.62% |
| Net interest margin | 3.58% | 3.33% | 3.36% | 3.47% | 3.43% |
| Efficiency ratio | 54.79% | 57.30% | 57.75% | 60.20% | 63.73% |
| Nonperforming loans to net loans, end of period | 0.30% | 0.42% | 0.51% | 0.59% | 0.59% |
| Nonperforming assets to total assets, end of period | 0.27% | 0.36% | 0.57% | 0.65% | 0.64% |
| Allowance for loan loss as a percent of loans, end of period | 0.93% | 0.98% | 1.01% | 1.04% | 1.05% |
| Delinquent loans to total net loans, end of period | 0.50% | 0.69% | 0.67% | 0.81% | 0.86% |

(1) Net interest income is presented on a fully taxable equivalent (FTE) basis, the Company believes this non-GAAP measure is the preferred industry measurement for this item

(2) Net income divided by average total assets

(3) Net income divided by average total equity

(4) Net income divided by average total equity, minus average intangible assets

UNITED COMMUNITY FINANCIAL CORP.
SELECTED FINANCIAL HIGHLIGHTS
(Unaudited)

| | At or for the quarters ended | | | | |
|--|-------------------------------|-----------------------|---------------------|---------------------|----------------------|
| | December 31, 2018 | September 30, 2018 | June 30, 2018 | March 31, 2018 | December 31, 2017 |
| | <i>(Dollars in thousands)</i> | | | | |
| Loan Portfolio Composition | | | | | |
| Commercial loans | | | | | |
| Multi-family | \$ 134,143 | \$ 139,938 | \$ 141,004 | \$ 137,836 | \$ 120,480 |
| Owner/nonowner occupied commercial real estate | 409,979 | 408,938 | 396,624 | 384,533 | 381,611 |
| Land | 16,831 | 16,129 | 16,887 | 15,452 | 15,162 |
| Construction | 141,685 | 132,961 | 127,691 | 134,181 | 116,863 |
| Commercial and industrial | 240,293 | 233,801 | 218,611 | 201,132 | 188,500 |
| Total | 942,931 | 931,767 | 900,817 | 873,134 | 822,616 |
| Residential mortgage loans | | | | | |
| Real estate | 927,255 | 909,626 | 888,583 | 882,873 | 870,939 |
| Construction | 43,435 | 39,396 | 40,623 | 42,453 | 49,092 |
| Total | 970,690 | 949,022 | 929,206 | 925,326 | 920,031 |
| Consumer loans | | | | | |
| Consumer | 277,041 | 283,108 | 284,909 | 279,110 | 273,494 |
| Total | 277,041 | 283,108 | 284,909 | 279,110 | 273,494 |
| Total loans | 2,190,662 | 2,163,897 | 2,114,932 | 2,077,570 | 2,016,141 |
| Less: | | | | | |
| Allowance for loan losses | 20,443 | 21,332 | 21,405 | 21,610 | 21,202 |
| Deferred loan costs, net | (6,623) | (6,377) | (6,254) | (5,483) | (4,938) |
| Total | 13,820 | 14,955 | 15,151 | 16,127 | 16,264 |
| Total loans, net | 2,176,842 | 2,148,942 | 2,099,781 | 2,061,443 | 1,999,877 |
| Loans held for sale, net | 91,472 | 95,235 | 107,701 | 79,292 | 83,752 |
| Total loans | \$ 2,268,314 | \$ 2,244,177 | \$ 2,207,482 | \$ 2,140,735 | \$ 2,083,629 |

| | At or for the quarters ended | | | | |
|--|-------------------------------|-----------------------|---------------------|---------------------|----------------------|
| | December 31, 2018 | September 30, 2018 | June 30, 2018 | March 31, 2018 | December 31, 2017 |
| | <i>(Dollars in thousands)</i> | | | | |
| Deposit Portfolio Composition | | | | | |
| Checking accounts | | | | | |
| Interest bearing checking accounts | \$ 146,977 | \$ 140,722 | \$ 138,812 | \$ 140,740 | \$ 170,478 |
| Non-interest bearing checking accounts | 394,208 | 383,535 | 383,082 | 376,904 | 354,970 |
| Total checking accounts | 541,185 | 524,257 | 521,894 | 517,644 | 525,448 |
| Savings accounts | 298,087 | 300,007 | 306,283 | 308,025 | 301,716 |
| Money market accounts | 466,167 | 489,668 | 502,560 | 483,840 | 424,234 |
| Total non-time deposits | 1,305,439 | 1,313,932 | 1,330,737 | 1,309,509 | 1,251,398 |
| Certificates of deposit | 616,826 | 622,807 | 615,388 | 595,657 | 548,865 |
| Total customer deposits | 1,922,265 | 1,936,739 | 1,946,125 | 1,905,166 | 1,800,263 |
| Brokered deposits | 290,955 | 415,737 | 189,220 | 161,812 | 156,476 |
| Total certificates of deposit | 907,781 | 1,038,544 | 804,608 | 757,469 | 705,341 |
| Total deposits | \$ 2,213,220 | \$ 2,352,476 | \$ 2,135,345 | \$ 2,066,978 | \$ 1,956,739 |

UNITED COMMUNITY FINANCIAL CORP.
SELECTED FINANCIAL HIGHLIGHTS
(Unaudited)

| | At or for the quarters ended | | | | |
|----------------------------------|-------------------------------|-----------------------|------------------|-------------------|----------------------|
| | December 31, 2018 | September 30, 2018 | June 30, 2018 | March 31, 2018 | December 31, 2017 |
| | <i>(Dollars in thousands)</i> | | | | |
| Allowance For Loan Losses | | | | | |
| Beginning balance | \$ 21,332 | \$ 21,405 | \$ 21,610 | \$ 21,202 | \$ 20,555 |
| Provision | 178 | 251 | (138) | 407 | 1,215 |
| Net (chargeoffs) recoveries | (1,067) | (324) | (67) | 1 | (568) |
| Ending balance | <u>\$ 20,443</u> | <u>\$ 21,332</u> | <u>\$ 21,405</u> | <u>\$ 21,610</u> | <u>\$ 21,202</u> |

| | At or for the quarters ended | | | | |
|--|-------------------------------|-----------------------|------------------|-------------------|----------------------|
| | December 31, 2018 | September 30, 2018 | June 30, 2018 | March 31, 2018 | December 31, 2017 |
| | <i>(Dollars in thousands)</i> | | | | |
| Net (Charge-offs) Recoveries | | | | | |
| Commercial loans | | | | | |
| Multi-family | \$ (99) | \$ 4 | \$ 9 | \$ 6 | \$ (126) |
| Owner/nonowner occupied commercial real estate | 38 | 12 | 29 | 40 | 23 |
| Land | — | 150 | — | — | — |
| Construction | — | 11 | 10 | 7 | — |
| Commercial and industrial | (765) | (275) | (72) | 104 | (90) |
| Total | <u>(826)</u> | <u>(98)</u> | <u>(24)</u> | <u>157</u> | <u>(193)</u> |
| Residential mortgage loans | | | | | |
| Real estate | (131) | (141) | (14) | (66) | (257) |
| Construction | — | — | — | — | — |
| Total | <u>(131)</u> | <u>(141)</u> | <u>(14)</u> | <u>(66)</u> | <u>(257)</u> |
| Consumer loans | | | | | |
| Consumer | (110) | (85) | (29) | (90) | (118) |
| Total | <u>(110)</u> | <u>(85)</u> | <u>(29)</u> | <u>(90)</u> | <u>(118)</u> |
| Total net chargeoffs | <u>\$ (1,067)</u> | <u>\$ (324)</u> | <u>\$ (67)</u> | <u>\$ 1</u> | <u>\$ (568)</u> |

| | At or for the quarters ended | | | | |
|---|-------------------------------|-----------------------|------------------|-------------------|----------------------|
| | December 31, 2018 | September 30, 2018 | June 30, 2018 | March 31, 2018 | December 31, 2017 |
| | <i>(Dollars in thousands)</i> | | | | |
| Nonperforming Loans | | | | | |
| Commercial loans | | | | | |
| Multi-family | \$ 171 | \$ 275 | \$ 275 | \$ 275 | \$ 275 |
| Owner/nonowner occupied commercial real estate | 13 | 1,101 | 1,111 | 1,206 | 1,218 |
| Land | — | — | — | 9 | 9 |
| Construction | — | — | — | — | — |
| Commercial and industrial | 531 | 1,489 | 1,475 | 1,459 | 1,505 |
| Total | <u>715</u> | <u>2,865</u> | <u>2,861</u> | <u>2,949</u> | <u>3,007</u> |
| Residential mortgage loans | | | | | |
| Real estate | 4,170 | 4,426 | 6,146 | 7,045 | 6,076 |
| Construction | — | — | — | — | — |
| Total | <u>4,170</u> | <u>4,426</u> | <u>6,146</u> | <u>7,045</u> | <u>6,076</u> |
| Consumer loans | | | | | |
| Consumer | 1,654 | 1,770 | 1,783 | 2,180 | 2,620 |
| Total | <u>1,654</u> | <u>1,770</u> | <u>1,783</u> | <u>2,180</u> | <u>2,620</u> |
| Total nonperforming loans | <u>\$ 6,539</u> | <u>\$ 9,061</u> | <u>\$ 10,790</u> | <u>\$ 12,174</u> | <u>\$ 11,703</u> |
| Total Nonperforming Loans and Nonperforming Assets | | | | | |
| Past due 90 days and on nonaccrual status | \$ 5,732 | \$ 8,200 | \$ 8,395 | \$ 8,326 | \$ 8,620 |
| Past due 90 days and still accruing | 18 | — | — | — | — |
| Past due 90 days | 5,750 | 8,200 | 8,395 | 8,326 | 8,620 |
| Past due less than 90 days and on nonaccrual | 789 | 861 | 2,395 | 3,848 | 3,083 |
| Total nonperforming loans | <u>6,539</u> | <u>9,061</u> | <u>10,790</u> | <u>12,174</u> | <u>11,703</u> |
| Other real estate owned | 1,049 | 907 | 802 | 1,030 | 1,047 |
| Other classified assets | — | — | 4,050 | 4,050 | 4,050 |
| Repossessed assets | 39 | — | 75 | 263 | 206 |
| Total nonperforming assets | <u>\$ 7,627</u> | <u>\$ 9,968</u> | <u>\$ 15,717</u> | <u>\$ 17,517</u> | <u>\$ 17,006</u> |

UNITED COMMUNITY FINANCIAL CORP.
NON-GAAP DISCLOSURE RECONCILIATION
(Unaudited)

Reconciliation of Average Shareholders' Equity to Average Tangible Equity:

| | At or for the quarters ended | | | | |
|-----------------------------|--|-----------------------|-------------------|-------------------|----------------------|
| | December 31, 2018 | September 30, 2018 | June 30, 2018 | March 31, 2018 | December 31, 2017 |
| | <i>(Dollars in thousands, except per share data)</i> | | | | |
| Average shareholders equity | \$ 314,464 | \$ 311,058 | \$ 303,733 | \$ 299,284 | \$ 295,506 |
| Average intangible assets | 24,123 | 24,144 | 24,063 | 24,175 | 23,563 |
| Average tangible equity | <u>\$ 290,341</u> | <u>\$ 286,914</u> | <u>\$ 279,670</u> | <u>\$ 275,109</u> | <u>\$ 271,943</u> |
| Net income | \$ 9,551 | \$ 9,529 | \$ 9,541 | \$ 8,556 | \$ 4,502 |
| Return on tangible equity | 13.16% | 13.28% | 13.65% | 12.44% | 6.62% |

Reconciliation of Fully Taxable Equivalent Net Interest Income to Net Interest Income:

| | For the quarters ended | | | | |
|--|-------------------------------|-----------------------|------------------|-------------------|----------------------|
| | December 31, 2018 | September 30, 2018 | June 30, 2018 | March 31, 2018 | December 31, 2017 |
| | <i>(Dollars in thousands)</i> | | | | |
| Interest income | \$ 30,170 | \$ 27,690 | \$ 26,661 | \$ 26,050 | \$ 24,849 |
| Fully taxable equivalent adjustment | 111 | 84 | 90 | 97 | 221 |
| Fully taxable equivalent interest income | 30,281 | 27,774 | 26,751 | 26,147 | 25,070 |
| Interest expense | 6,676 | 6,067 | 5,366 | 4,517 | 3,969 |
| Fully taxable net interest income | <u>\$ 23,605</u> | <u>\$ 21,707</u> | <u>\$ 21,385</u> | <u>\$ 21,630</u> | <u>\$ 21,101</u> |

Reconciliation of Net Interest Margin without Resolution of Acquired Loan:

| | For the three months ended December 31, 2018 | For the twelve months ended December 31, 2018 |
|---|---|--|
| | <i>(Dollars in thousands)</i> | |
| Fully taxable net interest income | \$ 23,605 | \$ 88,327 |
| Resolution of acquired loan | 1,050 | 1,050 |
| Fully taxable net interest income, without purchase accounting adjustments | <u>\$ 22,555</u> | <u>\$ 87,277</u> |
| Average interest earning assets | \$ 2,638,789 | \$ 2,574,321 |
| Net interest margin excluding accretion amortization of purchase accounting adjustments | 3.42% | 3.39% |

Reconciliation of Efficiency Ratio to Efficiency Ratio Inclusive of Termination Costs:

| | For the three months ended December 31, 2018 | For the twelve months ended December 31, 2018 |
|---|---|--|
| | <i>(Dollars in thousands)</i> | |
| Noninterest Expense | \$ 17,178 | \$ 65,079 |
| Intangible asset amortization | (128) | (501) |
| | <u>17,050</u> | <u>64,578</u> |
| Net interest income | \$ 23,605 | \$ 88,327 |
| Noninterest income | 5,585 | 23,402 |
| G/L Securities | 192 | (42) |
| Loss on REO | 24 | 260 |
| | <u>29,406</u> | <u>111,947</u> |
| Efficiency ratio including termination cost | 57.98% | 57.69% |

Tangible Book Value Per Share:

Tangible book value, per share is defined as shareholders equity minus intangible assets divided by the number of shares outstanding.

| | At the quarters ended | | | | |
|----------------------------------|--|-----------------------|------------------|-------------------|----------------------|
| | December 31, 2018 | September 30, 2018 | June 30, 2018 | March 31, 2018 | December 31, 2017 |
| | <i>(Dollars in thousands, except per share data)</i> | | | | |
| Total shareholders' equity | \$ 309,334 | \$ 306,043 | \$ 301,484 | \$ 296,195 | \$ 294,265 |
| Goodwill | 20,221 | 20,221 | 20,221 | 20,221 | 20,221 |
| Customer list intangible | 2,214 | 2,259 | 1,980 | 2,030 | 2,060 |
| Core deposit intangible | 1,603 | 1,686 | 1,769 | 1,851 | 1,934 |
| Total common shares outstanding | 49,128,875 | 49,922,514 | 49,904,074 | 49,882,491 | 49,800,126 |
| Tangible book value, as reported | \$ 5.81 | \$ 5.65 | \$ 5.56 | \$ 5.45 | \$ 5.41 |

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