

UNITED COMMUNITY FINANCIAL CORP

Form DEF 14A

March 17, 2017

[Table of Contents](#)

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

UNITED COMMUNITY FINANCIAL CORP.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement if Other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

1) Title of each class of securities to which transaction applies:

- 2) Aggregate number of securities to which transaction applies:
- 3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):
- 4) Proposed maximum aggregate value of transaction:
- 5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 240.0-11 and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

- 1) Amount Previously Paid:
- 2) Form, Schedule or Registration Statement No.:
- 3) Filing Party:
- 4) Date Filed:

Table of Contents

UNITED COMMUNITY FINANCIAL CORP.

275 West Federal Street

Youngstown, Ohio 44503-1203

NOTICE OF 2017 ANNUAL MEETING OF SHAREHOLDERS

Time: 10:00 a.m., Eastern Time (ET)

Date: Thursday, April 27, 2017.

Place: Ford Family Recital Hall,
DeYor Performing Arts Center
260 West Federal Street,
Youngstown, Ohio 44503

Items of Business:

1. To elect three directors of the Company for terms expiring in 2020;
 2. To hold an advisory (non-binding) vote on executive compensation;
 3. To ratify the selection of Crowe Horwath LLP as the Company's independent auditor for 2017; and
 4. To transact any other business that may properly come before the Annual Meeting.
- YOUR VOTE IS IMPORTANT. Whether or not you plan to attend the Annual Meeting, we urge you to submit your vote electronically.**

Record Date: Only shareholders of record at the close of business on March 8, 2017 are entitled to receive notice

How to Vote: To ensure that your shares are represented and that a quorum is present at the Annual Meeting, please cast your vote promptly by doing any of the following:

Submitting your vote by Internet Visit www.edocumentview.com/ucfc.

Voting by phone Call toll free 1-800-652-VOTE (8683) within the USA, US territory and Canada and follow the instructions.

Mailing your signed proxy form Sign, date and promptly return the enclosed proxy card, following the instructions on the proxy card.

Contacting your broker, bank or other intermediary If you are a street name shareholder (i.e., you hold your shares through a broker, bank or other nominee), please vote your shares as soon as possible by following the instructions from such intermediary.

PLEASE NOTE: Submitting a proxy in either electronic or printed form does not affect your right to vote in person at the Annual Meeting. If you attend the Annual Meeting, you may revoke your proxy and vote in person, even if you have previously submitted a proxy.

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE
SHAREHOLDER MEETING TO BE HELD ON APRIL 27, 2017**

On or about March 17, 2017, we began mailing the Notice of Internet Availability of Proxy Materials to shareholders of record as of March 8, 2017, and we posted our proxy materials on the website referenced in such Notice (www.edocumentview.com/ucfc). By visiting this website, you will find the Proxy Statement, the accompanying Notice, and the annual report for United Community Financial Corp. on Form 10-K for the year ended December 31, 2016. If you received a Notice of Internet Availability and would prefer a printed copy of the proxy materials and annual report, please follow the instructions provided in the Notice.

Table of Contents

TABLE OF CONTENTS

<u>QUESTIONS & ANSWERS</u>	1
<u>PROPOSAL 1 ELECTION OF DIRECTORS</u>	5
<u>NOMINATING AND GOVERNANCE COMMITTEE CHARTER</u>	6
<u>GOVERNANCE GUIDELINES</u>	6
<u>PROPOSAL 2 NON-BINDING ADVISORY VOTE ON EXECUTIVE COMPENSATION</u>	19
<u>EXECUTIVE OFFICERS</u>	20
<u>COMPENSATION DISCUSSION AND ANALYSIS</u>	22
<u>COMPENSATION COMMITTEE REPORT</u>	33
<u>COMPENSATION OF EXECUTIVE OFFICERS</u>	34
<u>SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT</u>	41
<u>SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE</u>	43
<u>PROPOSAL 3 RATIFICATION OF THE SELECTION OF OUR INDEPENDENT REGISTERED PUBLIC</u>	
<u>ACCOUNTING FIRM</u>	43
<u>AUDIT COMMITTEE REPORT</u>	44
<u>PROPOSALS OF SHAREHOLDERS AND COMMUNICATIONS WITH THE BOARD OF DIRECTORS</u>	45
<u>OTHER MATTERS</u>	45

Table of Contents

UNITED COMMUNITY FINANCIAL CORP.

275 West Federal Street

Youngstown, Ohio 44503-1203

(330) 742-0500

PROXY STATEMENT

The Board of Directors (the Board of Directors or the Board) of United Community Financial Corp., an Ohio corporation (UCFC or the Company), solicits the enclosed proxy for use at the 2017 Annual Meeting of Shareholders of the Company (the Annual Meeting) to be held at the DeYor Performing Arts Center, 260 West Federal Street, Youngstown, Ohio, in the Ford Family Recital Hall at the Eleanor Beecher Flad Pavilion on April 27, 2017, at 10:00 a.m., Eastern Time, and at any adjournments thereof.

The DeYor Performing Arts Center (also known as Powers Auditorium) is located directly across from our corporate headquarters, the Home Savings Bank building, on the corner of West Federal Street and Symphony Place. Parking generally is limited to metered parking along West Federal Street, Vindicator Square and Symphony Place. There also are some free parking spaces on Vindicator Square along our building and handicapped spaces on West Federal Street in and around our building.

Additionally, there are a variety of ABM Parking Lots available to the public located throughout downtown Youngstown. There are two lots that are most convenient to the DeYor Performing Arts Center. One is located directly across from the front doors of the DeYor Performing Arts Center and costs \$2.50. Parking is limited, however, as most of the parking spaces are pre-purchased. The parking lot with the most available spaces is the lot located directly across from the front doors of the Vindicator Building on Vindicator Square, south of the Tyler Mahoning Valley History Center located on West Federal Street. This lot costs \$2.00 and has two handicap spots (which are available on first come, first serve basis).

QUESTIONS & ANSWERS

What is a Proxy? What is a Proxy Statement?

A proxy is another person that you legally designate to vote your shares. If you designated someone as your proxy in a written document, the document also is called a proxy or a proxy card.

A proxy statement is a document that the Securities and Exchange Commission (SEC) requires that we make available to you when we ask you to vote your shares at the Annual Meeting. The proxy statement provides you with information to help you vote in an informed manner on matters to be brought up at the Annual Meeting. This proxy statement, notice of the 2017 Annual Meeting, notice of internet availability, form of proxy and the 2016 UCFC annual report are first being sent or made available to shareholders on or about March 17, 2017.

Why am I receiving these materials?

You received these materials because our Board of Directors is soliciting your proxy to vote your shares at the Annual Meeting. As a shareholder, you are invited to attend the Annual Meeting and are entitled to vote on the items of business described in this proxy statement.

How will proxies be solicited for the Annual Meeting? Who bears the cost of this proxy solicitation?

The directors, officers and other employees of the Company and Home Savings Bank (Home Savings) may communicate with shareholders in person or by telephone, telecopy, mail, e-mail or otherwise for the purpose of soliciting proxies. Our directors, officers and employees will receive no additional compensation for such solicitations.

The costs of this proxy solicitation will be borne by the Company. The Company also will reimburse brokerage firms and other persons representing beneficial owners of shares held in street name for their reasonable costs associated with:

Forwarding the Notice to beneficial owners;

Forwarding printed proxy materials by mail to beneficial owners who specifically request them; and

Obtaining beneficial owners' voting instructions.

Table of Contents

Why did I receive a one-page Notice in the mail regarding the Internet availability of proxy materials instead of a full set of proxy materials?

As permitted by the SEC rules, we are making this proxy statement and our 2016 annual report available to our shareholders electronically, via the Internet. On or about March 17, 2017, we mailed to our shareholders of record a Notice of Internet Availability of Proxy Materials (the "Notice") and posted our proxy materials on the website referenced in the Notice (www.edocumentview.com/ucfc).

If you received the Notice by mail, you will not receive a printed copy of the proxy materials in the mail, unless you request a copy. The Notice instructs you on how to access and review all of the important information contained in the proxy statement and the annual report. The Notice also instructs you on how you may submit your proxy over the Internet. If you received the Notice by mail and would like to receive a printed copy of our proxy materials, you should follow the instructions contained in the Notice to request such materials. If you previously requested printed proxy materials or electronic materials on an ongoing basis, you will receive those materials as requested.

Whether or not you expect to attend the Annual Meeting, we encourage you to take advantage of the electronic voting to ensure that your vote is counted at the Annual Meeting.

I share an address with another shareholder, and we received one copy or multiple copies of the proxy materials. How may we obtain multiple copies or only one copy in the future?

When multiple shareholders share a single address, the Company sends a single annual report and proxy statement to that address unless it receives instructions to the contrary. However, each shareholder of record will receive a separate proxy card. This practice, known as "householding," is designed to reduce printing and postage costs.

If you wish to receive a separate copy of these materials this year, please send your written request to the Secretary of the Company at the Company's address noted above or call (330) 742-0500. You may discontinue householding entirely by contacting our stock transfer agent, Computershare, by telephone at (800) 622-6757 or by written instructions sent to Computershare at P.O. Box 30170, College Station, Texas 77842-3170.

A record holder also may request householding by contacting Computershare as noted above. Those holding shares in "street name" may request householding by contacting their bank, broker or other holder of record.

What is the purpose of the Annual Meeting?

At our Annual Meeting, shareholders will act upon the matters outlined in the accompanying Notice, including:

The election of Richard J. Schiraldi, Gary M. Small and Ellen J. Tressel as directors of the Company for three-year terms expiring in 2020;

A non-binding advisory vote to approve the executive compensation;

Ratification of the selection of Crowe Horwath LLP as the Company's independent registered public accounting firm for 2017; and

Any other business that may properly come before the Annual Meeting.

In addition, management will report on the state of the Company and respond to questions from shareholders.

Who is entitled to vote at the Annual Meeting? What are the voting rights of those entitled to vote?

Holders of the Company's common shares at the close of business on the record date may vote at the Annual Meeting. As of March 8, 2017, there were 49,697,647 shares outstanding and, thus, eligible to be voted at the meeting. Each outstanding share will be entitled to one vote on each matter.

What is the Record Date? What does it mean?

The record date for the Annual Meeting is March 8, 2017. The record date is established by our Board, as required by Ohio law. Only those shareholders who own shares of the Company as of the close of business on the record date are entitled to receive notice of the meeting and vote at the meeting and any adjournments or postponements of the meeting.

Table of Contents

What is the difference between a shareholder of record and a street name holder?

Shareholder of Record: If your shares are registered directly in your name with the Company, you are considered the shareholder of record, or a registered holder, with respect to those shares.

Street Name Holder: If your shares are held in a stock brokerage account or by a bank or other nominee, you are considered the beneficial owner of these shares, and your shares are held in street name.

How do I vote before the Annual Meeting?

Shareholders of Record: If you are a shareholder of record, you can submit your proxy to be voted at the meeting:

By Internet If you have Internet access, we encourage you to vote on www.edocumentview.com/ucfc by following instructions on the Notice or proxy card;

By telephone Call toll free 1-800-652-VOTE (8683) within the USA, US territory and Canada and follow the instructions; or

By mail You can vote by completing, signing and promptly returning the enclosed proxy card to the address indicated on the card.

The telephone and Internet voting procedures have been set up for your convenience and have been designed to authenticate your identity, to allow you to give voting instructions and to confirm that those instructions have been recorded properly. If you would like to vote by telephone or the Internet, please refer to the specific instructions set forth on the enclosed proxy card. If you wish to vote by mail, your proxy card must be received prior to the Annual Meeting.

Street Name Holder: If you hold your shares in street name, you must vote your shares in the manner prescribed by your broker or nominee. **We encourage you to promptly provide your broker or other nominee with voting instructions if you want your shares voted and to carefully follow your broker's instructions pertaining to their voting procedures.**

Can I vote my shares in person at the Annual Meeting?

Shareholders of Record: If you are a shareholder of record, you may vote your shares at the meeting by completing a ballot at the meeting. However, even if you plan to attend, we recommend that you also submit your proxy as described above so that your vote will be counted if you later decide not to attend the meeting.

Street Name Holder: If you are a street name holder, you may vote your shares in person only if you obtain a signed proxy from your broker or nominee giving you the right to vote the shares.

Are votes confidential? Who counts the votes?

The votes of all shareholders will be held in confidence from directors, officers and employees of the Company except: (a) as necessary to meet applicable legal requirements and to assert or defend claims for or against the

Company; (b) in case of a contested proxy solicitation; and (c) if a shareholder makes a written comment on the proxy card or otherwise communicates his or her vote to management.

We also will continue, as we have previously, to retain an independent tabulator to receive and tabulate the proxies and an independent inspector of election to certify the results.

How does the Board of Directors recommend that I vote?

Our Board recommends that you vote your shares:

FOR each of the nominees named in this proxy statement for election to the Board;

FOR the proposal regarding an advisory vote on executive compensation; and

FOR the ratification of the selection of Crowe Horwath LLP as the Company's independent registered public accounting firm for 2017.

Can I change my mind after I vote?

You may revoke your proxy any time before the polls close at the Annual Meeting. You may do this by:

Table of Contents

Delivering a written notice expressly revoking the proxy to the Secretary of the Company at the above address prior to the Annual Meeting;

Delivering a later dated proxy to the Company at the above address prior to the Annual Meeting; or

Attending the Annual Meeting and voting in person (except, if you hold your shares in street name, [*i.e.*, you hold your shares with a bank, broker or other nominee] you cannot vote your shares in person unless you obtain a signed proxy from such bank, broker or nominee).

Please note that your attendance at the Annual Meeting will not have the effect of revoking a proxy unless you notify our Corporate Secretary in writing before the polls close that you wish to revoke a previous proxy. We expect that our Corporate Secretary will be present at the Annual Meeting.

What if I return my proxy card but do not provide voting instructions?

If you vote by proxy card, your shares will be voted as you instruct on the proxy card. If you sign and return a proxy card but do not specify how your shares are to be voted, your shares will be voted in accordance with the vote recommendations of the Board FOR the Board's nominees, FOR approval of the Company's executive compensation, and FOR ratification of the selection of Crowe Horwath LLP.

All shares represented by proxies returned to the Company prior to the Annual Meeting will be counted toward the establishment of a quorum for the Annual Meeting, even if marked as ABSTAIN or AGAINST, or if not marked at all.

May my brokerage firm or other intermediary vote my shares if I fail to provide timely directions?

Brokerage firms and other intermediaries holding shares in street name for their customers are generally required to vote such shares in the manner directed by their customers. In the absence of timely directions, your broker may have discretion to vote your shares on certain routine matters under the applicable rules of the self-regulatory organization of which it is a member. For example, the proposal to ratify the selection of Crowe Horwath LLP as our independent auditor for 2017 is considered a routine matter for which brokerage firms are permitted to vote shares even if they have not received voting instructions. However, your broker will not have discretion to vote on other non-routine matters submitted for a vote absent direction from you.

How many votes are needed to elect directors?

The director nominees receiving the greatest number of votes will be elected as directors. Please note that, when voting for directors, you may not cumulate your votes. This means that you may not cast more than one vote per share that you hold for any single nominee.

How many votes are needed to approve the other proposals?

All proposals other than the election of directors at the Annual Meeting including the proposal to approve the executive compensation and the approval of the selection of Crowe Horwath LLP must receive the approval of a majority of the votes cast on the particular matter at the Annual Meeting. For each of these items, you may vote FOR, AGAINST, or ABSTAIN. Abstentions will be counted as present but not voted.

Shareholder approval of the executive compensation and the selection of Crowe Horwath LLP are not binding on the Board. However, your vote on these matters will determine whether such matters are re-considered and revised in the future. Specifically, the outcome of votes with respect to executive compensation will factor into the Compensation Committee's approach to future executive compensation plans and decisions. The shareholders' disapproval of the selection of Crowe Horwath LLP as the Company's independent registered public accounting firm also may lead the Audit Committee to reconsider this selection for the current or any future fiscal year.

Table of Contents

PROPOSAL 1 ELECTION OF DIRECTORS

Our Board has nominated three directors for election at this Annual Meeting for three year terms expiring in 2020. Each nominee is currently serving as a member on the Board. All nominees have agreed to be named in this proxy statement and to serve if elected. We encourage all directors to attend the Annual Meeting, and all nine of our directors attended the 2016 Annual Meeting of Shareholders.

Mr. Altman, the most recent addition to our Board, was appointed as a director of the Company effective February 1, 2017 as required by the Agreement and Plan of Merger between the Company, Home Savings, Ohio Legacy Corp. and Premier Bank & Trust, dated as of September 8, 2016 (the Merger Agreement). Pursuant to the Merger Agreement, the Board approved an expansion of the Board from nine to ten members and elected Mr. Altman to fill the vacancy created this expansion. Subsequently, Mr. Altman was also appointed as a director of Home Savings.

The following sections provide an overview of the Company's corporate governance structure and processes, including the criteria we use in selecting director nominees, our Board leadership structure, risk oversight and certain responsibilities and activities of the Board of Directors and its committees.

Nomination Procedures

Nominees for Board positions may only be proposed by current directors or by shareholders entitled to vote in the election. Shareholders may submit written nominations setting forth the name and qualifications of candidates for the Board. Such nomination must be received by the Company's Secretary at the above address by the 60th day before the first anniversary of the most recent annual meeting of shareholders held to elect directors. In any year, if the annual meeting to elect directors is not held on or before the 31st day following such anniversary, then the Secretary must receive written notice within a reasonable time.

Written nominations should state the nominee's:

Name, age, business or residence address;

Principal occupation or employment;

Particular experience, qualifications, attributes or skills that qualify him or her for election; and

Number of common shares of the Company owned either beneficially or of record and duration of ownership.

Each shareholder recommendation properly submitted and supported by adequate information about the candidate's qualifications will be evaluated by the Nominating and Governance Committee. If a shareholder does not comply with these requirements, then the nominee will be considered invalid and may be disregarded unless the Chairman of the Board or the acting Chairman at the meeting decides to accept the nomination. For the current election, no director nominations have been received from any shareholders of the Company.

Selection of Candidates

The Nominating and Governance Committee (the Governance Committee) considers candidates for recommendation to the Board as potential director nominees who are suggested by its members, other Board members and shareholders. The Governance Committee strives to ensure an appropriate balance of knowledge, experience, skills, expertise and diversity among the Board members while maintaining the director independence required by law and all applicable rules and regulations. In assessing potential candidates, the Governance Committee applies the following principles and criteria set forth in the Company s Nominating and Governance Committee Charter and Corporate Governance Guidelines to determine whether recommendation of such candidate would serve the best interests of the Company, the Company s shareholders and Home Savings.

Table of Contents

NOMINATING AND GOVERNANCE COMMITTEE CHARTER

The Charter charges the Governance Committee to seek a balance of diverse experiences on the Board by recommending candidates who, individually and as a group:

Meet the Company's strategic needs;

Can most effectively meet the long-term interests of the Company and its shareholders;

Possess the highest personal values, judgment and integrity;

Understand the regulatory and policy environment in which the Company and Home Savings operate; and

Have diverse experience in the key business, financial and other challenges faced by the Company and Home Savings.

The Charter identifies the following skills and experiences as desirable in a new director:

Financial services experience,

Community involvement,

Marketing or sales experience,

Financial expertise,

Significant business or real estate experience,

Technological knowledge, and

Business development expertise.

GOVERNANCE GUIDELINES

The Guidelines establish the following standards to be used in assessing director qualifications. The Governance Committee must consider whether the candidate:

Has 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;

Possesses particular skills, expertise or financial wherewithal that enhance the overall composition of the Board;

Serves as a member of a board or audit Committee of any other publicly held corporations, which membership is limited to no more than four other boards and two other audit Committees;

Is affiliated with a service provider to the Company; and

Owns any common shares of the Company.

Share ownership by a director demonstrates a commitment to the Company and aligns such director's interest with those of you, the shareholder. If a candidate does not own shares of the Company, such candidate must acquire, within three years of election, at least three times the value of the annual retainer paid to directors in share value. If a director fails to do this and demonstrates no good reason for the failure, the director's fees will be applied to acquire this minimum ownership level, subject to Federal and state securities laws and regulations.

Both the Nominating and Governance Committee Charter and the Corporate Governance Guidelines can be obtained by following the link under Corporate Information on the Company's investor relations web page at <http://ir.ucfconline.com/govdocs.aspx?iid=4002033>.

At a minimum, all directors should be able to commit the requisite time to prepare for and attend the regularly scheduled Board and committee meetings. Directors also should be available to participate in any Board and Company matters necessary to ensure good corporate governance and effective service to the needs of the Company and our shareholders. Any director who reaches the age of 75 before the end of his or her term must retire on or before the first annual meeting of shareholders at which the director would stand for re-election. No nominee is discriminated against on the basis of his or her gender, race, religion, national origin, sexual orientation, disability or on any other basis proscribed by applicable law or regulation.

We believe that a Board composed of directors with a wide variety of skills, expertise, professional experience and civic background contributes to the overall success of the Company. This is why, in applying the above criteria, the Governance Committee does not assign any particular weight to each criterion and considers the Board composition as a whole. The selection process ensures a variety of perspectives on any issues faced by the Board and allows the Board to fully meet its responsibilities to our shareholders, employees and the broader community.

Table of Contents

Nominees for Director

The Board recommends that you vote FOR each of the following nominees to the Board of Directors for a three-year term expiring in 2020:

Richard J. Schiraldi, Chairman

Independent

Current Roles:

Age: 62

Chairman of the Board.

Director Since: 2002

Chairman and Director of Home Savings (since 2005).

Committee Memberships:

Prior Business Experience:

Member, Audit Committee.

Partner, Cohen & Company, Certified Public Accountants in Youngstown, Ohio (1990 to December 31, 2016).

Member, Compensation Committee.

Director of Tax Operations in Youngstown, Ohio office of Cohen & Company (1983 to 2003).

Chairman, Executive Committee.

CPA, Touche Ross.

Chairman, Governance Committee.

Owner and Director of Sequoia Financial Group, LLC, which provides services including financial planning, asset management, insurance sales, estate planning and employee retirement design and implementation.

Ex-Officio Member of all other Board Committees.

Significant Areas of Expertise:

31 years of public CPA experience.

Experienced business owner.

Community Involvement:

Distinguished record of service as trustee and director for numerous non-profit entities.

The Governance Committee and Board believe that the attributes, skills and qualifications developed by Mr. Schiraldi throughout his 31 years as a CPA as well as his experience as the owner and manager of privately held businesses and director of numerous not-for-profit entities enable him to contribute significant insight to the Board in the areas of strategic planning, tax, accounting and financial, local community affairs and leadership. Due to his specific expertise and experience, Mr. Schiraldi also may serve as a financial expert to the Audit Committee, which is required by the rules applicable to companies listing on the NASDAQ Stock Market.

Gary M. Small

Age: 56

Prior Business Experience:

Director Since: 2014

Senior Executive Vice President and Chief Banking Officer for S&T Bank, located in Indiana, PA (January 2013 to March 2014), including responsibility for wealth management, retail banking and insurance business groups.

Current Roles:

President and Chief Executive Officer of the Company and Home Savings (since April 2014).

Various senior executive officer positions with Jackson Hewitt Tax Services, including Senior Vice President of Customer Operations (May 2011 to December 2012) and Chief Operating Officer (January 2009 to May 2011).

Executive Vice President and Regional Banking Group President for Huntington National Bank.

Director of Home Savings
(since March 2014).

Executive Vice President and Head of Regional Banking for Sky Financial
Group.

Committee Memberships:

20 years in a number of senior operating and financial roles with National

Member, Executive
Committee.

Table of Contents

Member, Home Savings Board Loan Committee.	City Corporation and its predecessor Merchants National Corporation, including four years as Executive Vice President and Retail Network Executive with responsibility for over 200 branch locations across the Midwest.
---	--

Member Home Savings Trust
Committee.

Significant Areas of Expertise:

Over 31 years of banking experience.

Extensive financial and operations leadership experience.

The Board believes that the attributes, skills and qualifications that Mr. Small has developed throughout more than 31 years of service in the banking industry allow him to provide technical knowledge in all operational areas of banking (including administration, operations, audit, accounting and finance, marketing, retail banking and lending) and to contribute invaluable insight to the Board in areas of business, strategic planning, financial institutions, mergers and acquisitions and leadership.

Ellen J. Tressel

Independent

Current Roles:

Age: 63

Director of Home Savings (since October 2014).

Director Since: 2014

Prior Business Experience:

Committee Memberships:

Approximately 14 years with Butler Wick & Co., Inc., a securities brokerage firm, where she served as Vice President of Trading for 11 years.

Member, Governance
Committee.

Significant Areas of Expertise:

Member, Risk Management
Committee.

Securities and Financial Services.

Chairwoman, Home Savings
Trust Committee.

Community and local affairs.

Community Involvement:

Currently serves and has a history of serving as a director of numerous charitable organizations.

The Board believes that the attributes, skills and qualifications that Mrs. Tressel has developed through her lifelong community service and her experience in the financial services industry enable her to contribute to the Board her financial and strategic planning expertise, local perspective on community affairs and valuable leadership insight. Mrs. Tressel also enhances the Board's diversity, which is one of the Governance Committee's goals in recruiting potential directors.

The above information, as of the date of this proxy statement, concerning the age, principal occupation, affiliations and business experience of each nominee for election as a director of the Company has been furnished to us by each nominee. If any nominee is unable to stand for election, any proxies granting authority to vote for such nominee will be voted for such substitute candidate as the Board recommends.

The Board of Directors recommends that you vote FOR each of the nominees named above.

Table of Contents

The Board of Directors recommends that you vote FOR each of the nominees named above.

Continuing Directors

Below are the individuals who will continue to serve as directors of the Company and Home Savings in the upcoming year:

Marty E. Adams

Independent

Prior Board Experience:

Age: 64

Director of PVF Capital Corp. (PVF) (January 2010 to February 2013).

Director Since: 2013

Director of Park View Federal Savings Bank (Park View Bank), subsidiary of PVF (September 2009 to February 2013).

Current Roles:

Director of Sky Financial Group, Inc.

President of Marty Adams Consulting, LLC.

Director of Huntington Bancshares, Inc.

Managing Member of Strategic Value Bank Partners, LLC.

Prior Business Experience:

Director of GulfShore Bank and GulfShore Bancshares, Inc.

Interim Chief Executive Officer of PVF and Park View Bank (March 2009 to September 2009).

Director of First National Bank of America.

President and Chief Operating Officer of Huntington Bancshares, Inc., following Huntington Bancshares acquisition of Sky Financial Group, Inc. (July 2007 to December 2007).

Committee Memberships:

Chairman and Chief Executive Officer of Sky Financial Group, Inc.

Chairman, Compensation
Committee.

Significant Areas of Expertise:

Member, Executive
Committee.

Extensive leadership experience at several financial institutions.

Advises banks and their boards in bank operations and governance.

Member, Home Savings Board
Loan Committee.

Advises private equity firms regarding bank equity investments.

Community Involvement:

Trustee for the University of Mount Union.

Member of the Foundation Board of West Liberty University.

The Board believes that the attributes, skills and qualifications that Mr. Adams has developed through more than 32 years of experience in the banking and financial services industries, as well as his service in significant public company leadership positions, including as Chief Executive Officer of multiple financial institutions, enable him to contribute technical knowledge to the Board in nearly all operational areas of banking, including administration, operations, marketing, retail banking and residential, consumer and commercial lending. Mr. Adams also provides invaluable insight in the areas of business, strategic planning, capital planning and raising, mergers and acquisitions, finance, and leadership.

Zahid Afzal

Independent

Prior Business Experience:

Age: 54

More than 28 years of experience as a senior information technology and business executive to top global and regional financial services and progressive technology companies, including Huntington National Bank, Bank of America, Broadslate Networks, Citibank and MCI Telecommunications.

Director Since: October 2013

Current Roles:

Senior Executive Vice President and Chief Information Officer (CIO) for Huntington National Bank (March 2006 to February 2013).

Chief Information Officer and Operating Officer of Capital Bank Financial Corp. (since October 2013).

Consultant to various financial institutions, including to Capital Bank located in Raleigh, NC (February 2013 to October 2013).

Significant Areas of Expertise:

Director of Home Savings (since October 2013).

Management of companywide information technology while at Huntington National Bank and responsibility for Huntington's governing operations and eCommerce functions.

Table of Contents

Committee Memberships:

Honored as one of ComputerWorld's Top 100 CIOs due to his strong background and achievements in information technology.

Chairman, Audit Committee.

Member, Executive
Committee.

Member, Risk Management
Committee.

The Governance Committee and Board believe that the attributes, skills and qualifications that Mr. Afzal has developed through approximately 29 years as a senior information technology and business executive allow him to provide significant guidance and expertise in many operational areas of banking. He also has contributed and can continue to contribute invaluable insight to the Board in the areas of business, strategic planning, financial, mergers and acquisitions, information technology and enterprise-wide risk management. Due to his specific expertise and experience, Mr. Afzal also may serve as a financial expert to the Audit Committee, which is required by the rules applicable to companies listing on the NASDAQ Stock Market.

Table of Contents

Louis M. Altman

Independent

Current Roles:

Age: 48

Co-managing partner of the A. Altman Company (Altman Company), a full service real estate development firm for commercial, residential, office, medical and hotel properties, since 1999.

Director Since: February 1, 2017

Director of Home Savings (since February 1, 2017).

Committee Memberships:

Prior Business Experience:

Member, Governance Committee.

Partner of Altman Company (1991 to 1999).

Member, Home Savings Trust Committee.

Regional Director of Western Reserve Region, Sky Bank.

Member, Home Savings Board Loan Committee.

Significant Areas of Expertise:

Experienced director of a financial institution.

Prior Board Roles:

Director of Ohio Legacy Corp. (February 2010 to January 31, 2017).

Extensive background in managing, developing and financing commercial real estate ventures.

Director of Premier Bank & Trust (February 2010 to January 31, 2017).

Direct involvement in all aspects of the business, including acquisitions, site selection, development, financing, leasing, management and property disposition.

Director of Sky Bank (2006 to 2007).

The Governance Committee and Board has determined that that the attributes, skills and qualifications developed by Mr. Altman through his role as a director of financial institutions over the past 10 years and his broad experience in real estate development would benefit the Board due to his unique insight in the areas of financing, property management, acquisition, business development and leadership.

Table of Contents

Patrick W. Bevac

Age: 70

Previous Company Roles:

Director Since: 2010

President and Chief Executive Officer of the Company (January 2011 to March 2014).

Current Roles:

President and Chief Executive Officer of Home Savings (March 2009 to March 2014).

President of PWB Consulting, LLC.

President and Chief Operating Officer of the Company (January 2007 to March 2009).

Director of Home Savings (since 2007).

Executive Vice President, Chief Financial Officer and Treasurer of Home Savings (June 2003 to January 2007).

Director on a number of non-profit boards.

Senior Vice President of Mortgage Lending for Home Savings (June 2000 to June 2003).

Committee Memberships:

Prior Business Experience:

Member, Risk Management Committee.

Executive Vice President, Chief Financial Officer and Assistant Secretary of Metropolitan Bank and Trust.

Member, Executive Committee.

Significant Areas of Expertise:

Member, Home Savings Board Loan Committee.

Over 39 years of banking experience.

CPA (currently inactive).

MBA in finance.

The Governance Committee and Board believe that the attributes, skills and qualifications that Mr. Bevacca has developed through over 40 years of service in the banking industry enable him to contribute to the Board through his technical knowledge in all operational areas of banking (including administration, operations, audit, accounting and finance, marketing, retail banking and residential, consumer and commercial lending) and invaluable insight in the areas of business, strategic planning, financial, mergers and acquisitions and leadership.

Lee Burdman

Independent

Current Roles:

Age: 53

Co-Founder and Managing Partner of Redstone Investments, a development, management and acquisitions company focused on shopping center development, headquartered in Youngstown, OH.

Director Since: April 2011

Director of Home Savings (since April 2011).

Committee Memberships:

Prior Board Experience:

Member, Audit Committee.

Director of a local community bank and the local bank's regional successor following its merger.

Member, Compensation Committee.

Significant Areas of Expertise:

Chairman, Home Savings
Board Loan Committee.

Owning, managing and developing real estate.

Commercial real estate lending.

Financial literacy.

Executive management experience.

Community Involvement:

Long history of director positions on a number of community boards.

The Governance Committee and Board believe that the attributes, skills and qualifications that Mr. Burdman has developed through 30 years of experience in real estate development, in addition to his noteworthy knowledge in the areas of commercial real estate lending and financial literacy, contribute to the balance of expertise among our Board members. Mr.

Table of Contents

Burdman also possesses valuable financial and leadership experience through his executive management of Redstone Investments as Co-Founder and Managing Partner as well as his board position with a local community bank and successor regional bank that would enable him to provide insight to the Board with regards to lending, real estate, strategic planning insight and local community affairs.

Scott N. Crewson

Independent

Current Roles:

Age: 60

Director of Home Savings (since 2009).

Director Since: 2009

Prior Business Experience:

Committee Memberships:

More than 27 years in executive-level positions at BP plc, in London, England, including most recently as Deputy Director for Business Development from 2005 through 2008.

Member, Compensation Committee.

Commercial Manager for Toledo Refinery (1998 to 2004).

Member, Audit Committee.

Significant Areas of Expertise:

Member, Risk Management Committee.

Extensive experience in business development and strategic planning for a Fortune Global 500 company.

The Governance Committee and Board believe that the attributes, skills and qualifications, including, but not limited to, profit and loss management, new business development, performance management, risk management and strategic planning, that Mr. Crewson has developed through his myriad of executive-level positions with BP plc provide significant contributions to the Board. Mr. Crewson offers a highly developed business acumen that enables him to provide invaluable business insight, leadership, guidance and expertise in the areas of strategic planning, risk management and profit and loss management. Having served BP internationally across several geographies and cultures, Mr. Crewson also adds diversity of experience to the Board.

The Honorable Scott D. Hunter

Independent

Current Roles:

Age: 54

Director of Home Savings (since 2009).

Director Since: 2009

Area Court Judge and Judge of Misdemeanor Drug Court in Mahoning County, Ohio (since July 1999).

Committee Memberships:

Managing member of Hunter Hunter-Stevens Land Title Agency, LTD in Canfield, Ohio (since 1998).

Member, Audit Committee.

Maintains a private law practice.

Member, Compensation Committee.

Prior Business Experience:

Chair, Risk Management Committee.

Partner, Davis & Davis law firm.

Significant Areas of Expertise:

Legal services.

Real estate, title and escrow industry.

The Governance Committee and Board believe that the attributes, skills and qualifications developed by Judge Hunter throughout approximately 29 years of providing legal services and working in the real estate, title and escrow industries, in addition to his vast community, public and political service, give him considerable experience within the banking and lending industry that enables him to serve on the Company's Board. Judge Hunter also contributes to the Board his significant guidance and expertise in the areas of regulatory compliance, community perspective, lending and real estate and leadership. His public and private sector background enhances director diversity.

Table of Contents

The above information, as of the date of this proxy statement, concerning the age, principal affiliations and business experience of each of the continuing directors of the Company has been furnished to us by each director.

Director Independence

Board Member Independence. The current Board consists of ten directors, one of whom is currently employed by the Company (Mr. Small). After conducting an annual review, the Board has determined that eight of the non-employee directors on the current Board (Messrs. Adams, Afzal, Altman, Burdman, Crewson, Hunter and Schiraldi and Mrs. Tressel) are independent in satisfaction of applicable rules and legal requirements. To qualify as independent, each director must (a) satisfy the independence requirements established by listing rules of the NASDAQ Stock Market (NASDAQ), (b) constitute a non-employee director as defined by Rule 16b-3 under the Securities Exchange Act of 1934, as amended (the Exchange Act) and (c) constitute an outside director as defined by Section 162(m) of the Internal Revenue Code of 1986, as amended (the Code).

Committee Independence. All members of the Audit Committee, Compensation Committee and Governance Committee must qualify as independent directors, according to the NASDAQ listing rules. These rules provide that a director is only independent if the company's board of directors makes an affirmative determination that the director has no material relationship with the Company that would impair his or her independence. Heightened independence standards are also imposed for:

Audit Committee members, who must satisfy independence criteria in Rule 10A-3 of the Exchange Act. To meet this standard, a member of the Audit Committee may not, other than in his or her capacity as a member of the Audit Committee, the Board of Directors, or any other Board committee (1) accept, directly or indirectly, any consulting advisory or other compensatory fee from the Company or any of its subsidiaries and (2) be an affiliated person of the Company or any of its subsidiaries.

Compensation Committee members, who will be evaluated according to the independence criteria set forth in the NASDAQ listing rules. In considering a director's independence, the Board must consider all factors relevant to determining whether a director has a relationship with the Company which is material to that director's ability to be independent from management in connection with the duties attendant to membership on the committee, including but not limited to: (1) the source of such director's compensation, including any consulting, advisory, or other compensatory fee paid by the Company to such director; and (2) whether such director is affiliated with the Company or any of its subsidiaries or affiliates.

The Board has determined that all members of the Audit Committee, Compensation Committee and Governance Committee are independent and, where applicable, also satisfy these committee-specific independence requirements.

Director Attendance

During 2016, the Board met eight times for regularly scheduled meetings, one time for a special meeting and one time for a joint special meeting of the Company and Home Savings Boards. No director attended less than 75% of all meetings of the Board and the committees on which such director serves.

Leadership Structure

Mr. Schiraldi currently serves as Chairman of the Company's Board and the Board of Home Savings. Our Governance Committee, after reviewing the Board leadership structure, continues to believe that an independent, non-executive Chairman provides the most effective Board leadership structure for the Company, while allowing the Board to benefit from Mr. Schiraldi's significant leadership experience and financial services expertise. Having served in this position since 2010, Mr. Schiraldi continues to meet the needs of the Board and fulfill the following responsibilities as Chairman:

Ensuring independent and open discussions among Board members, including at least quarterly executive sessions of all outside directors, and monthly executive sessions of all Board members;

Addressing and leading the discussion regarding any governance issues as they arise;

Table of Contents

Serving as liaison among and between independent directors and the President and CEO with respect to issues not readily or easily discussed in a formal setting;

Overseeing annual committee evaluations and an evaluation of the full Board;

Partnering with the President and CEO to achieve our strategic goals and to establish a pathway between the Company's governance and management; and

Strengthening organizational unity, fostering respect for organizational history and ensuring effective succession planning for the CEO and Board.

As the independent, non-executive Chairman of the Board, Mr. Schiraldi serves on all Board committees, either as an appointed member or as an ex-officio member, and presides over all executive sessions of the Board. The Board believes that this structure is essential to enhancing the Board's governance practices, ensuring open discussions among independent directors, facilitating independent communication between the Board and management, and establishing effective leadership within the Board.

While the Board may modify this structure, if necessary, the Board has determined that the current structure continues to provide efficiency in corporate governance and to protect the Company's best interests by:

Providing separate roles of Board Chairman and Chief Executive Officer to ensure strong corporate governance practices because our President and Chief Executive Officer can focus on executing the Company's strategies in day-to-day management and operations, while Mr. Schiraldi, our Chairman, can focus on governance matters and building an effective relationship between the Board and management; and

Enhancing the Board's risk oversight function through the Chairman's participation in the activities of each committee and role as a source of information with regards to material risks encountered by such committees.

Board Committees

The Board has an Audit Committee, an Executive Committee, a Compensation Committee, a Nominating and Governance Committee and a Risk Management Committee. The primary responsibilities of each committee are set forth below, together with the current membership and number of meetings. Committee charters for the Audit, Compensation, Governance and Risk Management Committees may be found under "Corporate Governance" at <http://www.ucfconline.com/>.

Audit Committee

The Audit Committee oversees the Company's accounting and internal auditing functions and controls, as well as its loan review processes. The Audit Committee also must: (1) appoint an independent registered public accounting firm to audit the Company's financial statements and internal controls over financial reporting; (2) engage a fully outsourced internal audit firm to administer the Company's internal audit plan; and (3) engage a fully outsourced (and independent) loan review firm.

The current members of the Audit Committee include: Zahid Afzal (Chairman), Lee Burdman, Scott N. Crewson, Scott D. Hunter and Richard J. Schiraldi. The Board has determined that Messrs. Afzal and Schiraldi qualify as audit committee financial experts.

The Audit Committee met eight times during 2016 and one time in a joint meeting with the Risk Management Committee.

Compensation Committee

The Compensation Committee assists the Board in overseeing the Company's compensation practices, programs and arrangements for the Company's executive officers and directors. Attendant to this responsibility, the Committee annually determines the compensation package for the Company's executive officers, including the Named Executive Officers for whom compensation is required to be disclosed in the Summary Compensation Table below on page 34, and certain executive officers of Home Savings. After taking into account the response from shareholders at the 2016 Annual Meeting, the Compensation Committee approved the executive officers' base salaries for 2016 and the target awards for 2016 made under the Annual Incentive Plan and the 2015 Long Term Incentive Compensation Plan, as further discussed below.

The Compensation Committee has the authority to engage an independent compensation consultant in determining the Company's practices regarding executive compensation. The role of the independent compensation consultant is discussed more fully below under "Compensation Discussion and Analysis" Role of the Independent Compensation Consultants. Occasionally, the Compensation Committee will invite certain members of management to discuss the Company's

Table of Contents

performance and to provide additional information on matters affecting the compensation of each of the executive officers. Executives in attendance may provide their insights and suggestions, but they do not vote on decisions regarding executive compensation. In addition, Mr. Small did not make recommendations to the Compensation Committee regarding his compensation, and all decisions regarding his compensation are made in executive sessions of the committee and the Board, without his presence.

As a committee composed of non-employee directors, the Compensation Committee also periodically reviews and makes recommendations to the Board regarding the appropriate fees to be paid by the Company to its non-employee directors. Our executive officers have no role in determining the amount or form of non-employee director compensation. The Compensation Committee may retain one or more compensation consultants, as it deems necessary or appropriate, to assist in the evaluation of director compensation.

The current members of the Compensation Committee include: Marty E. Adams (Chairman), Lee Burdman, Scott N. Crewson, and Richard J. Schiraldi.

The Compensation Committee met five times during 2016.

Compensation Committee Interlocks and Insider Participation. Marty E. Adams (Chairman), Zahid Afzal, Lee Burdman, Scott N. Crewson, Richard J. Schiraldi and Ellen J. Tressel served on the Compensation Committee during 2016. There were no Compensation Committee interlocks or insider (employee) participation during 2016.

Nominating and Governance Committee

The Governance Committee oversees the Board's corporate governance procedures and practices, including evaluating recommendations of potential director nominees from directors and shareholders, recommending such candidates to the Board for nomination and overseeing governance matters affecting officers and directors. The Governance Committee evaluates nominations properly submitted by shareholders on the same basis that it considers nominations submitted by directors.

The current members of the Governance Committee include: Louis M. Altman, Scott D. Hunter, Richard J. Schiraldi (Chairman) and Ellen J. Tressel.

The Governance Committee met four times during 2016.

Risk Management Committee

The Risk Management Committee oversees the governance of specific risks faced by the Company, as more fully described below under **BOARD LEADERSHIP STRUCTURE AND RISK OVERSIGHT** **Role of Board in Risk Oversight**. In discharging this responsibility, the Risk Management Committee reviews management's efforts to assess, monitor and mitigate enterprise wide risks within the organization.

The current members of the Risk Management Committee include: Zahid Afzal, Patrick W. Bevac, Scott N. Crewson, Scott D. Hunter (Chairman) and Ellen J. Tressel.

The Risk Management Committee met four times during 2016 and one time in a joint session with the Audit Committee.

Table of Contents

Executive Committee

The Executive Committee oversees the Company's strategic growth plans as it relates primarily to mergers and acquisitions. The Committee is delegated authority to engage investment bankers, legal counsel and other advisors in connection with evaluating the Company's strategic alternatives. The Committee also has been delegated authority to review and approve non-binding indications of interest made on behalf of the Company with respect to potential mergers and acquisitions.

The current members of the Executive Committee include: Marty E. Adams, Zahid Afzal, Patrick W. Bevac, Richard J. Schiraldi (Chairman) and Gary M. Small.

The Executive Committee met three times in 2016.

Risk Management

Risk management is essential to the long-term health of the Company. We have established processes to manage the risks inherent in the Company's operations and will continue to assess and revise these processes as necessary. While management provides the day-to-day oversight of risks, the Board and its committees oversee the enterprise risk management process. The Board has established appropriate risk tolerances for all aspects of the organization's business through reviewing and adopting corporate policies and establishing certain key risk and performance indicators.

To remain abreast of the effectiveness of the Company's risk management processes, the Board regularly reviews reports from members of senior management on areas of material risk and evaluates committee meeting minutes, noting the committee's discussion of such risks and identification of necessary actions. The Board's open communication with management and coordination of risk oversight functions between its committees help the Board to consistently assess and modify, if necessary, the Company's risk identification, management and mitigation strategies.

Several UCFC and Home Savings committees, including the Audit, Compensation, Risk Management and Home Savings Board Loan Committee, assist the Board in fulfilling its oversight responsibility. Mr. Schiraldi, as an appointed or ex-officio member on all these committees, ensures that each director is aware of the material risks that have been reported to and discussed by the various committees.

The Audit Committee assists the Board in fulfilling its risk oversight responsibilities with respect to the areas of internal control over financial reporting and disclosures, related procedures, and legal and regulatory compliance. The Audit Committee identifies such risks through review of reports from our independent internal auditor, independent loan review firm and independent public accounting firm, as well as reports from our President and CEO, Chief Financial Officer, Chief Risk Officer, General Counsel and Chief Compliance Officer.

The Compensation Committee assesses the risks inherent in compensation programs for management, including our incentive compensation programs. By reviewing and assessing executive compensation, developing and monitoring these incentive programs and recommending equity awards under our Long-Term Incentive Compensation Plan to the Board or independently approving such awards itself, the Compensation Committee gains a comprehensive and in depth view of the functioning and effectiveness of such compensation programs and processes. The Compensation Policies and Practices Risk Assessment report from the Senior Vice President of Human Resources also provides an avenue to monitor the risks arising from such programs. The Risk Assessment is done on an annual basis, and it has demonstrated that the Company's compensation policies and practices are not likely to have a material adverse effect

on the Company.

The Risk Management Committee assists the Board in overseeing our enterprise-wide risks, including credit, market, liquidity, operational, legal, reputational, compliance and regulatory risks. Towards this end, the committee monitors the key risks, assesses management's compliance with our Corporate Risk Management and Control Policy and the risk tolerances established by the Board, and reviews the status of any corrective measures or enhancements resulting from examination findings and recommendations as well as our legal and regulatory compliance. The Committee has extensive authority for reviewing and approving changes to the Company's corporate policies that impact the Company's risk profile.

Combined efforts among the committees also ensure that these risk management functions are fluid and shared by all members of our Board. For example, the Audit and Risk Management Committees conducted a joint meeting in January 2016 to discuss major risks facing the Company, e.g., our efforts to mitigate cybersecurity risks, and to review and approve the 2016 internal audit plan.

The Home Savings and management-level committees also provide added support to our risk management processes.

Table of Contents

Two significant Home Savings committees with respect to risk management include the Home Savings Board Loan Committee and the Home Savings Officers Risk Management Committee.

The Home Savings Board Loan Committee primarily reviews all loans to borrowers whose aggregate loan relationship exceeds \$10.0 million and receives monthly reports regarding commercial loans approved by the Executive Officers Loan Committee that exceed \$5.0 million and the Officers Loan Committee that exceed \$2.0 million. The committee's charter provides that its membership must include at least two non-employee directors, each of whom shall be appointed annually by the Board upon recommendation from the Governance Committee, Board Chairman and the Company's President and CEO. The current members of the Home Savings Board Loan Committee include: Marty E. Adams, Louis M. Altman, Patrick W. Bevac, Lee Burdman (Chairman) and Gary M. Small. The committee met ten times during 2016.

The Home Savings Officers Risk Management Committee, under the leadership of our Chief Risk Officer, oversees and reports the results of various risk assessments, including those conducted by members of the Officers Risk Management Committee with respect to credit, market, liquidity, operational, compliance and regulatory risks. As such assessments are completed, the Chief Risk Officer reports the results of such assessments directly to the Board Risk Management Committee. The Home Savings Officers Risk Management Committee also receives quarterly reports regarding changing risks associated with each of the identified risk areas and all key risk indicators monitored by management and the Board.

The management-level Disclosure Committee reviews SEC disclosures, including but not limited to our earnings releases, Forms 10-K and 10-Q and proxy statements. Home Savings also has the following management-level committees: Asset/Liability Committee, Asset Review Committee, Community Reinvestment Act Committee, Compensation and Benefits Committee, Investment Committee, Information Technology Steering Committee, Executive Officers Loan Committee, Officers Loan Committee, Officers Risk Management Committee and Officers Trust Committee. Each of these committees has responsibility for assessing and monitoring risks that arise within their area of expertise and must report to our Board on any risks reviewed and assessed.

Compensation of Non-Employee Directors

Our non-employee directors receive cash compensation in the form of an annual retainer and equity compensation in the form of restricted shares. The Compensation Committee and Board believe that directors should have an ownership interest in the Company and that awarding restricted shares as part of Board compensation effectively aligns the interests of directors and shareholders by putting a portion of director compensation at risk. The Compensation Committee and Board contemplate that future equity awards in the form of restricted shares will be issued to directors as additional compensation or in lieu of cash compensation.

Annual Retainer. Based upon an extensive director compensation review conducted in 2015 and discussed below, directors receive an annual retainer of \$15,000 in cash and \$25,000 in restricted shares. The restricted shares, which are awarded annually in quarterly installments and vest one year from the date of grant, help align the interests of Board members and shareholders. Mr. Small, as an executive officer of the Company, received no compensation for his Board service. Currently, all directors of the Company also serve on Home Savings' Board. For their service on Home Savings' Board, the directors do not receive an additional retainer.

Mr. Schiraldi, our independent, non-executive Chairman of the Board, received an additional annual retainer of \$15,000 in cash and \$15,000 in restricted shares. The restricted shares are awarded annually in quarterly installments and vest two years from the date of grant.

During 2016, the directors received four awards of restricted shares representing a portion of their annual retainer, with each award equaling \$6,250 in restricted shares. Mr. Schiraldi also received \$3,750 additional restricted shares in each quarter of 2016 as part of his additional retainer for serving as Chairman. The restricted share awards were made under the Company's 2015 Long Term Incentive Compensation Plan.

Committee Meeting Fee; Retainer. As a result of the director compensation study completed in 2015, for all Committees of the Board, with the exception of the Executive Committee (which meets on an as needed basis without predictability), the Board approved annual retainers in lieu of per meeting fees. The amount of the retainer was based upon a review of director compensation of peer companies and consideration of the number of meetings and time commitment of directors necessary to prepare and participate in the various committee meetings. The retainers for the committee chair and members are set forth in the table below and are paid on a quarterly basis:

Table of Contents

Committee	Chair Annual Retainer	Member Annual Retainer
Audit	\$ 10,000	\$ 7,500
Board Loan	\$ 8,000	\$ 6,000
Compensation	\$ 8,000	\$ 6,000
Nominating & Governance	\$ 6,000	\$ 4,500
Risk Management	\$ 8,000	\$ 6,000
Trust	\$ 6,000	\$ 4,500

The Executive Committee chairman and members are paid a per-meeting fee of \$800 and \$600, respectively.

The table below sets forth the fees earned by or paid to, and the option and restricted share awards granted to, each non-employee director in 2016:

Name⁽²⁾	Fees Earned or Paid in Cash (\$)	Stock Awards (\$)⁽¹⁾	Option Awards (\$)⁽¹⁾	Total (\$)
Marty E. Adams	\$ 35,300	\$ 25,000		\$ 60,300
Zahid Afzal	37,000	25,000		62,000
Patrick W. Bevac	28,800	25,000		53,800
Lee Burdman	36,500	25,000		61,500
Scott N. Crewson	30,800	25,000		55,800
Scott D. Hunter	34,500	25,000		59,500
Richard J. Schiraldi	51,900	40,000		91,900
Ellen J. Tressel	31,500	25,000		56,500

- (1) The total number of outstanding (vested and unvested) stock and options awards for each director as of December 31, 2016 is as follows: Mr. Adams: 4,141 in restricted shares and 4,000 options; Mr. Afzal: 4,141 in restricted shares and 4,000 options; Mr. Bevac: 4,141 in restricted shares and 60,000 options (all of which Mr. Bevac received during his tenure as an employee of the Company); Mr. Burdman: 4,141 in restricted shares and 4,000 options; Mr. Crewson: 4,141 in restricted shares; Mr. Hunter: 4,141 in restricted shares and 3,000 options; Mr. Schiraldi: 7,374 in restricted shares and 57,632 options; and Mrs. Tressel: 4,141 in restricted shares.
- (2) As Mr. Altman was not appointed to the Board until January 31, 2017, so he received no reportable compensation in 2016.

PROPOSAL 2 NON-BINDING ADVISORY VOTE ON EXECUTIVE COMPENSATION

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the "Dodd-Frank Act"), and Section 14 of the Exchange Act, require that our shareholders have an opportunity to approve, in a non-binding advisory vote, the compensation of the Named Executive Officers as disclosed in this proxy statement. Our Named Executive Officers are those individuals included in the Summary Compensation Table on page 34 of this proxy statement. The compensation being approved is the compensation required to be disclosed in this proxy statement by applicable SEC rules, including the compensation described in the Compensation Discussion and Analysis, the accompanying tables and any related material disclosed in this proxy statement.

The Board has structured the Company's executive compensation program with the following objectives in mind:

Compensation should be directly linked to corporate operating performance and, with the exception of the President and CEO, personal performance; and

All officers should receive fair and equitable compensation for their respective levels of responsibility and supervisory authority compared to our approved peer group as well as their peers within the financial services industry.

The Board urges you to read the Compensation Discussion and Analysis starting on page 22 of this proxy statement and the related compensation tables and narrative through page 34 prior to voting on the Company's executive compensation.

Table of Contents

The Board is asking you to approve the following resolution, which will be submitted for a shareholder vote at the Annual Meeting:

RESOLVED, that the shareholders approve the compensation of our named executive officers as named in the Summary Compensation Table of the Company's 2017 Proxy Statement, as described in the Compensation Discussion and Analysis, the compensation tables and the related disclosure contained on pages 22 to 34 in the Proxy Statement.

Because your vote is advisory, it will not be binding upon the Board, overrule any decision made by the Board or create or imply any additional fiduciary duty by the Board. The Compensation Committee will review and consider the outcome of the vote and may take into account the outcome when considering future executive compensation arrangements.

The Board recommends that you vote FOR the approval of our executive compensation.

EXECUTIVE OFFICERS

The following information is supplied for certain executive officers of the Company and Home Savings who do not serve on the Board:

Name	Age	Position held
Timothy W. Esson	67	Chief Financial Officer of UCFC; Executive Vice President and Chief Financial Officer, Home Savings
Matthew T. Garrity	50	Executive Vice President Commercial Lending and Credit Administration, Home Savings
Jude J. Nohra	48	General Counsel and Secretary of UCFC; Executive Vice President Corporate Governance, General Counsel and Secretary, Home Savings
Barbara J. Radis	48	Executive Vice President Retail Banking, Home Savings

Timothy W. Esson. Mr. Esson was appointed Chief Financial Officer of the Company on February 24, 2015.

Mr. Esson also serves as the Executive Vice President and Chief Financial Officer of Home Savings, positions held since March 2011. Prior to becoming CFO of the Company, Mr. Esson served as Principal Accounting Officer and Treasurer of the Company, beginning April 10, 2014. Mr. Esson also served as Vice President of Finance of Home Savings from May 2003 until March 2011.

Matthew T. Garrity. Mr. Garrity has been Executive Vice President, Commercial Lending and Credit Administration of Home Savings since June 2013. Prior to that time, Mr. Garrity served as Senior Vice President and Chief Credit Officer from June 2009 until June 2013. Mr. Garrity served as Senior Vice President National City Capital Markets Investment Banking in Cleveland, Ohio from 2008 until he joined Home Savings. Prior to that, Mr. Garrity served as National City Corporation's Deputy Chief Credit Officer Northern Ohio Credit Administration in Cleveland, Ohio from 2007 until 2008, and Senior Vice President/Senior Portfolio Manager in Cleveland, Ohio from 2005 until 2007.

Jude J. Nohra. Mr. Nohra has been General Counsel and Secretary of the Company since July 2009, and he was promoted to Executive Vice President Corporate Governance, General Counsel and Secretary of Home Savings in June 2013. He served as Senior Vice President, General Counsel and Secretary of Home Savings from July 2009 until June

2013. Mr. Nohra served as Secretary of the Company and Vice President, General Counsel and Secretary of Home Savings from June 2004 until July 2009. Before joining the Company, Mr. Nohra served as an associate attorney for Squire, Sanders & Dempsey, L.L.P. (now known as Squire Patton Boggs) for approximately five years where he practiced in the firm's corporate department and financial services practice group, focusing on general business representation of public and private companies, bank regulatory matters, mergers and acquisitions, securities law matters, real estate transactions and financings, tender offers and corporate governance. Prior to joining Squire, Sanders and Dempsey, Mr. Nohra served for two years as a judicial law clerk in the U.S. District Court for the Northern District of Ohio. Mr. Nohra also is a CPA, but he is currently inactive.

Table of Contents

Barbara J. Radis. Mrs. Radis was promoted to Executive Vice President, Retail Banking of Home Savings, on February 23, 2016. Prior to that she served as Senior Vice President, Retail Banking of Home Savings since January 2011. Before joining Home Savings, Mrs. Radis served as Director of Retail Administration and Branches at Lorain National Bank from August 2009 until December 2010. Mrs. Radis also served as Regional Manager for AmTrust Bank from March 2004 until February 2009.

Messrs. Esson, Garrity and Nohra and Mrs. Radis, together with Mr. Small, constitute our Named Executive Officers for whom certain compensation information must be disclosed under applicable SEC regulations.

Table of Contents

COMPENSATION DISCUSSION AND ANALYSIS

Compensation Philosophy

The compensation philosophy of the Company generally is to establish a competitive base salary targeted to approximate the median base salary of our peer group and competitive total compensation targeted to approximate the median total compensation of our peer group, which is identified below. Variable awards, comprised of short and long term incentive compensation, which include cash and stock awards, are designed to result in total direct compensation to Named Executive Officers that approximate (i) peer median levels for overall financial performance at median levels, (ii) peer 75th percentile compensation levels for overall financial performance at peer 75th percentile levels and (iii) peer 25th percentile compensation levels for overall financial performance at peer 25th percentile levels.

Compensation Objectives

Our executive compensation program for 2016 was intended to achieve the following primary objectives:

Drive performance relative to our financial and strategic goals;

Fairly compensate executive officer for their individual performance;

Align executives' interests with those of our shareholders;

Attract and retain highly-qualified executives and maintain a stable executive management group; and

Place a significant portion of total compensation at risk, contingent on Company and individual executive officer performance.

We believe our compensation philosophy, practices and programs for 2016 for our executive officers were balanced and risk appropriate, demonstrated alignment with shareholder interests, and provided a competitive and effective program to motivate and retain our management team to achieve the strategic goals we set for 2016.

Corporate Governance

The Compensation Committee (the "Committee") and the Board have adopted certain governance principles that we believe are important to our shareholders and are in the Company's best interests:

We maintain a robust stock ownership policy that requires: (i) directors to hold shares worth at least three times the annual cash and stock retainer for directors (currently, the equivalent of \$120,000 in the Company's shares) within three years of being elected to the Board; (ii) the President and CEO to hold shares worth at least three times his annual base salary within five years of being hired or promoted; and (iii) all other executive officers to hold shares worth at least one times their annual base salary within five years of being

hired or promoted. All directors and executive officers are currently in compliance with the Company's policy, including any grace periods set forth in such policy;

We have in place a robust no-hedging/no-pledging policy that prohibits our directors and Section 16 officers from engaging in hedging transactions with our stock or pledging their shares as collateral for any indebtedness;

Our clawback policy allows our Board to recoup any excess incentive compensation paid to our Named Executive Officers if (i) the Company restates its financial results because of an accounting restatement due to material non-compliance with financial reporting under the federal securities laws, or is otherwise based upon 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;

Our long term incentive plan adopted in 2015 provides for equity awards that reward performance over a three-year period, and our 2016 annual incentive plan included an equity component that awarded restricted stock with a three year vesting period; and

We annually conduct a risk assessment of all of our compensation plans to ensure the compensation programs discourage inappropriate risk taking.

Table of Contents

In determining executive compensation for 2016, the Committee considered the fact that our shareholders approved the 2015 compensation program at our 2016 Annual Meeting of Shareholders (the 2016 Annual Meeting) relating to 2015 compensation. At the 2016 Annual Meeting, 75.2% of all outstanding shares entitled to vote voted in favor of our compensation program, and 94.6% of the shares cast voted in favor of our compensation program. Under the Company's current articles of incorporation, as amended by the shareholders at the 2016 Annual Meeting, the affirmative vote of a majority of votes cast at the 2016 Annual Meeting is required to approve our compensation program.

The Committee is determined to continue to apply the same effective principles and philosophy it has used in previous years in determining executive compensation and will continue to consider future advisory votes and any shareholder concerns as that are raised with the Board or Committee. We also will continue to request annually an advisory vote from our shareholders on the Named Executive Officers' compensation. This is consistent with the frequency vote that was supported by our shareholders at the 2013 Annual Meeting of Shareholders. Further, our CEO will continue to meet frequently with shareholders and prospective investors, and our Investor Relations Department and General Counsel and Secretary will remain available to shareholders, in order to ensure several avenues exist for shareholders to communicate with us.

Role of the Compensation Committee, Management and Independent Consultants

The Committee has the primary responsibility for meeting the Board's obligations to establish the compensation of our Named Executive Officers. Accordingly, all 2016 compensation decisions related to our executive officers were made directly by the Committee. The Committee approved the 2016 base salaries of and the target awards under our annual and long term incentive plans to our executive officers, which awards are discussed in greater detail below.

To determine 2016 base salaries of the Company's executive officers, including Messrs. Small, Nohra, Garrity and Esson and Mrs. Radis, the Committee utilized a compensation study prepared internally by management that analyzed the base salary of the Company's executive officers as compared to the executive officers of the peer group, based upon data derived from a compensation analysis prepared by Pearl Meyer and Partners (PMP) as adjusted to account for economic changes. PMP was originally engaged in 2013 as an independent compensation consultant to provide an assessment of our executive and director compensation practices and to make recommendations regarding the compensation of our executive officers that would be aligned with our compensation philosophy and business strategies. PMP prepared a compensation analysis that was presented to the Chairman of the Committee in 2014. This study compared our executive officers with the executive officers of the peer group, setting forth a salary range (minimum/25th percentile, midpoint/50th percentile and maximum/75th percentile) for each officer's position based upon peer group and compensation surveys. Management uses the data from this compensation analysis, as adjusted, to compare each officer's salary to the ranges within the Company's peer group and then presents the market variance for each salary range to the Committee for consideration.

From time to time, the Committee invites other Board members and the President and CEO to attend the Committee's meetings to discuss the performance of our Company and other matters affecting the compensation of executive officers. Mr. Small does not make recommendations to the Committee regarding his own compensation, and all decisions regarding his compensation are made in executive sessions of the Committee and the Board, without his presence.

Occasionally, other executives may attend the Committee's meetings to provide pertinent financial, tax, accounting, legal, regulatory, human resources or operational information. Executives in attendance may provide their insights and suggestions, but they do not vote on decisions regarding executive compensation. Additional information regarding the role of the Committee in establishing the compensation of our Named Executive Officers appears under the

heading Board Committees above.

Peer Group

The Committee utilizes a peer group as a benchmark for purposes of setting base salaries of, and awarding cash bonuses and equity based compensation to, the Named Executive Officers, which is revised as necessary by the committee. For 2016, the peer group utilized by the Committee included the following 18 companies:

Table of Contents**Company Name (Ticker)**

BankFinancial Corp (BFIN)	Independent Bank Corp (IBCP)
Civista Bancshares, Inc. (CIVB)	Lakeland Financial Corporation (LKFN)
Farmers National Banc Corp (FMNB)	LCNB Bancorp Inc. (LCNB)
Farmers & Merchants Bancorp (FMAO)	MainSource Financial Group, Inc. (MSFG)
First Defiance Financial Corp. (FDEF)	Mercantile Bank Corp. (MBWM)
First Financial Corporation (THFF)	Mutualfirst Financial Inc. (MFSF)
First Mid-Illinois Bancshares (FMBH)	Peoples Bancorp Inc. (PEBO)
German American Bancorp Inc. (GABC)	QCR Holdings, Inc. (QCRH)
Horizon Bancorp. (HBNC)	Stock Yards Bancorp. Inc. (SYBT)

The Committee also approved two replacement peers to be used as substitutes, as necessary: Macatawa Bank Corp. (MCBC) and Old Second Bancorp, Inc. (OSBC). The peer group is designed to facilitate the assessment of our compensation program against banking industry peers when making compensation decisions. The Committee intends to continue utilizing a peer group for benchmarking each year and will annually review the peer group to identify any necessary changes to its composition.

Compensation Components

With respect to 2016, our executive compensation program included the following components:

Salary fixed base pay that reflects our overall financial performance, each executive's position and individual role, performance, experience and expertise. Salaries also form the basis for which incentives and other select benefits are paid.

Annual Cash and Equity Incentive pay that varies depending on our performance against specific performance measures (described below) that are measured against our peer group, actual results and actual results compared to our budget. These awards are an important part of our compensation philosophy and help us to attract and retain highly qualified management. The objective of our Annual Incentive Plan (AIP) is to motivate and reward executives for achieving (or exceeding) annual financial, strategic and operational goals that we believe will help us maintain long-term profitable growth, maintain asset quality and support value creation for shareholders. Incentives paid in 2016 reflect our performance in relation to specific factors measured primarily against the performance of the Company compared to our budget and the peer group and the Board's assessment of management's overall performance.

Long Term Equity Incentive awards of equity-based compensation that vary depending on our performance, strategic goals and desire to recruit and retain highly-qualified executives. The primary objective of our long-term incentive program is to retain our executive management team and motivate and reward our

officers for their efforts related to our strategic goals. We also believe equity-based awards support our goals of encouraging stock ownership, aligning the interests of our key executives with our shareholders' interests and motivating executives to consider our long-term strategic goals. The Company also utilizes long term equity incentive awards for recruiting talent.

Other Compensation perquisites consistent with past practice, as well as broad-based employee benefits such as medical, dental, disability and life insurance coverage.

1. Salary. We pay cash salaries to our executive officers that are intended to be competitive and to take into account the individual's experience, role, performance, responsibilities and past and potential contribution to the Company. The compensation philosophy generally is to pay Named Executive Officers cash salaries that approximate the median of our peer group.

As discussed above, in setting 2016 salaries, the Committee asked Company management to prepare a base salary study analysis, which compared the base salary of our executive officers with the executive officers of the peer group and also generally to comparable positions contained within broader industry compensation surveys. The Base Study set forth a salary range (minimum/25th percentile, midpoint/50th percentile and maximum/75th percentile) for each officer's position, which

Table of Contents

was based upon the above peer groups, 2014 compensation data prepared by PMP, adjusted as necessary to reflect economic changes, and other compensation survey data. Each officer's 2015 salary was analyzed to determine whether it fell above, below or within such ranges and the market variance for each salary range of each officer was presented to the committee.

In addition, the Committee believes that individual performance appraisals are an important part of the decision making process to establish base salaries. In accordance with our governance policies, the Committee completed the performance appraisal of Mr. Small for 2015, after receiving feedback from all outside directors. Mr. Small completed and presented to the Committee the performance evaluations of the other Named Executive Officers, and he made 2016 salary recommendations regarding their base salaries. Based upon (i) the compensation analysis prepared by Company management, (ii) the Board's compensation philosophy described above, (iii) our performance during 2015, (iv) each officer's individual performance appraisal, (v) the contributions of each officer to the operations, revenue streams, profitability and strategic plans of the Company, and (vi) with respect to all officers (except his own), Mr. Small's salary recommendations, the Committee increased the salaries of the Named Executive Officers, effective as of January 1, 2016, as follows:

Mr. Small received an increase of \$25,000;

Mr. Esson received an increase of \$8,000;

Mr. Garrity received an increase of \$9,950;

Mr. Nohra received an increase of \$7,010; and

Mrs. Radis received an increase of \$25,000.

In evaluating the increase to each Named Executive Officer's base salary, the Committee placed particular emphasis on the officer's salary when compared to the range set forth in the compensation analysis prepared by Company management and the individual's direct responsibility or contribution to the Company's growth plans. However, the Committee determined that Mrs. Radis warranted additional increases due to the reasons described below.

Mrs. Radis's salary increase was related to her performance, her promotion to Executive Vice President of the Company on February 23, 2016, and an adjustment in her compensation to market levels.

The Named Executive Officers' base salaries paid during 2016 are set forth in the Salary column of the Summary Compensation Table.

2. Annual Cash and Equity Incentive Awards. The Committee believes the AIP is an important part of our compensation program, as it helps us to attract and retain highly qualified management. The objective of our AIP is to motivate and reward our executives for achieving (or exceeding) annual financial, strategic and operational goals that we believe support sustained long-term profitable growth of the company, improve and maintain our asset quality and support value creation for shareholders. The AIP for 2016 was adopted by the Compensation Committee on March 8, 2016, and was disclosed publicly pursuant to the Form 8-K filed on March 14, 2016. The goal of the AIP in 2016 was

to combine stock and cash compensation to better align executive compensation with shareholder interests on short-term goals.

Pursuant to the AIP, in order for any awards to be made for a calendar year's performance, the Company must report positive net income for that calendar year, calculated in accordance with generally accepted accounting principles (GAAP), but adjusted to exclude the effect of extraordinary items. The Committee believes that positive GAAP net income is an appropriate trigger given its use as the standard for preparation of the Company's audited financial statements and SEC disclosures. The Committee determined that shareholders would not expect the Company to pay bonuses if there was no positive net income, and it believed such a threshold is consistent with evolving compensation standards.

If this net income threshold is met, incentive awards are calculated based upon the Company's performance against the peer group in two of the seven weighted performance measures as set forth below in the Performance-Payout Table. Performance against the peer group is only measured against two of the seven weighted performance measures because performance against the Board-approved budgeted net income, revenue growth and ROAA are intrinsic to the Company and evaluated against the approved budget; performance related to average growth in loans and non-performing assets are measured against actual results compared to the performance goals. See

Performance-Payout Table set forth below. For the calendar year 2016, the target incentive awards, respectively, measured as a percentage of base salary were as follows: Mr. Small 50%; and Messrs. Esson, Nohra and Garrity and Mrs. Radis 40%.

Table of Contents

If an award under the AIP is made, the AIP provides that it will be paid 80% in cash and 20% in restricted stock, which the Committee determined for 2016 provided a balanced approach to rewarding past performance while aligning the interests of management with shareholders by providing for future growth potential as share value increases along with Company performance. Any restricted stock awards made under the AIP are awarded pursuant to the Company's 2015 United Community Financial Corp. Long Term Incentive Compensation Plan (the "2015 Plan") and vest equally over three years, beginning on the first anniversary of the date of performance certification, which will be 2018 for the 2016 awards. The Committee and the Board determined that for the 2016 AIP, three-year vesting is an important feature because it helps to retain officers and continues to put the value of such shares at risk if the Company's performance diminishes over the vesting period. To receive any award under the AIP, the individual must be actively employed by Home Savings on the day the award is made.

AIP payouts are based upon the actual performance of the Company for a given year by comparing: (1) the 12 months ended December 31 to the actual performance of the peer group during the same 12-month period, (2) actual performance results for the fiscal year to annual budget goals for net income, ROAA and revenue growth, or (3) actual results to performance goals for growth in average loans and non-performing assets.

The calculation of the incentive awards under the AIP is as follows. First, it must be determined where the Company's actual performance falls in comparison to the seven weighted performance measures: the two peer group weighted performance measures, budgeted net income, ROAA and revenue growth and actual loan growth and the level of non-performing assets. The comparison is based upon percentiles that correspond to a threshold level for that performance measure. Second, the threshold level achieved is used to determine the bonus percentage for that performance measure based upon the executive officer's position. Finally, this bonus percentage is multiplied by the performance measure's assigned weighting and by the executive's base salary to determine what amount, if any, is awarded for that performance measure. The amount earned for each performance measure is added together to determine the total incentive award under the AIP.

The Committee determined that, for any peer group-based performance measure where our performance ranked below the 25th percentile of the peer group, no bonus would be awarded. The Committee decided that for 2016, establishing a floor threshold is appropriate because we expect to perform at or above the 25th percentile, and the Committee and Board believe that performance below the 25th percentile should not result in incentive compensation.

The Performance-Payout Table below describes the seven performance measures, their respective weighting, how performance on each measure will be evaluated (relative to peers, relative to budget or relative to actual results) and the goals for threshold performance, target performance and superior performance. The Committee's rationale for the weighting of the performance measures is set forth below under the heading "Weightings for Performance Measures." Achievement of the target performance goal will result in 100% of target payout for the respective measure, while achievement of the superior performance goal will result in 200% of the target payout for the measure. Payouts for performance between threshold and target, or between target and superior, will be interpolated.

Performance-Payout Table:

Performance Measure	Weight	Evaluated	Performance Goals		
		Vs.	Threshold	Target	Superior
Net Income	30%	Budget	85% of Budget	100% of Budget	115% of Budget
ROAA	15%	Budget	ROAA of 0.85	ROAA of 0.93	ROAA of 1.01
Revenue Growth (\$MM)	15%	Budget	\$78.097	\$86.774	\$95.451

Edgar Filing: UNITED COMMUNITY FINANCIAL CORP - Form DEF 14A

Growth in Average Loans	10%	Actual	9.0%	14.0%	19.0%
Core Deposit Growth	10%	Peers	25th %ile	50th %ile	75th %ile
Efficiency Ratio	10%	Peers	25th %ile	50th %ile	75th %ile
Non-Performing Assets	10%	Actual	1.05%	0.79%	0.53%

**Payout for Performance Level (%
of Target Opportunity):**

0% 100% 200%

Definitions:

%ile: Percentile Rank within defined Peer Group;

ROAA: Return on average assets based upon GAAP performance, excluding extraordinary items;

Table of Contents

Revenue Growth: Total revenue (net interest income plus noninterest income) projected in the budget compared to actual total revenue from January 1 – December 31;

Net Income: GAAP Net Income excluding extraordinary items;

Growth in Average Loans: Growth in loans based upon average daily balances (including loans held for sale) from January 1 – December 31;

Core Deposit Growth: Growth in average deposits less brokered deposits year over year;

Efficiency Ratio: Operating Expense divided by Operating Revenue; and

Non-Performing Assets: Total NPAs divided by Total Assets.

Weightings for Performance Measures

In designing the AIP, the Committee and the Board emphasized the Company's goals of improving profitability, expanding revenue streams and growing assets while maintaining a strong credit culture. The Committee and Board determined that to encourage these goals, the AIP would include the following performance measures and threshold levels:

Performance Measures		Rationale:
Profitability	45.0%	
Return on Average Assets	15.0%	Commonly used method of measuring profitability, and is affected by how well non-performing assets are managed. Measurement emphasizes asset quality and is not considered to encourage risk taking.
Budgeted Net Income	30.0%	Provides a level of legitimacy to actual results as compared to budgeted results, and focuses management on achieving budgeted net income.
Growth	35.0%	
Revenue Growth	15.0%	Revenue growth focuses on the critical role that net interest margin and non-interest income have in growing profitability.
Gross Loan Growth	10.0%	Gross Loan Growth is an important strategic goal of the Company to increase profitability and effectively deploy our capital. An increase in loan growth should result in improvement in our net

interest income and help to improve or sustain the interest rate margin.

Core Deposit Growth	10.0%	Growth of core deposits discourages growth of costly time deposits (such as brokered CD's), focuses attention on less costly deposits and growth of business and retail checking and savings accounts. An increase in core deposit growth should help to improve or sustain the interest rate margin.
Efficiency and Asset Quality	20.0%	
Efficiency Ratio	10.0%	Commonly used method of measuring how much we pay on operating expenses, such as salaries and employee benefits. It measures how much it costs us to earn \$1.00 of income.
Non-Performing Assets	10.0%	Commonly used method of measuring asset quality.
Total Weighting	100.0%	

Table of Contents**2016 Performance and the AIP**

The Company reported positive net income of \$19.4 million for the fiscal year ended December 31, 2016. During 2016, management diligently pursued growth initiatives, reporting robust annual loan growth of 15.9%, including loans held for sale, and a 17.3% increase in the average outstanding balance of noninterest bearing deposit accounts. Cost containment initiatives also were successfully implemented, resulting in an efficiency ratio of 61.0% for the year, compared to 65.1% at the end of 2015. We also have enjoyed significant growth in our stock price over the past several years, including 2016, as set forth in the chart and schedule below (which assume a value of \$100 on December 31, 2010), outpacing both the NASDAQ Composite and SNL Thrift indexes.

Index	Period Ending					
	12/31/11	12/31/12	12/31/13	12/31/14	12/31/15	12/31/16
United Community Financial Corp.	100.00	227.56	281.10	424.66	472.66	728.53
NASDAQ Composite	100.00	117.45	164.57	188.84	201.98	219.89
SNL Thrift	100.00	121.63	156.09	167.88	188.78	231.23

For 2016, UCFC's performance under the AIP for the Named Executive Officers is as follows:

With respect to UCFC's budgeted net income, the budget was \$19.4 million, compared to the actual of \$19.4 million, resulting in an achieved level of 100% of target;

ROAA was 0.94% resulting in an achieved level of 113% of target;

Revenue Growth was \$85.06 million, compared to target of \$86.78 million, or 98.0% of target;

Loan Growth was 15.8% compared to target of 14.0%, resulting in an achieved level of 135% of target;

Core Deposit Growth was 3.6%, resulting in a percentile rank of 57.9% and an achieved level of 132% of target;

Efficiency Ratio was 61.0%, resulting in a percentile rank of 78.9% and an achieved level of 200% of target; and

Non-Performing Assets was 0.94% compared to target of 0.79% resulting in an achieved level of 42% of target.

Table of Contents

The following table sets forth our calculated payout under the AIP based upon the performance described above for the Named Executive Officers in 2016:

Performance Measure	Weight	Evaluated Vs.	Performance Goals Threshold	Target	Superior	Weighted Payout %
Net Income (\$MM)	30%	Budget	85% of Budget	100% of Budget	115% of Budget	30.0%
ROAA			ROAA of	ROAA of	ROAA of	
	15%	Budget	0.85	0.93	1.01	16.9%
Revenue Growth (\$MM)	15%	Budget	\$78.097	\$86.774	\$95.451	12.0%
Growth in Average Loans (\$MM)	10%	Actual	9.0%	14.0%	19.0%	13.5%
Core Deposit Growth	10%	Peers	25th %ile	50th %ile	75th %ile	13.2%
Efficiency Ratio	10%	Peers	25th %ile	50th %ile	75th %ile	20.0%
Non-Performing Assets	10%	Actual	1.05%	0.79%	0.53%	4.2%
Payout for Performance Level (% of Target Opportunity):			0%	100%	200%	109.8%

The Committee reviewed the calculations under the AIP and the potential payouts set forth above, and the Committee considered the significant accomplishments of management and the extent to which management achieved the Company's strategic goals. Based upon the Committee's review of management's and the Company's performance, the Committee certified the performance results and approved the payout of 109.8% of the target incentive payout as calculated above. The potential payout for each of Messrs. Esson, Garrity and Nohra and Mrs. Radis under the AIP was based upon both the Company's performance relative to the performance goals identified above and each person's individual performance relative to such person's individual performance goals. Mr. Small's potential payout under the AIP was based entirely upon the Company's performance relative to the performance goals identified above.

Each of the officer's corporate and personal percentages are set forth in the table below:

Name	Corporate Performance Percentage	Personal Performance Measurement
Gary S. Small	100	
Timothy W. Esson	65	35
Matthew T. Garrity	75	25
Jude J. Nohra	65	35
Barbara J. Radis	75	25

Given the Company's performance level of 109.8%, Mr. Small, whose incentive award as noted previously was based entirely on the Company's performance relative to the performance goals identified above, received an incentive award equal to 54.9% of his base salary.

The corporate performance payout level of 109.8% was used for each of the remaining executive officers for their corporate performance percentage portion of their incentive award. With respect to each of the officers' individual performance goals, the Committee determined that the officers should receive payouts as follows:

Mr. Garrity should receive 150% of target, resulting in an incentive award equal to 47.94% of his base salary.

Mrs. Radis should receive 125% of target, resulting in an incentive award equal to 45.44% of her base salary.

Messrs. Esson and Nohra should receive 100% of target, resulting in an incentive award equal to 42.55% of their base salaries.

Table of Contents

Application of these calculated payouts under the AIP resulted in the following payments to the Named Executive Officers:

Name	Cash Award⁽¹⁾	Equity Award⁽²⁾
Gary M. Small	\$ 186,660	\$ 46,665
Timothy W. Esson	\$ 74,204	\$ 18,551
Matthew T. Garrity	\$ 96,647	\$ 24,162
Jude J. Nohra	\$ 84,075	\$ 21,019
Barbara J. Radis	\$ 78,157	\$ 19,539

- (1) The cash component of the AIP awarded to Named Executive Officers and paid during 2017 is set forth in the Non-Equity Incentive Plan Compensation column of the Summary Compensation Table.
- (2) The value of restricted stock component of the AIP awarded to Named Executive Officers and paid during 2017 is set forth in the Stock Awards column of the Summary Compensation Table which reflects the fair value of the award as of the grant date computed in accordance with FASB ASC Topic 718. The value of the restricted shares reflected in the above table is based on the closing market price of the Company's common shares on February 13, 2017, the date designated by the Committee following certification of the performance results and the calculated payout, and represents the actual amounts realized by the Named Executive Officers. The actual value to the employee is determined by the market price on the vesting dates as well as the on-going market value during the subsequent holding period.

3. Long-Term Equity Compensation. Named Executive Officers participate in our long-term incentive plans approved by shareholders: the 1999 Amended and Restated Long-Term Incentive Plan (the "1999 Plan"), the 2007 Long-Term Incentive Plan (the "2007 Plan") and the 2015 Plan. On May 20, 2009, the 1999 Plan terminated. The 2007 Plan was terminated upon approval of the 2015 Plan at the 2015 Annual Meeting. All outstanding awards previously made under the 1999 and 2007 Plans generally expire 10 years after the award was granted or until otherwise terminated in accordance with the terms and conditions of the plans. Equity awards are currently made only under the 2015 Plan. Long-term equity compensation is intended to align executive officers' interests with those of shareholders, attract and retain highly-qualified executives and maintain a stable executive management group.

Based upon the compensation study performed by PMP in 2013, PMP recommended that the Board adopt a long term incentive plan that results in regular awards of equity based upon achievement of long term performance objectives. PMP reported that most community banks over \$1.0 billion in assets make regular awards of restricted stock (and/or options). Based upon PMP's recommendations and the compensation study, the Committee and the Board decided in January 2014 to adopt an annual long term incentive compensation plan ("LTIP"). The LTIP for 2016 was adopted by the Committee on March 8, 2016, and was disclosed publicly pursuant to the Form 8-K filed on March 14, 2016.

The LTIP provides incentive compensation awards to the Company's Named Executive Officers whose participation and target award opportunities will be approved by the Compensation Committee. Executive incentive awards for each year are generally based upon the actual performance of the Company for the 36 months ending December 31 compared to the actual performance of a peer group during the same 36-month period for two of the three performance measurements, and against the Board approved budgeted cumulative net income over the three year strategic plan. Under the LTIP for 2016, the first potential award would be paid to the Named Executive Officers in 2019, following year-end 2018.

Performance share units (PSUs) for each year are granted as a percentage of the base salary of the Named Executive Officers, as follows: Mr. Small 25%; and Messrs. Esson, Garrity and Nohra and Mrs. Radis 20%, divided by the Company's average stock price for the 20 trading days prior to the grant of PSUs. Once the awards are calculated at the end of each three-year performance period and vested following certification of performance results by the Committee, they are paid in unrestricted shares.

At the end of each third year after the grant of PSUs, the calculation of the incentive awards under the LTIP is determined by where the Company's actual performance falls in comparison to the peer group for two of three weighted performance measures. See the Annual LTIP Performance-Payout Table set forth below. The comparison is based upon percentiles that correspond to a threshold level for each performance measure. The third performance measure, three-year cumulative net income, is evaluated in comparison to our annual budget set forth each year in our three year strategic plan. The threshold levels achieved are used to determine the bonus percentage for that performance measure. The bonus percentage is multiplied by the performance measure's assigned weighting and by the executive's percentage of average annual base salary to determine what amount, if any, is awarded for the Company's actual performance for that performance measure for the performance period. The amount earned for each performance measure is added together to determine the total incentive award paid out under the LTIP for that year.

Table of Contents**Performance Measures, Weightings, Goals and Payout Calibration:**

The Compensation Committee and the Board identified three performance measures that are aligned with the Company's goals for the 2016 grant covering the 2016-18 performance period, which will be paid out in 2019. Unless changed by the Committee, the following three performance measures will be used annually for consecutive performance periods (e.g., the 2017-19 period):

3-year average ROE will be weighted 33% and be evaluated relative to peer group performance;

3-year cumulative Net Income will be weighted 33% and be evaluated relative to our strategic plan goals; and

3-year relative Total Shareholder Return (rTSR) will be weighted 34% and be evaluated relative to peer group performance.

The Annual LTIP Performance-Payout Table below describes the three performance measures, their respective weighting, how performance on each measure will be evaluated (relative to peers or relative to plan) and the goals for threshold performance, target performance and superior performance. Achievement of the target performance goal will result in 100% of target payout for the respective measure, while achievement of the superior performance goal will result in 150% of the target payout for the measure. Payouts for performance between threshold and target, or between target and superior, will be interpolated.

Annual LTIP Performance-Payout Table:

Performance Measure	Weight	Evaluated vs.	Performance Goals		
			Threshold	Target	Superior
3-year Average ROE	33%	Peers	25th %ile	50th %ile	75th %ile
3-year Cumulative Net Income	33%	Annual Budgeted Net Income	75% of Plan	100% of Plan	125% of Plan
3-year Total Shareholder Return (rTSR)	34%	Peers	25th %ile	50th %ile	75th %ile
Payout for Performance Level (% of Target Opportunity):			0%	100%	150%

Definitions:

3-year Average ROE: Return on average equity, averaged over 12 quarters from the first quarter of 2016 through the fourth quarter of 2018;

3-year Cumulative Net Income: Cumulative GAAP Net Income excluding extraordinary items for the performance period; and

Total Shareholder Return: stock price appreciation plus reinvested dividends.

In accordance with the LTIP and GAAP, the 2016 Award (payable in 2019) was calculated and accrued by the Company assuming that our performance results in payouts at the target level. Accordingly, the table below sets forth the PSUs that were awarded in March 2016, assuming target performance was achieved for all three performance measurements (the actual award, if any, will be calculated in 2019 and paid out to Named Executive Officers in accordance with the description above):

Table of Contents

Name	PSUs Awarded	PSU Award	
		Value of PSUs Awarded ⁽¹⁾	
Gary M. Small	17,948	\$	106,250
Timothy W. Esson	7,365	\$	43,600
Matthew T. Garrity	8,514	\$	50,400
Jude J. Nohra	8,345	\$	49,400
Barbara J. Radis	7,264	\$	43,000

- (1) The value of the PSUs awarded in 2016 to the Named Executive Officers is set forth in the Stock Awards column of the Summary Compensation Table, and it reflects the target number of PSUs granted under the LTIP, as computed in accordance with FASB ASC Topic 718. The value of the PSUs is based on the probable outcome of the applicable performance conditions as described above. These amounts do not represent the actual amounts that will be realized by the Named Executive Officers with respect to the PSU awards. The actual number of PSUs that will vest and be earned (if any) by each Named Executive Officer will be based upon satisfaction of the performance conditions over the 2016-18 performance period.

The Committee maintains flexibility and discretion to adjust measure definitions, if such adjustments ensure a more accurate comparison relative to the peer group and/or more appropriately reflect the goals of the LTIP and the Company's compensation philosophy. The LTIP further provides that a participant in the LTIP must be employed with the Company on the date the award is made; otherwise, the participant is not entitled to any award.

2014 LTIP

The Committee reviewed performance for the 2014 LTIP, which covered the 2014-2016 performance period and included awards made to the Company's named executive officers in January 2014 (and with respect to Mr. Small, in April 2014). The 2014 LTIP was adopted by the Compensation Committee and the Board on January 21, 2014, and was disclosed publicly pursuant to the Form 8-K filed on January 27, 2014.

The Company's performance under the 2014 LTIP for the three year performance period ended December 31, 2016, for the Named Executive Officers is as follows:

Three year average ROAE was 6.35%, resulting in a percentile rank of 16.67% and an achieved level of 0.0% of target;

Three year cumulative net income totaled \$45,244, compared to targeted three year cumulative net income of \$41,091, resulting in an achieved level of 129% of target; and

Three year total shareholder return was 159.17%, resulting in a percentile rank of 94.44% and an achieved level of 150% of target.

The following table sets forth our calculated payout under the 2014 LTIP for three year performance period ended December 31, 2016, for the Named Executive Officers:

Performance Measure	Weight	Evaluated vs.	Performance Goals			Weighted Payout %
			Threshold	Target	Superior	
3-year Average ROE	33%	Peers	25th %ile	50th %ile	75th %ile	0.0%
3-year Cumulative Net Income	33%	Strategic Plan	75% of Plan	100% of Plan	125% of Plan	42.6%
3-year Total Shareholder Return (rTSR)	34%	Peers	25th %ile	50th %ile	75th %ile	51.0%
Payout for Performance Level (% of Target Opportunity)¹:			0%	100%	150%	93.6%

Applying this calculated payout of 93.6% of target under the 2014 LTIP resulted in the following payments to the Named Executive Officers:

Table of Contents

Name	Cash Award⁽¹⁾	Equity Award⁽²⁾
Gary M. Small	\$ 5,310	\$ 201,076
Timothy W. Esson	\$ 2,431	\$ 92,047
Matthew T. Garrity	\$ 2,915	\$ 110,374
Jude J. Nohra	\$ 2,878	\$ 109,002

- (1) The cash component of the 2014 LTIP awarded to Named Executive Officers and paid during 2017 represents dividend equivalents that were accumulated during the performance period and paid to the Named Executive Officers. The dividend equivalents were based upon the actual number of common shares issued, and the amount of the cash component paid is set forth in the **All Other Compensation** column of the Summary Compensation Table.
- (2) The equity award represents the conversion of PSUs to common shares following certification of performance by the Committee and represents the actual value of the shares on February 13, 2017. The actual award is based upon the average three year salary of the Named Executive Officer during the performance period. The number of PSUs awarded in 2014 was based upon the 20 day average share price of the Company's common shares on the day prior to the grant, which was January 21, 2014, or \$3.59 per share. The share price on February 13, 2017, the date upon which the Committee certified performance, was \$8.71 per share. The value of the PSUs awarded in 2014 to the Named Executive Officers is set forth in the **Stock Awards** column of the Summary Compensation Table for 2014, and it reflects the target number of PSUs granted under the LTIP in that year, as computed in accordance with FASB ASC Topic 718.

4. Other Compensation. Named Executive Officers participate in the Company's broad-based employee benefit plans, such as medical, dental, supplemental disability and group term life insurance programs. Perquisites have been used in the past for some the Named Executive Officers that, as applicable, consist of use of a company car or a car allowance and fees for club memberships. During 2014, the Compensation Committee discussed these perquisites at great length and considered the compensation review prepared by PMP, which indicated that current trends demonstrate more conservative use of perquisites. The Committee and the Board determined that effective January 1, 2014, the Committee would phase out all management perquisites over a three year period, and that, in doing so, each officer would receive a lump sum payment equal to the amount of such perquisites paid in 2013, payable in January 2014, 2015 and 2016. The payments made to the Named Executive Officers are set forth in the **Other Compensation** column of the Summary Compensation Table.

Tax and Accounting Considerations. Section 162(m) of the Internal Revenue Code places a limit on the tax deduction for compensation in excess of \$1 million paid to the Named Executive Officers in a taxable year. All of the compensation we paid in 2016 to the Named Executive Officers is expected to be deductible under Section 162(m). The committee retains the flexibility, however, to pay non-deductible compensation if it believes doing so is in the best interests of the Company.

COMPENSATION COMMITTEE REPORT

In performing its oversight role, the Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis (CD&A) with executive management. On March 3, 2017, the Compensation Committee approved the CD&A, and on March 14, 2017, it recommended to the Board that the CD&A be included in this Proxy Statement.

Respectfully submitted by the members of the Compensation Committee of the Board:

Marty E. Adams, Chairman

Zahid Afzal

Lee Burdman

Scott N. Crewson

Richard J. Schiraldi

Ellen J. Tressel

Table of Contents**COMPENSATION OF EXECUTIVE OFFICERS**

The following table presents certain information regarding the compensation earned by the Named Executive Officers for services rendered during the years indicated:

Summary Compensation Table

Name and Principal Position	Year	Salary \$	Bonus \$	Stock	Non-Equity Incentive Plan	All Other	Total \$
				Awards \$ ⁽¹⁾	Compensation \$	Compensation \$ ⁽²⁾	
Gary M. Small	2016	424,616		152,915	186,660	12,574	776,765
President and CEO, UCFC	2015	412,885		269,817	184,640	9,776	877,118
and Home Savings	2014	247,692		695,500	112,000	2,364	1,057,556
Timothy W. Esson	2016	217,877		62,151	74,204	20,930	375,162
CFO and Treasurer, UCFC,	2015	216,577		113,323	77,549	17,419	424,868
and EVP, CFO and Treasurer	2014	179,805	15,000	76,320	46,080	14,243	331,448
Home Savings							
Matthew T. Garrity	2016	251,847		74,562	96,647	15,432	438,488
EVP, Commercial Lending	2015	251,007		130,618	89,384	14,943	485,952
and Credit Administration,	2014	234,293		99,640	60,160	10,854	404,947
Home Savings							
Jude J. Nohra	2016	246,892		70,419	84,075	9,495	410,881
General Counsel and	2015	248,871		129,507	88,624	9,458	476,460
Secretary, UCFC, and EVP,	2014	232,820		98,792	59,648	5,327	396,587
General Counsel and							
Secretary, Home Savings							
Barbara J. Radis	2016	214,616		62,539	78,157	8,819	364,131
Executive Vice President,							
Retail Banking							

- (1) The amounts in the Stock Awards column reflect the aggregate grant date fair value of (i) the shares granted in the identified year pursuant to the 2015 Plan and (ii) the target number of PSUs granted under the LTIP, as computed in accordance with FASB ASC Topic 718. The value of the PSUs is based on the probable outcome of the applicable performance conditions: Mr. Small \$106,250; Mr. Esson \$43,600; Mr. Garrity \$50,400; Mr. Nohra \$49,400; Mrs. Radis \$43,000. These amounts do not represent the actual amounts that will be realized by the Named Executive Officers with respect to the PSU awards. Assumptions used in the calculation of these amounts are included in Note 17 to the Company's audited consolidated financial statements for the fiscal year ended December 31, 2016, included in the Company's 2016 Form 10-K. The actual number of PSUs that will vest and be earned (if any) by each Named Executive Officer will be based upon satisfaction of the performance conditions over the performance period. The aggregate grant date fair value of the PSUs included for 2016, assuming we achieve the superior performance level, is as follows: Mr. Small \$159,372; Mr. Esson \$65,398;

Mr. Garrity \$75,598; Mr. Nohra \$74,101; Mrs. Radis \$64,498. See Compensation Discussion and Analysis Compensation Components Long-Term Equity Compensation in this proxy statement.

- (2) All Other Compensation includes the lump sum cash payment made to Named Executive Officers for the value of the car and parking allowances as well as the Named Executive Officer's group term life insurance premiums and 401(k) matches.

Table of Contents**Grants of Plan-Based Awards**

Name	Grant Date	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards			Estimated Possible Payouts Under Equity Incentive Plan Awards			Grant Date Fair Value of Stock and Option Awards ⁽⁴⁾
		Threshold ⁽¹⁾ (\$)	Target (\$)	Maximum (\$)	Threshold (#)	Target (#)	Maximum (#)	
Gary M. Small	03/08/2016 ⁽²⁾	25,500	170,000	340,000	1,077	7,179	14,358	42,500
	03/08/2016 ⁽³⁾				4,487	17,948	26,921	106,250
Timothy W. Esson	03/08/2016 ⁽²⁾	10,464	69,760	139,520	442	2,946	5,892	17,440
	03/08/2016 ⁽³⁾				1,841	7,365	11,047	43,600
Matthew T. Garrity	03/08/2016 ⁽²⁾	12,096	80,640	161,280	511	3,405	6,811	20,160
	03/08/2016 ⁽³⁾				2,128	8,514	12,770	50,400
Jude J. Nohra	03/08/2016 ⁽²⁾	11,856	79,040	158,080	501	3,338	6,676	19,760
	03/08/2016 ⁽³⁾				2,086	8,345	12,517	49,400
Barbara J. Radis	03/08/2016 ⁽²⁾	10,320	68,800	137,600	436	2,905	5,811	17,200
	03/08/2016 ⁽³⁾				1,816	7,264	10,895	43,000

- (1) For purposes of calculating this amount, it was assumed that (a) the Company had positive net income for the fiscal year and (b) none of the other performance measures were met.
- (2) The amounts shown reflect the threshold, target and maximum cash and number of restricted shares that each Named Executive Officer was eligible to earn under the AIP. See Compensation Discussion and Analysis Compensation Components Annual Cash and Equity Incentive Awards above for more information concerning the awards granted under the AIP for 2016 performance.
- (3) The amounts shown reflect the threshold, target and maximum number of PSUs that each Named Executive Officer is eligible to earn based over the 2016-2018 performance period. See Compensation Discussion and Analysis Compensation Components Long-Term Equity Compensation above for more information concerning the PSUs granted in the 2016 fiscal year.
- (4) The amounts shown reflect the aggregate grant date fair value of the target award computed in accordance with FASB ASC Topic 718 based on the probable outcome of the applicable performance conditions.

Table of Contents**Outstanding Equity Awards at December 31, 2016**

The following table sets forth, as of the end of fiscal 2016, all equity awards outstanding under our equity compensation plans for each Named Executive Officer.

Name	Option Awards				Stock Awards		Equity Incentive Plan Awards:	
	Number of Securities Underlying Unexercised Options (#)	Number of Securities Underlying Unexercised Options (#)	Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$) ⁽¹⁾	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$) ⁽¹⁾
Gary M. Small					97,106 ⁽⁴⁾	868,128	17,948 ⁽²⁾ 18,349 ⁽³⁾	160,453 164,040
Timothy W. Esson	12,000		1.900	05/08/2019	24,978 ⁽⁵⁾	223,303	7,365 ⁽²⁾	65,846
	20,000		2.100	04/29/2020			7,706 ⁽³⁾	68,892
Matthew T. Garrity	30,000		2.100	04/29/2020	28,972 ⁽⁶⁾	259,010	8,514 ⁽²⁾ 8,883 ⁽³⁾	76,112 79,414
Jude J. Nohra	9,785		5.885	02/27/2018	29,447 ⁽⁷⁾	263,256	8,345 ⁽²⁾	74,604
	30,000		2.100	04/29/2020			8,807 ⁽³⁾	78,735
Barbara J. Radis					19,957 ⁽⁸⁾	178,416	7,264 ⁽²⁾ 6,972 ⁽³⁾	64,940 62,330

⁽¹⁾ Market value represents the product of the closing price of our common shares on December 31, 2016, which was \$8.94, multiplied by the number of shares or units shown.

⁽²⁾ The amounts shown reflect the target number of PSUs awarded to each Named Executive Officer in 2016 under the LTIP. The actual number of PSUs that will vest and be earned (if any) will be determined after the 2016-2018 performance period.

⁽³⁾ The amounts shown reflect the target number of PSUs awarded to each Named Executive Officer in 2015 under the LTIP. The actual number of PSUs that will vest and be earned (if any) will be determined after the 2015-2017 performance period.

⁽⁴⁾ Includes 79,158 restricted shares granted under the AIP that will vest as follows: April 1, 2017 41,667 shares; March 5, 2017- 6,163 shares; March 5, 2018 4,402 shares; March 1, 2017 8,976 shares; and 8,975 shares on each of March 1, 2018 and 2019. Also includes 17,948 PSUs awarded under the 2014 LTIP that were paid out in shares upon vesting on February 13, 2017.

- (5) Includes 17,613 restricted shares granted under the AIP that will vest as follows: January 21, 2017- 1,958 shares; March 5, 2017- 2,535 shares; March 5, 2018- 1,811 shares; March 1, 2017 3,770 shares; March 1, 2018 -3,769 shares; and March 1, 2019 3,770 shares. Also includes 7,365 PSUs awarded under the 2014 LTIP that were paid out in shares upon vesting on February 13, 2017.
- (6) Includes 20,458 restricted shares granted under the AIP that will vest as follows: January 21, 2017- 2,447 shares; March 5, 2017- 2,612 shares; March 5, 2018 2,365 shares; March 1, 2017 4,346 shares; and 4,344 shares on each of March 1, 2018 and 2019. Also includes 8,514 PSUs awarded under the 2014 LTIP that were paid out in shares upon vesting on February 13, 2017.

Table of Contents

- (7) Includes 21,102 restricted shares granted under the AIP that will vest as follows: January 21, 2017- 2,552 shares; March 5, 2017- 3,282 shares; March 5, 2018- 2,345 shares; March 1, 2017 4,308 shares; March 1, 2018 4,307 shares; and March 1, 2018 4,308 shares. Also includes 8,345 PSUs awarded under the 2014 LTIP that were paid out in shares upon vesting on February 13, 2017.
- (8) Includes 12,693 restricted shares granted under the AIP that will vest as follows: January 21, 2017 1,790 shares; March 5, 2017 672 shares; March 1, 2017 975; 974 shares on each of March 1, 2018 and 2019; and 2,436 shares on each of March 1, 2017, 2018, and 2019. Also includes 7,264 PSUs awarded under the 2014 LTIP that were paid out in shares upon vesting on February 13, 2017.

Options Exercised and Stock Vested

The following table reflects all stock option exercises and the vesting of restricted shares held by each of our Named Executive Officers during fiscal 2016. The table reports the number of shares for which the options were exercised or vested and the aggregate dollar value realized upon exercising those options or when the stock awards became vested.

Name	Number of Shares Acquired on Exercise (#)	Option Awards		Stock Awards ⁽¹⁾	
		Weighted Option Exercise Price (\$)	Value Realized on Exercise (\$)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$)
Gary M. Small				47,831	283,359
Timothy W. Esson				4,485	25,713
Matthew T. Garrity	30,000	1.57	225,900	1,033	5,976
Jude J. Nohra	30,000	1.97	123,900	3,972	23,457
Barbara J. Radis				2,462	13,640

- (1) For Messrs. Esson, Garrity, Nohra and Radis the stock awards set forth in the table above were issued on January 21, 2014 and March 5, 2015, under the AIP s approved by the Board in 2013 and 2014. The awards made under the January 21, 2014 AIP resulted in one third of the shares vesting on each of January 21, 2015 and 2016, leaving the remainder to vest on January 21, 2017. The award made under the 2014 AIP resulted in one third of the shares vesting on March 5, 2015, with the remainder to vest evenly on March 5, 2016 and March 5, 2017. Mr. Small s stock awards set forth in the table above were from the 2014 AIP vest described above and from the vest of restricted shares granted to Mr. Small upon his hire on April 1, 2014. The 125,000 shares that Mr. Small was granted when he joined the Company vest in three equal annual installments on April 1, 2015.

Employment Agreements, Termination and Change in Control Payments

As of December 31, 2016, Home Savings had employment agreements with Messrs. Small, Esson, Nohra and Garrity and Mrs. Radis. Mr. Small s agreement is for a term of two years, has an effective date of April 1, 2014 and is automatically extended for additional one year terms until either the Company or Mr. Small terminate the agreement. Messrs. Esson s, Nohra s and Garrity s and Mrs. Radis s agreements are for a term of one year but include an evergreen provision, meaning that they are extended for one day each day so that the term is always twelve months. Mr. Esson s agreement was originally entered into on September 29, 2011. Messrs. Nohra s and Garrity s employment agreements were originally executed in April 2010. Mrs. Radis s employment agreement was executed as of April 2, 2012. Each agreement is terminable at any time.

In accordance with the terms of his employment agreement, Mr. Small entered into a restricted stock agreement with the Company (the RSA) on April 1, 2014 pursuant to which he received an award of 125,000 common shares with a three year vesting schedule. The RSA provides that 33% of the shares covered by the award vest on the first anniversary of the grant date, 33% vest on the second anniversary of the grant date (for an aggregate vesting of 67%) and 34% vest on the third anniversary of the grant date (for an aggregate vesting of 100%). However, the award becomes fully vested and nonforfeitable upon (i) the death of Mr. Small, (ii) his permanent disability, (iii) termination of his employment with the Company without cause or for good reason or (iv) a change of control (all provided or as defined in the employment agreement).

Table of Contents

The discussion and table below reflect the amount of compensation that would be paid to each of the Named Executive Officers in the specified event of termination of such executive's employment under the agreements, the RSA and the Company's 2014 and 2015 annual and long term incentive plans as of December 31, 2016. The amounts shown are estimates. Amounts do not include compensation and benefits available generally to all of our salaried employees on a non-discriminatory basis.

	Change of Control (\$)	Death (\$)	Disability (\$)	Other Termination (\$)
Gary M. Small				
Base Amount	850,000			425,000
Bonus/Short and Long Term Incentive Compensation	1,061,731	707,061	707,061	707,061
Restricted Stock Award	707,673	707,673	707,673	707,673
Health Insurance	14,833		14,833	14,833
Total	2,634,237	1,414,734	1,429,567	1,854,567
Timothy W. Esson				
Base Amount	436,000	53,753		218,000
Bonus/Short and Long Term Incentive Compensation	300,055	300,055	300,055	300,055
Restricted Stock Award	157,460	157,460	157,460	157,460
Health Insurance	6,366		6,366	6,366
Total	899,881	511,269	463,881	681,881
Jude J. Nohra				
Base Amount	494,000	60,904		247,000
Bonus/Short and Long Term Incentive Compensation	344,834	344,834	344,834	344,834
Restricted Stock Award	188,652	188,652	188,652	188,652
Health Insurance	14,833		14,833	14,833
Total	1,042,319	594,390	548,319	795,319
Matthew T. Garrity				
Base Amount	504,000	62,137		252,000
Bonus/Short and Long Term Incentive Compensation	350,716	350,716	350,716	350,716
Restricted Stock Award	182,895	182,895	182,895	182,895
Health Insurance	14,833		14,833	14,833
Total	1,052,444	595,748	548,444	800,444
Barbara J. Radis				
Base Amount	430,000	53,014		215,000
Bonus/Short and Long Term Incentive Compensation	290,121	290,121	290,121	290,121
Restricted Stock Award	113,475	113,475	113,475	113,475
Health Insurance	14,833		14,833	14,833
Total	848,430	456,610	418,430	633,430

Base Salary. Mr. Small's employment agreement established an initial base salary of \$425,000. Messrs. Esson's, Nohra's and Garrity's and Mrs. Radis's employment agreements established initial base salaries of \$218,000, \$247,000, \$252,000 and \$215,000, respectively. The agreements provide that based on each officer's individual performance and

other factors deemed appropriate by the Board or the Compensation Committee, the Board may increase the executive's base salary. Each agreement provides that, in the event that the Board increases any executive's annual base salary, the amount of the initial annual base salary, together with any such increases, will become the executive's base salary under the agreement.

Table of Contents

Bonus; Fringe Benefits. Each of these employment agreements provides that the executive is eligible to participate in any executive incentive plan adopted by the Company. In addition, each of the employment agreements provides that Home Savings will provide the executive the benefit programs (including vacation and sick leave) provided to actively employed, similarly situated employees of the Company.

Termination upon Change of Control. Mr. Small's employment agreement provides that he is entitled to certain benefits if his employment is terminated within six months before or one year after a change of control and the employment agreements of Messrs. Esson, Nohra and Garrity and of Mrs. Radis provide that they also are entitled to certain benefits if their employment agreement is terminated within nine months before or one year after a change of control: (i) by the Company or its successor; or (ii) by the executive for good reason (including, for example, a material reduction in the executive's salary, authorities, duties or responsibilities, a requirement (to the extent applicable) that the executive report to a corporate officer instead of reporting directly to the Board, a material change to one's title or a material change in the geographic location in which the executive performs his services). Any benefits to be received by the executive will be reduced to the maximum amount payable under Code Section 280G without penalty.

Under each of the employment agreements, change of control is defined as:

The date any one person, or more than one person acting as a group, acquires ownership of shares of the Company or Home Savings possessing 25% or more of the total voting power of the shares of the Company or Home Savings;

The date that any one person, or more than one person acting as a group, acquires the ability to control the election of a majority of the directors of the Company or Home Savings;

The date a majority of the members of the Board of the Company or Home Savings is replaced during any 12-month period by directors whose appointment or election is not endorsed by a majority of the members of such Board before the date of the appointment or election; or

The acquisition by any person, or more than one person acting as a group, of control of Home Savings or the Company within the meaning of 12 C.F.R. Section 303.81.

Under these circumstances, Mr. Small is entitled to an amount equal to: (1) two times the greater of his prior year's base salary or his base salary in effect immediately prior to his termination; (2) a single lump sum payment equal to two times the target short and long term incentive (See Compensation Discussion and Analysis Annual Cash and Equity Incentive Awards above); (3) the sum of any accrued but unpaid bonus payable in accordance with any applicable bonus plan; and (4) any accrued salary or benefits and continued coverage at the Company's or its successor's expense under all health and welfare benefit plans until the earlier of the expiration of 18 months or the date upon which he is included in another employer's benefit plans as a full-time employee.

Each of Messrs. Esson, Garrity and Nohra and Mrs. Radis would be entitled to an amount equal to two times his or her applicable base salary, any accrued but unpaid bonus payable in accordance with any applicable bonus plan, any accrued salary or benefits and continued coverage at the Company's or its successor's expense under all health and welfare benefit plans until the earlier of the expiration of 12 months or the date upon which he or she is included in

another employer's benefit plans as a full-time employee.

Termination upon Death. Under the employment agreements of Messrs. Esson, Nohra and Garrity and Mrs. Radis, upon the executive's death, his or her estate is entitled to receive a continuation of his or her base salary for 90 days.

Termination upon Disability. Under the employment agreements, if the executive is unable to perform his or her duties due to illness or incapacity for a period of up to 150 consecutive days, the Company can terminate the employment agreement. After the employment agreement is terminated, the executive is entitled to any accrued salary or benefits in accordance with such plans or programs and continued coverage at Home Savings' expense under all health and welfare benefit plans until the earlier of the expiration of 12 months or the date upon which he or she is included in another employer's benefit plans as a full-time employee.

Termination for Cause. None of the executives are entitled to receive any benefits under the employment agreement following termination for cause. Cause means the executive's

Continued intentional failure or refusal to perform substantially the executive's assigned duties (other than as a result of total or partial incapacity due to physical or mental illness) for a period of 10 days following written notice by the Company to the executive of such failure;

Table of Contents

Engagement in willful misconduct, including without limitation, fraud, embezzlement, theft or dishonesty in the course of the executive's employment with the Company;

Conviction of, or plea of guilty or nolo contendere to a felony or a crime other than a felony, which felony or crime involves moral turpitude or a breach of trust or fiduciary duty owed to the Company or any of its affiliates; or

Disclosure of trade secrets or material, non-public confidential information of the Company or any of its affiliates in violation of the Company's or its affiliates' policies that applies to the executive or any agreement with the Company or any of its affiliates in respect of confidentiality, nondisclosure, non-competition or otherwise.

Other Termination. If Mr. Small is terminated before the expiration of his employment agreement for any reason other than death, disability, cause or change of control, then he is entitled to receive the salary in effect at the time of termination for a period of the greater of the remaining term under the agreement or 12 months, any accrued but unpaid bonus payable in accordance with any applicable bonus plan, any accrued salary or benefits payable in cash to which the executive is entitled to under such plans or programs and continued coverage under all health and welfare benefit plans at the expense of Home Savings until the earlier of the expiration of the term or the date upon which he is included in another employer's benefit plans as a full-time employee.

If any of Messrs. Esson, Nohra or Garrity or Mrs. Radis are terminated before the expiration of his or her employment agreement for any reason other than death, disability, cause or change of control, then he or she is entitled to receive the salary in effect at the time of termination for a period of 12 months, any accrued but unpaid bonus payable in accordance with any applicable bonus plan, any accrued salary or benefits payable in cash to which the executive is entitled to under such plans or programs and continued coverage under all health and welfare benefit plans at the expense of Home Savings until the earlier of the expiration of the term or the date upon which he or she is included in another employer's benefit plans as a full-time employee.

Non-Compete; Non-Solicitation. With respect to Mr. Small, he is subject to a non-compete provision that prohibits him from engaging in any business actively in competition with that of the Company or its affiliates for a period of 12 months following any termination except for good reason in any county in which the Company has an office, and non-solicitation of customers and employees provisions that prohibit them from soliciting any customers or employees for a period of twelve months following termination of the executive. With respect to Messrs. Esson, Nohra and Garrity and Mrs. Radis, they are subject to a non-compete provision that prohibits each of them from engaging in any business actively in competition with that of the Company or its affiliates for a period of 12 months following termination of the executive in any county in which the Company has an office, and non-solicitation of customers and employees provisions that prohibit them from soliciting any customers or employees for a period of twelve months following termination of the executive.

Indemnification. Each of the employment agreements provides for indemnification by the Company for liabilities arising out of the executive's performance of his or her duties under the employment agreement. Notwithstanding the foregoing, the indemnification provided under the agreement does not extend to matters for which the executive has been terminated or where such indemnification is prohibited by applicable law or regulation.

Suspension or Termination in Connection with certain Special Regulatory Events. Under each of the employment agreements, if the executive's employment is terminated or suspended (unless such suspension is stayed) by applicable Federal regulators or if Home Savings is placed in conservatorship or receivership, the Company's obligations under

the agreements are terminated, except with respect to any vested rights of the executive. In the event of a suspension of an executive where the charges are later dismissed, the Company shall pay the executive the amount withheld during such suspension.

Release. As a condition to receiving any payments for a termination under the agreement as described above, other than a payment of any accrued but unpaid compensation, benefits or bonus, the executive must agree to release the Company and its affiliates, employees and directors from any and all claims that the executive may have against the Company, employees and directors up to and including the date the executive signs a release in the form provided by the Company.

Related Person Transactions

Home Savings makes loans to executive officers and directors of the Company and its subsidiaries in the ordinary course of business, on substantially the same terms (including interest rates and collateral) as those prevailing at the time for comparable loans with persons not related to Home Savings, and did not involve more than the normal risk of collectability or present other unfavorable features. All outstanding loans to executive officers and directors are current in their payments.

Table of Contents

On March 17, 2014, the Company and Home Savings entered into a Consulting Agreement with Mr. Bevac, the former President and Chief Executive Officer of the Company and Home Savings, for a period of two years from the first business day following Mr. Bevac's retirement on March 31, 2014. Under the Consulting Agreement, the Company and the President and Chief Executive Officer of the Company may, from time to time, request consulting advice and services. In exchange for his services, Mr. Bevac received a monthly consulting fee of \$32,187.50, payable in a lump sum on the seventh month of the term for the first seven monthly payments, and then payable monthly each month thereafter, for total compensation of \$772,500 during the term of the Consulting Agreement. The agreement terminated March 31, 2016.

Mr. Altman, owns a 13.50% interest in a limited liability company that leases a branch to Home Savings, and he also owns a 1/3 interest in a limited liability company that leases a loan origination and operations center to Home Savings. Mr. Altman's father owns a 73.00% and 1/3 interest in each of such limited liability companies, respectively, and Mr. Altman's brother owns a 13.50% and 1/3 interest in each of such limited liability companies, respectively. In 2016 and January 2017, before the two properties were acquired in the merger between the Company, Home Savings, Ohio Legacy Corp. and its wholly owned subsidiary, Premier Bank & Trust (PB&T), Home Savings' predecessor, PB&T, made lease payments to the limited liability companies in the aggregate of \$142,477. The lease term for the branch runs to September 30, 2030 and the rental payment is \$8,512 per month, and for the loan origination and operations center, the lease term runs to April 30, 2018 and the rental payment is \$3,361.11 per month. Each lease also includes customary common area maintenance charges, including, but not limited to insurance, real estate taxes and maintenance costs and expenses. Since January 1, 2016, the aggregate of all monthly lease payments due under both leases through each initial term as stated above is equal to approximately \$1,600,735.

Other than the transactions set forth above, we had no other related person transactions as defined in Regulation S-K Item 404(a).

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Security Ownership of Certain Beneficial Owners

The following table sets forth information about the only persons known to the Company to own beneficially more than 5% of our outstanding common shares as of the record date (March 8, 2017):

Name and address	Amount and nature of beneficial ownership	Percent of shares outstanding
BlackRock, Inc. 40 East 52 nd Street New York, NY 10022	3,163,534 ⁽¹⁾	6.37%
Dimensional Fund Advisors LP 6300 Bee Cave Road Austin, TX 78746	2,965,209 ⁽²⁾	5.97%
Wellington Management Group LLP 280 Congress Street Boston, MA 02210	3,085,023 ⁽³⁾	6.21%

- (1) The information is based on Schedule 13G/A filed with the SEC on January 27, 2017 by Blackrock, Inc., reporting on beneficial ownership as of December 31, 2016. According to this filing, BlackRock, Inc. has sole voting power over 3,104,916 shares and sole dispositive power over 3,163,534 of the shares reported.
- (2) The information is based on Schedule 13G/A filed with the SEC on February 9, 2017 by Dimensional Fund Advisors LP, reporting on beneficial ownership as of December 31, 2016. According to this filing, Dimensional Fund Advisors LP has sole voting power over 2,846,341 shares and sole dispositive power over 2,965,209 of the shares reported.
- (3) The information is based on Schedule 13G/A filed with the SEC on February 9, 2017 by Wellington Management Group LLP, reporting on beneficial ownership as of December 31, 2016. According to this filing, Wellington Group Holdings LLP possesses shared voting and dispositive power over 3,085,023 of the shares reported; Wellington Investment Advisors Holdings LLP possesses shared voting and dispositive power over 3,085,023 of the shares reported; and Wellington Management Company LLP possesses shared voting and dispositive power over 3,085,023 of the shares reported. Wellington Management Group LLP, as the parent holding company of these certain holding companies, possesses shared voting and dispositive power over 3,085,023 of the shares reported.

Table of Contents**Security Ownership of Management**

The following table sets forth information regarding the number of the Company's common shares beneficially owned by each director and executive officer as of March 8, 2017, the record date (the Company's insider trading policy does not permit hedging or pledging of shares by directors or executive officers, so none of the shares set forth below have been pledged by any executive officer or director):

Name and address ⁽¹⁾	Amount and nature of beneficial ownership		Percent of shares outstanding
	Sole voting or investment power	Shared voting or investment power	
Marty E. Adams	195,567 ⁽²⁾		*
Zahid Afzal	56,702 ⁽²⁾		*
Louis M. Altman	4,487	60,194 ⁽³⁾	*
Patrick W. Bevac	280,066 ⁽²⁾		*
Lee J. Burdman	60,633 ⁽²⁾	126,609 ⁽⁴⁾	*
Scott N. Crewson	3,743 ⁽²⁾	100,222 ⁽⁵⁾	*
Timothy W. Esson	158,284 ⁽²⁾		*
Matthew T. Garrity	43,827 ⁽²⁾	65,166 ⁽⁶⁾	*
Scott D. Hunter	75,942 ⁽²⁾		*
Jude J. Nohra	155,698 ⁽²⁾	1,974 ⁽⁷⁾	*
Barbara J. Radis	51,079		*
Richard J. Schiraldi	214,269 ⁽²⁾		*
Gary M. Small	112,513		*
Ellen J. Tressel	16,155		*
All current directors and current executive officers as a group (14 persons)	1,428,965 ⁽²⁾	354,165	3.56%

* Less than one percent of the total outstanding.

(1) Each of the persons listed in this table may be contacted at the Company's address.

(2) Includes the following number of shares that may be acquired upon the exercise of options awarded under the 1999, 2007, and 2015 Plans: each of Messrs. Adams, Afzal, and Burdman 4,000; Mr. Bevac 60,000; Mr. Esson 32,000; Mr. Garrity 30,000; Mr. Nohra 39,785; Mr. Schiraldi 57,632; and directors and executive officers as a group 233,917.

(3) Represents 3,396 shares held in a trust over which Mr. Altman's spouse serves as trustee and 56,798 shares jointly owned with Mr. Altman's spouse.

(4) Includes 15,000 shares owned by Purple Burd Limited Partnership, 45,909 shares owned by KB Kidz Limited Partnership, 40,000 shares owned by Kenneth Burdman Marital Exempt Trust, and 10,000 shares owned by BLS Realty Corp., over all of which Mr. Burdman has shared voting and investment power, 15,000 shares owned by Mr. Burdman's spouse, and 700 shares owned by Mr. Burdman's son.

(5) Shares jointly owned with Mr. Crewson's spouse.

(6) Shares jointly owned with Mr. Garrity's spouse.

(7) Shares owned by Mr. Nohra's spouse.

Table of Contents**SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Section 16(a) of the Exchange Act requires our executive officers and directors, and persons who own more than ten percent of our common shares, to file reports of ownership and changes in ownership on Forms 3, 4 and 5 with the SEC and to provide the Company with a copy of such form. Based on our review of the copies of such forms we have received, we believe that our executive officers and directors complied with all filing requirements applicable to them with respect to transactions during the fiscal year ended December 31, 2016, except that Scott D. Hunter filed one late Form 4 reporting one transaction.

**PROPOSAL 3 RATIFICATION OF THE SELECTION OF OUR INDEPENDENT
REGISTERED PUBLIC ACCOUNTING FIRM**

The Audit Committee of the Board has selected Crowe Horwath as our independent registered public accounting firm for the 2017 fiscal year. The Board is requesting that the shareholders ratify this selection. If the shareholders do not ratify the selection of Crowe Horwath, the selection may be reconsidered by the Audit Committee.

Management expects that a representative from Crowe Horwath will be present at the Annual Meeting, will have the opportunity to make a statement if he or she desires to do so and will be available to respond to appropriate questions from shareholders.

Audit Fees

The Audit Committee is responsible for, among other things, engaging an accounting firm to audit our financial statements and internal control over financial reporting. The independent accountants may not provide the non-audit services described in Section 10A(g) of the Exchange Act, but may provide other non-audit services, including tax services, if, and only if, approved in advance by the Audit Committee. The Audit Committee may delegate to a subcommittee its authority to approve audit and non-audit services, provided that decisions of the subcommittee are presented to the full Audit Committee for action at its next meeting

The aggregate fees billed by Crowe Horwath LLP to the Company for the years ended December 31, 2016 and 2015 are shown in the table below. All services related to these fees were approved in advance by the Audit Committee.

	2016	2015
Audit Fees	\$ 385,850	\$ 362,460
Audit-Related Fees	14,000 ⁽¹⁾	
Tax Fees ⁽²⁾	45,135	48,935
All Other Fees	20,000 ⁽³⁾	

(1) Fees related to review of the Form S-4 document for the Company's acquisition of Ohio Legacy Corp.

(2) Fees for services related to the preparation of various federal, state and local income tax returns and various consulting services.

(3) Fees related to the formation of a separate subsidiary of the Company.

Audit and Non-Audit Pre-Approval Policy

In accordance with applicable laws and regulations, the Company has adopted the Preapproval Policy on use of Independent Auditor for Non-Audit Services. The policy governs the use of our external auditor for any purpose other than the audit. Audit services includes all services performed to comply with the audit, including services in connection with statutory and regulatory filings such as comfort letters, statutory audits, attest services, consents and reviews of quarterly information and procedures required in connection with SEC filings.

The policy provides that the Company will not use the outside auditor for any incompatible services as defined under applicable law, and that the Audit Committee will not engage the outside auditor to perform any services unless the committee, acting as the full committee or through a designee, concludes that the service, and the extent of the engagement, are designed in a way that ensures the independence of the audit.

Table of Contents

Applicable law authorizes the Committee to delegate preapproval to one or more committee members who are independent directors of the Board, and the Committee designated the Chairman of the Audit Committee to be that designee. All decisions of the designee to preapprove a non-audit service are presented to the full Committee at its next scheduled meeting. The Chairman, as the designee, shall have the authority to preapprove non-audit services that do not exceed 5% of the fees paid to the auditor in the fiscal year that the services are provided. This 5% limitation will be based upon the auditor's quote of proposed fees for services to be rendered in the fiscal year that the services are provided. Any amounts exceeding the 5% limitation shall be referred to the full Committee for approval consideration.

The Committee or Chairman, as the designee, will evaluate all non-audit services against the criteria described in our policy. As part of the evaluation, the Committee or the Chairman, as its designee, also will discuss the potential impairment of auditor independence with management. If the results of the evaluation lead to approval of the service, such approval is documented in the Committee's minutes.

AUDIT COMMITTEE REPORT

The Audit Committee is responsible for overseeing our accounting and internal auditing functions and controls as well as our loan review function and for engaging an independent registered public accounting firm to audit our financial statements and internal controls over financial reporting. The Audit Committee has adopted a charter to set forth its responsibilities, a copy of which may be found under Corporate Governance at <http://www.ucfconline.com/>.

As required by the Charter, the Audit Committee received and reviewed the report of Crowe Horwath regarding the results of their audit, as well as the written disclosures and the letter from Crowe Horwath as required by Independence Standards Board Standard No. 1. The Audit Committee reviewed and discussed the audited financial statements with the management of the Company. A representative of Crowe Horwath also discussed with the Audit Committee the independence of Crowe Horwath from the Company, as well as the matters required to be discussed by Statement of Auditing Standards No. 1301.

Discussions between the Audit Committee and the representative of Crowe Horwath, as well as written communications received from Crowe Horwath, included the following:

Crowe Horwath's responsibilities in accordance with standards of the Public Company Accounting Oversight Board;

The initial selection of, and whether there were any changes in, significant accounting policies or their application;

Management's judgments and accounting estimates;

Whether there were any significant corrected or uncorrected audit adjustments;

Whether there were any disagreements with management;

Whether Crowe Horwath became aware of any consultation of the Company's management with other accountants;

Whether there were any major issues discussed with management prior to Crowe Horwath's retention;

Whether Crowe Horwath encountered any difficulties in performing the audit;

Crowe Horwath's judgments about the quality of the Company's accounting principles;

Crowe Horwath's responsibilities for information prepared by management that is included in documents containing audited financial statements; and

Other matters.

Based on its review of the financial statements and its discussions with management and the representative of Crowe Horwath, the Audit Committee recommended to the Board that the audited financial statements be included in the annual report on Form 10-K for the year ended December 31, 2016.

Respectfully submitted by the members of the Audit Committee:

Zahid Afzal, Chairman

Lee J. Burdman

Scott D. Hunter

Scott N. Crewson

Richard J. Schiraldi

The Board recommends that you vote FOR ratification of Crowe Horwath as our independent registered public accounting firm.

Table of Contents

**PROPOSALS OF SHAREHOLDERS AND COMMUNICATIONS WITH THE BOARD OF
DIRECTORS**

Any proposals of qualified shareholders intended to be included in the proxy statement for the 2018 Annual Meeting of Shareholders of the Company should be sent to the Company by certified mail and must be received by the Company not later than November 17, 2017. In addition, if a shareholder intends to present a proposal at the 2018 Annual Meeting without including the proposal in the proxy materials related to that meeting, then written notice of the proposal must be received by the Company on or before February 1, 2018, or it will be considered untimely. In that case, the proxies designated by the Board for the 2018 Annual Meeting of Shareholders may, in such proxies discretion, vote on any such proposal any of the shares for which they have been appointed as proxies without mention of the proposal in the proxy statement or on the proxy card for the 2018 Annual Meeting.

Shareholders may send written communications to the Board or any of the directors c/o Secretary, United Community Financial Corp., 275 West Federal Street, Youngstown, Ohio 44503-1203. All communications will be compiled by the Secretary and submitted to the Board or the individual directors.

OTHER MATTERS

Management knows of no other business that may be brought before the Annual Meeting. It is the intention of the persons named in the enclosed Proxy to vote the Proxy in accordance with their best judgment on any other matters that may be brought before the Annual Meeting.

IT IS IMPORTANT THAT PROXIES BE RETURNED PROMPTLY. IF YOU HOLD YOUR SHARES IN STREET NAME WITH A BROKER OR OTHER NOMINEE, WE ENCOURAGE YOU TO PROMPTLY PROVIDE YOUR BROKER OR OTHER NOMINEE WITH VOTING INSTRUCTIONS IF YOU WANT YOUR SHARES VOTED AND TO CAREFULLY FOLLOW THE INSTRUCTIONS YOUR BROKER GIVES YOU PERTAINING TO THEIR PROCEDURES. WHETHER OR NOT YOU EXPECT TO ATTEND THE MEETING IN PERSON, WE URGE YOU TO EITHER VOTE ELECTRONICALLY OR TO COMPLETE, SIGN AND RETURN THE PROXY IN THE ENCLOSED SELF-ADDRESSED ENVELOPE.

By Order of the Board of Directors

Youngstown, Ohio
March 17, 2017

Jude J. Nohra
General Counsel & Secretary

Table of Contents

Using a **black ink** pen, mark your votes with an **X** as shown in this example. Please do not write outside the designated areas.

Electronic Voting Instructions

Available 24 hours a day, 7 days a week!

Instead of mailing your proxy, you may choose one of the voting methods outlined below to vote your proxy.

VALIDATION DETAILS ARE LOCATED BELOW IN THE TITLE BAR.

Proxies submitted by the Internet or telephone must be received by 1:00 a.m., Eastern Time, on April 27, 2017.

Vote by Internet

Go to **www.envisionreports.com/UCFC**
Or scan the QR code with your smartphone
Follow the steps outlined on the secure website

Vote by telephone

Call toll free 1-800-652-VOTE (8683) within the USA, US territories & Canada on a touch tone telephone
Follow the instructions provided by the recorded message

q IF YOU HAVE NOT VOTED VIA THE INTERNET OR TELEPHONE, FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE. q

Proposals The Board of Directors recommends a vote FOR all nominees and FOR Proposals 2 and 3:

1. The re-election of three directors for three year terms expiring in 2020:

	For	Withhold		For	Withhold		For	Withhold
01 - Richard J. Schiraldi			02 - Gary M. Small			03 - Ellen J. Tressel		

	For	Against	Abstain		For	Against	Abstain
2. An advisory vote to approve the compensation of UCFC s named executive officers.				3. The ratification of the selection of Crowe Horwath LLP, certified public accountants, as the auditors of UCFC for the current fiscal year.			

Non-Voting Items

Change of Address Please print new address below.

Meeting Attendance
Mark box to the right if you plan to attend the Annual Meeting.

Authorized Signatures This section must be completed for your vote to be counted. **Date and Sign Below**

Please sign exactly as your name appears on your Stock Certificate(s). Executors, administrators, trustees, guardians, attorneys and agents should give their full titles.

Date (mm/dd/yyyy) Please print date below. Signature 1 Please keep signature within the box. Signature 2 Please keep signature within the box.

Table of Contents

q IF YOU HAVE NOT VOTED VIA THE INTERNET OR TELEPHONE, FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE. q

REVOCABLE PROXY UNITED COMMUNITY FINANCIAL CORP.

2017 ANNUAL MEETING OF SHAREHOLDERS April 27, 2017

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS OF UNITED COMMUNITY FINANCIAL CORP.

The undersigned shareholder of United Community Financial Corp. (UCFC) hereby constitutes and appoints Jude J. Nohra or in his absence, Timothy W. Esson, as the Proxy of the undersigned with full power of substitution and resubstitution, to vote at the Annual Meeting of Shareholders of UCFC to be held at the Deyor Performing Arts Center, 260 W Federal St, Youngstown, Ohio, in the Ford Family Recital Hall at the Eleanor Beecher Flad Pavilion, on April 27, 2017, at 10:00 a.m. Eastern Time (the Annual Meeting), all of the shares of UCFC that the undersigned is entitled to vote at the Annual Meeting, or at any adjournment thereof, on each of the above proposals, all of which are described in the accompanying Proxy Statement:

The undersigned also appoints the Proxies to vote, in their discretion, upon such other business as may properly come before the Annual Meeting or any adjournments thereof.

IMPORTANT: Please sign and date this Proxy on the reverse side.

The Board of Directors recommends a vote FOR proposals 1, 2 and 3 above.

This Proxy, when properly executed, will be voted in the manner directed herein by the undersigned shareholder. Unless otherwise specified, the shares will be voted FOR proposals 1, 2 and 3 above.

All Proxies previously given by the undersigned are hereby revoked. Receipt of the Notice of the Annual Meeting and of the accompanying Proxy Statement is hereby acknowledged.

PLEASE DATE, SIGN AND RETURN THIS PROXY PROMPTLY IN THE ENCLOSED ENVELOPE.

NO POSTAGE IS REQUIRED FOR MAILING IN THE USA.