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EDITED TRANSCRIPT

UCFC - United Community Financial Corp Annual Shareholders Meeting

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MAY 02, 2019 / 1:00PM, UCFC - United Community Financial Corp Annual Shareholders Meeting

CORPORATE PARTICIPANTS

Gary M. Small *United Community Financial Corp. - President, CEO & Director*

Jude Joseph Nohra *United Community Financial Corp. - Executive VP, General Counsel & Secretary*

Richard J. Schiraldi *United Community Financial Corp. - Chairman of the Board*

CONFERENCE CALL PARTICIPANTS

Karl H. Wagner

PRESENTATION

Operator

Good morning and welcome to United Community Financial Corp.'s 2019 Annual Meeting of Shareholders. (Operator Instructions) Please note, this event is being recorded.

I would now like to turn the conference over to Richard J. Schiraldi, Chairman of the Board of United Community. You may go ahead, please.

Richard J. Schiraldi - *United Community Financial Corp. - Chairman of the Board*

Good morning, everyone, and welcome to the 2019 Annual Meeting of Shareholders of United Community Financial Corp. I am Rich Schiraldi, and I'm a Director and the Chairman of the Board of United Community, and I would like to officially call this meeting to order.

We are excited to be hosting our second virtual annual meeting, which permits us to be more inclusive and reach a greater number of our shareholders located outside of Mahoning Valley. In keeping with our digital approach to this year's meeting, we will first conduct our official business, and then we will answer questions from the shareholders at the end of the meeting. We hope to be able to answer all questions posed. And if we are unable to do that during the meeting, we will address any unanswered questions in our Investor Relations page of our website as soon as possible.

Please note, that this meeting is being recorded, but no one attending via the webcast or telephone is permitted to use any audio recording device of their own.

As the first order of business, I'd like to acknowledge the members of your Board who are present this morning: Marty Adams; Lou Altman; Pat Bevac; Lee Burdman; Scott Crewson; Scott Hunter; Gary Small, our President and CEO; and Ellen Tressel. In so many ways, but particularly in areas of corporate governance and operational oversight, each of these Board members continuously give an incredible effort to your company, and I thank each and every one of them for the contributions.

I will now ask Jude Nohra, Corporate Secretary for both United Community and Home Savings, to report on the notice for this meeting.

Jude Joseph Nohra - *United Community Financial Corp. - Executive VP, General Counsel & Secretary*

Thank you, Mr. Chairman, and good morning. On or about March 22, 2019, written notice of this Annual Meeting of Shareholders was mailed to United Community shareholders of record as of the close of business on February 28, 2019. Which notice provided shareholders with instructions on how to obtain our proxy statement and 2018 annual report. I'm submitting to the annual meeting my certificate that this was -- this notice was so mailed.



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Richard J. Schiraldi - *United Community Financial Corp. - Chairman of the Board*

Thank you, Jude. Karl H. Wagner from American Election Services, LLC will serve as the inspector of election for this meeting. In addition to counting the ballots, the inspector of election will determine officially the number of votes that are present in person or by proxy this morning. If you submitted a proxy or voted telephonically or electronically, you do not need to vote again in person today. If you do wish to vote in person today and have not yet done so, you may vote now by following the instructions you received from your broker or by clicking on the Vote Here button on your screen.

(Voting)

Mr. Wagner, will you now report on the number of votes entitled to be cast at this meeting?

Karl H. Wagner

Mr. Chairman, of the 48,989,885 votes eligible to be cast, 41,991,660 are present. Therefore, a quorum exists for this meeting.

Richard J. Schiraldi - *United Community Financial Corp. - Chairman of the Board*

Thank you, Karl. Next, there are 4 proposals to be considered and voted upon this morning. The first is the reelection of 3 directors for terms expiring in 2022. The second is the approval of United Community's executive comp -- compensation, I should say. The third is the approval of the frequency of holding and advisory vote on executive compensation, and the fourth is ratification of the selection of Crowe LLP as the auditors of United Community for the current fiscal year.

In the first proposal, Louis Altman, Patrick Bevac and Scott Crewson have been nominated for reelection as directors, all for terms expiring in 2022.

The second proposal to be voted on is the approval of United Community's executive compensation program. We have asked shareholders to approve the following resolution: resolved, that the shareholders approve the compensation of our named executive officers as named in the Summary Compensation table of the company's 2019 proxy statement for the year ended December 31, 2018, and as described in the Compensation Discussion and Analysis, the compensation tables and related disclosure contained on Pages 25 to 45 in the proxy statement.

The third proposal is the approval of the frequency of holding and advisory vote on executive compensation. We have asked the shareholders to approve the following resolution: resolved, that the shareholders advise that an advisory resolution with respect to compensation of the named executive officers should be presented to the shareholders every 1, 2 or 3 years as reflected by their votes for each of these alternatives in connection with the resolutions.

The fourth proposal to be voted on is ratification of the -- of selection of Crowe LLP as outside independent auditors of United Community for 2019.

I am pleased to report to you that Greg McClure, the audit partner from Crowe LLP, assigned to our engagement is present this morning, and he will be available to respond to any appropriate questions from shareholders during our question-and-answer session that will take place following the report of our inspector of election.

Now that voting is closed, we will ask the inspector of election to please report.

Karl H. Wagner

I am pleased to report that the preliminary vote report indicates that Messrs. Altman, Bevac, Crewson have been reelected to the Board of Directors. United Community's executive compensation program has been approved. The shareholders have approved holding an advisory vote on executive compensation every year, and the selection of Crowe LLP as outside independent owners for 2019 has been approved.



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Richard J. Schiraldi - *United Community Financial Corp. - Chairman of the Board*

Thank you, Karl.

Okay. We will be reporting final voting results in a Form 8-K to be filed with the SEC within 4 business days. There being no further business to come before the meeting, I would ask for a motion to adjourn the formal portion of our 2019 Annual Meeting of Shareholders of United Community Financial Corp.

Unidentified Company Representative

Mr. Chairman, I move to adjourn the meeting.

Unidentified Company Representative

Mr. Chairman, I will second the motion.

Richard J. Schiraldi - *United Community Financial Corp. - Chairman of the Board*

All right. I'm pleased to now introduce Gary Small, President and CEO of United Community and Home Savings Bank, which will -- who will conduct our question-and-answer session.

QUESTIONS AND ANSWERS

Gary M. Small - *United Community Financial Corp. - President, CEO & Director*

Thank you, Rick. We will now respond to shareholder questions, and I will attempt to answer all the questions that have been received, either prior to or during the meeting, but only the questions that are germane to the meeting will be addressed. Any appropriate questions that can't be satisfied today will be addressed on our Investor Relations page on our website.

We have received one question/comment, and I'll summarize the question, if you will. It was asking for some thoughts relative to the interplay between executive compensation and shareholder dividends. And what I would share with you, and this is in the proxy, is that from an incentive compensation standpoint, a significant amount of the -- of my compensation and the executive team is tied to a factor called total shareholder return, which measures the improvement of both the share -- or the movement of the share price from 1 year to the next and over a 3-year period as well as the dividends that's received over the same period. These are compared to 18 peer banks with a -- within our compensation scheme. And our compensation is based on how we do on that share price appreciation and dividend payout relative to those 18 peer banks. So it's a great factor for keeping alignment relative to shareholder value and reflecting the value that's achieved with the increase in dividends along the way.

I would also note that for the executive team, we do have, and the Board, share ownership percentages that are mandated, so we all have a significant amount of shares, again, to have alignment with the shareholder relative to issues such as shareholder -- share appreciation and dividends. So with those 2 items working effectively, we think we're in good alignment with shareholder interest.

I see no other questions at this time.

Additionally, I would invite and encourage each of you out there to listen to our quarterly earnings calls. During those calls, we provide details of the company's performance, progress toward our goals and give some notion as to the economic climate and trends we're seeing in the industry. Now these calls are recorded and posted on our Investor Relations website so that all shareholders may listen to the calls at your convenience.



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And with that, I'll turn it back over to Mr. Schiraldi.

Richard J. Schiraldi - *United Community Financial Corp. - Chairman of the Board*

Okay. If there are no more questions, that completes our question-and-answer session. I want to thank you all and have a wonderful day.

Operator

The conference is now concluded. Thank you for attending today's presentation. You may now disconnect.

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