



**UNITED COMMUNITY**  

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**FINANCIAL CORP.**

**Annual Meeting of  
Shareholders**

**April 24, 2008**

# Safe Harbor Statement

To the extent that this presentation or the presenters discuss expectations about future financial results or market conditions or otherwise make statements about the future, such statements are forward-looking and are based on the Company's current beliefs, expectations, forecasts or projections. Actual results may differ materially from our statements due to a number of risks and uncertainties, including those described in the Company's Form 10-K for the year ended December 31, 2007 and subsequent filings. Please refer to these SEC documents for a complete list of risk factors.



**UNITED COMMUNITY**  
**FINANCIAL CORP.**



- ✓ Market Area –19 Counties in Ohio and W. Pa.
- ✓ 39 Full-Service Banking Offices
- ✓ 6 Loan Production Offices



- ✓ Market Area –15 Counties in Ohio and W. Pa.
- ✓ 23 Offices Providing Full-Service Retail Brokerage, Capital Markets or Trust Services
- ✓ Combined Assets Under Management of \$794 Million



# 2007 – A Difficult Operating Environment

- Economic conditions and a stagnant housing market, not subprime lending, caused an earnings decline
- Falling interest rates and rising loan delinquencies caused a margin decline
- Sales of new homes was lowest on record



# 2007 – A Difficult Operating Environment

- Construction at a virtual standstill
- Credit quality suffered, requiring increased provisions for loan losses
- Our market volatility was consistent with the price declines experienced by most financial service companies



# Business Priorities

- Loan portfolio management
  - Reanalyzed individual loans and made provisions for adequate reserves
  - Reduced loan exposure in construction, commercial and multi-family
  - Tightened underwriting standards
  - Focused entire company on credit quality issues
- Challenges will continue in 2008
  - Economy continues to be under pressure
  - Regulatory compliance
  - Continued pressure on net interest margin and asset quality



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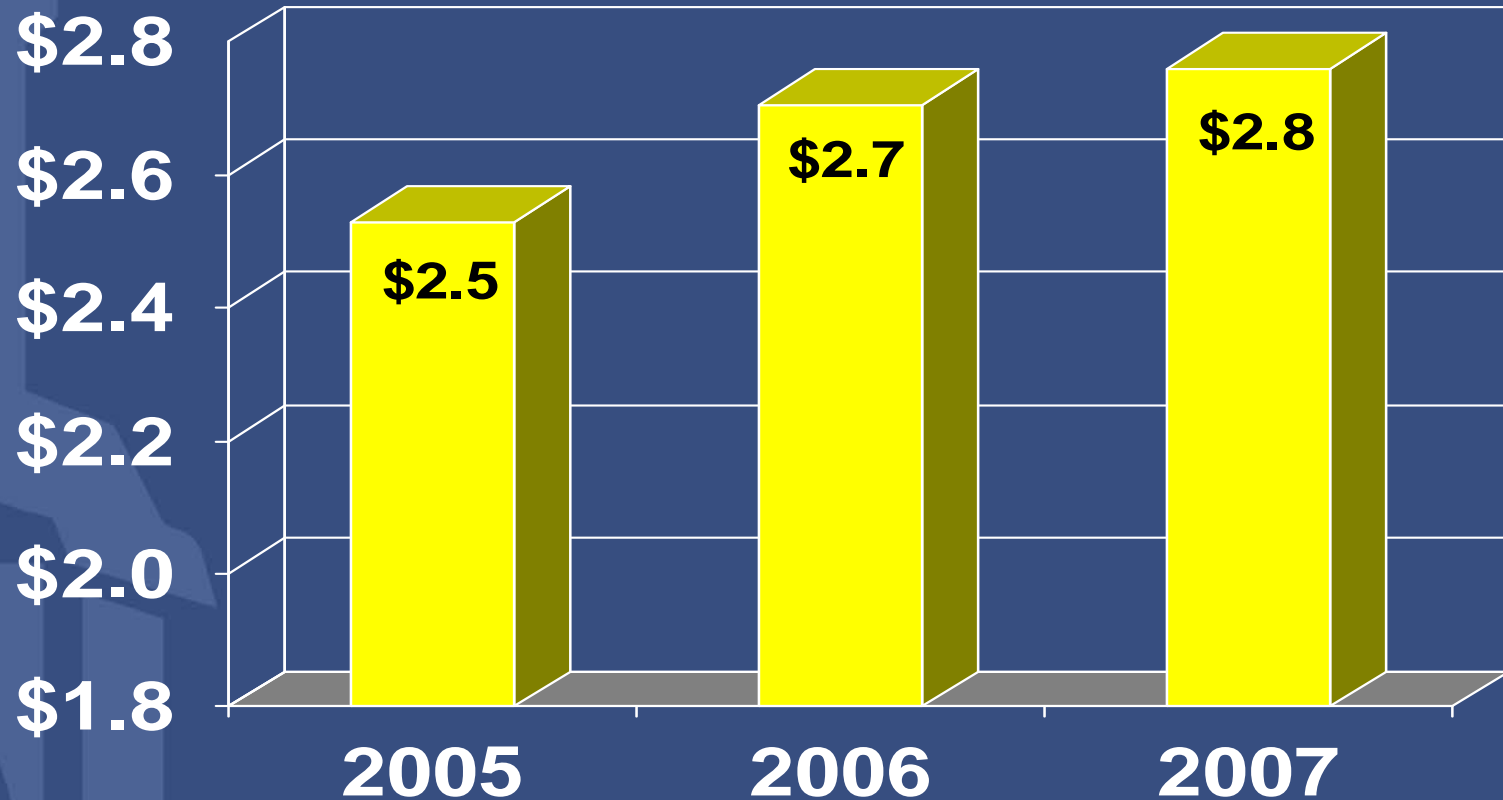
# Consolidated Financial Performance





# Total Assets

5% Average Growth

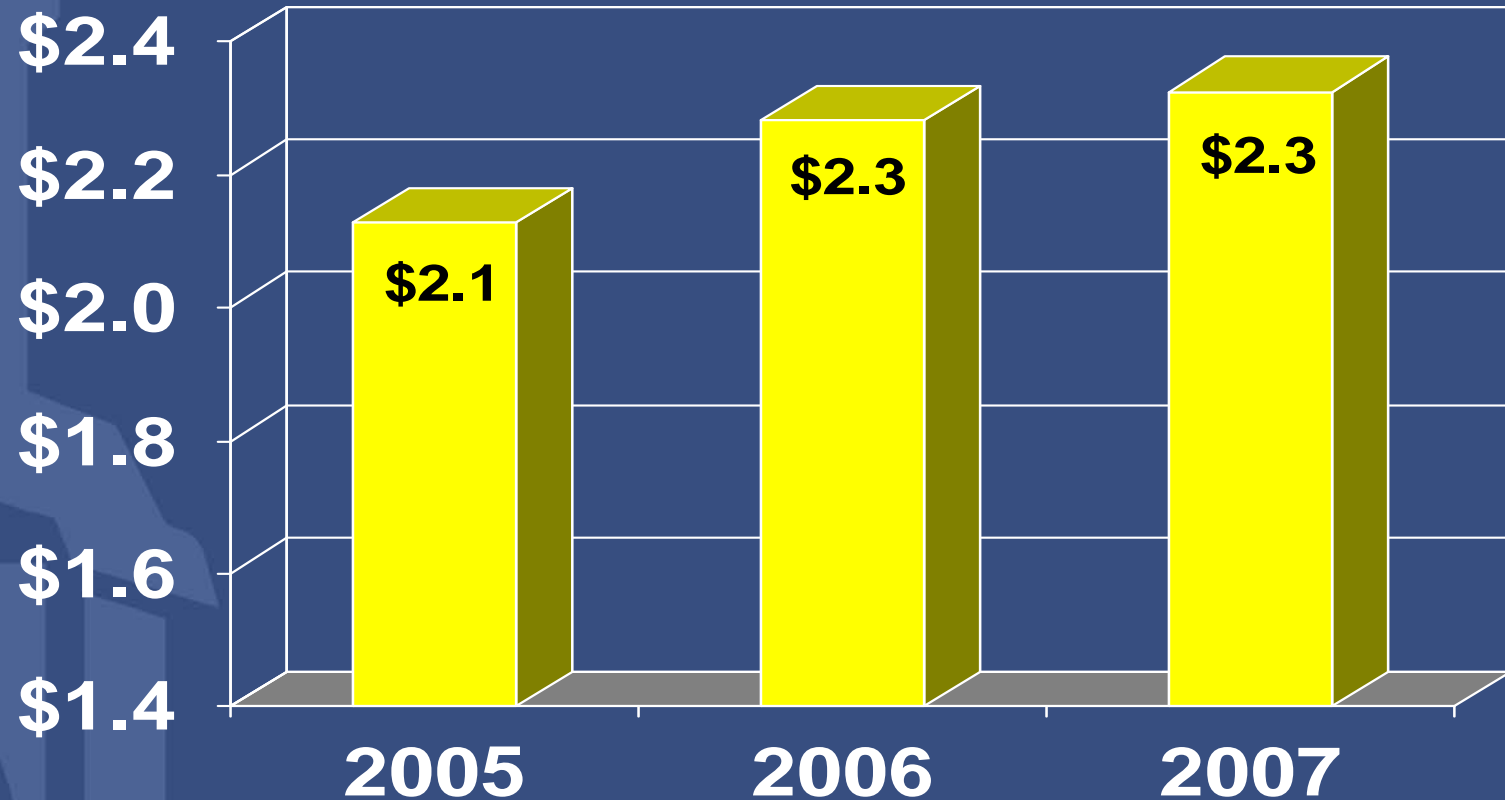


In billions



# Total Loans

5% Average Growth

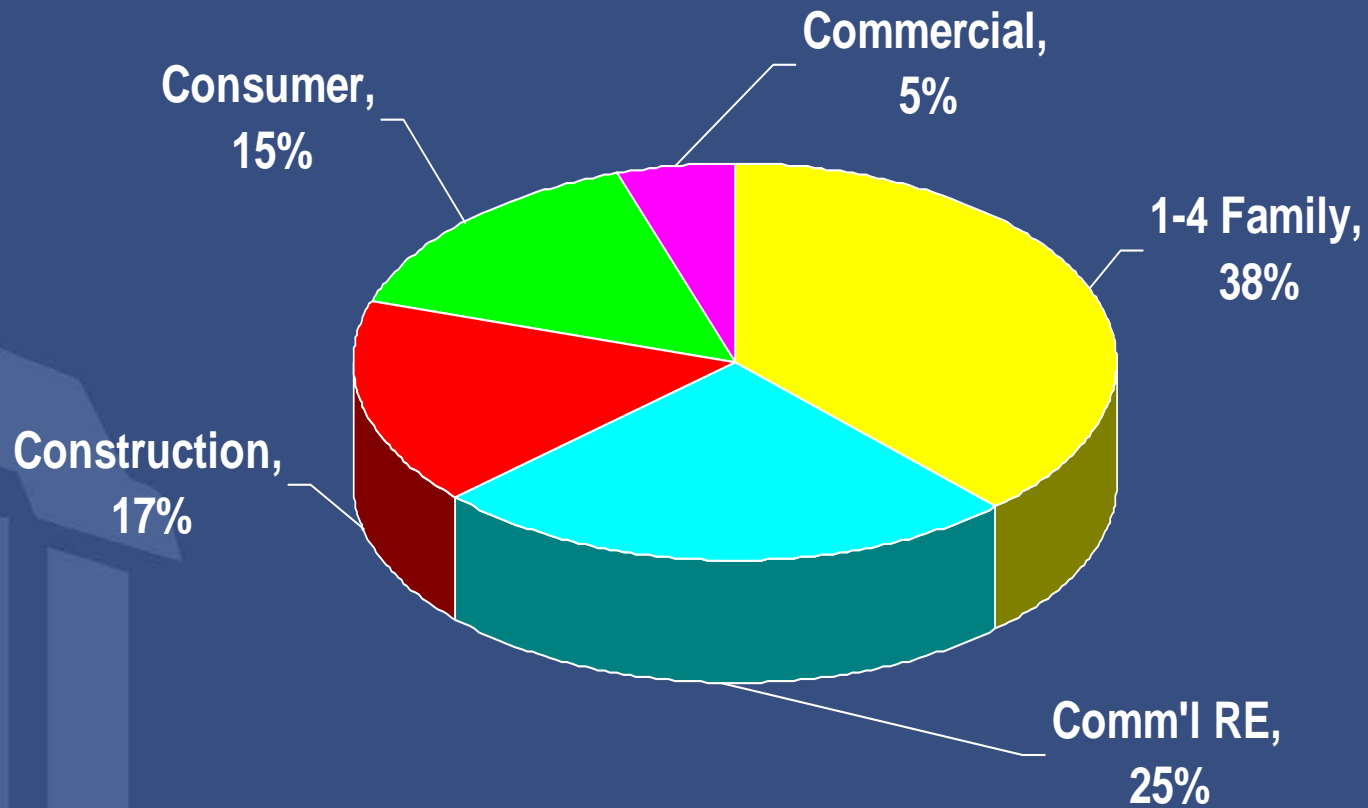


In billions



# Loan Portfolio

As of December 31, 2007





# Selected Loan Categories

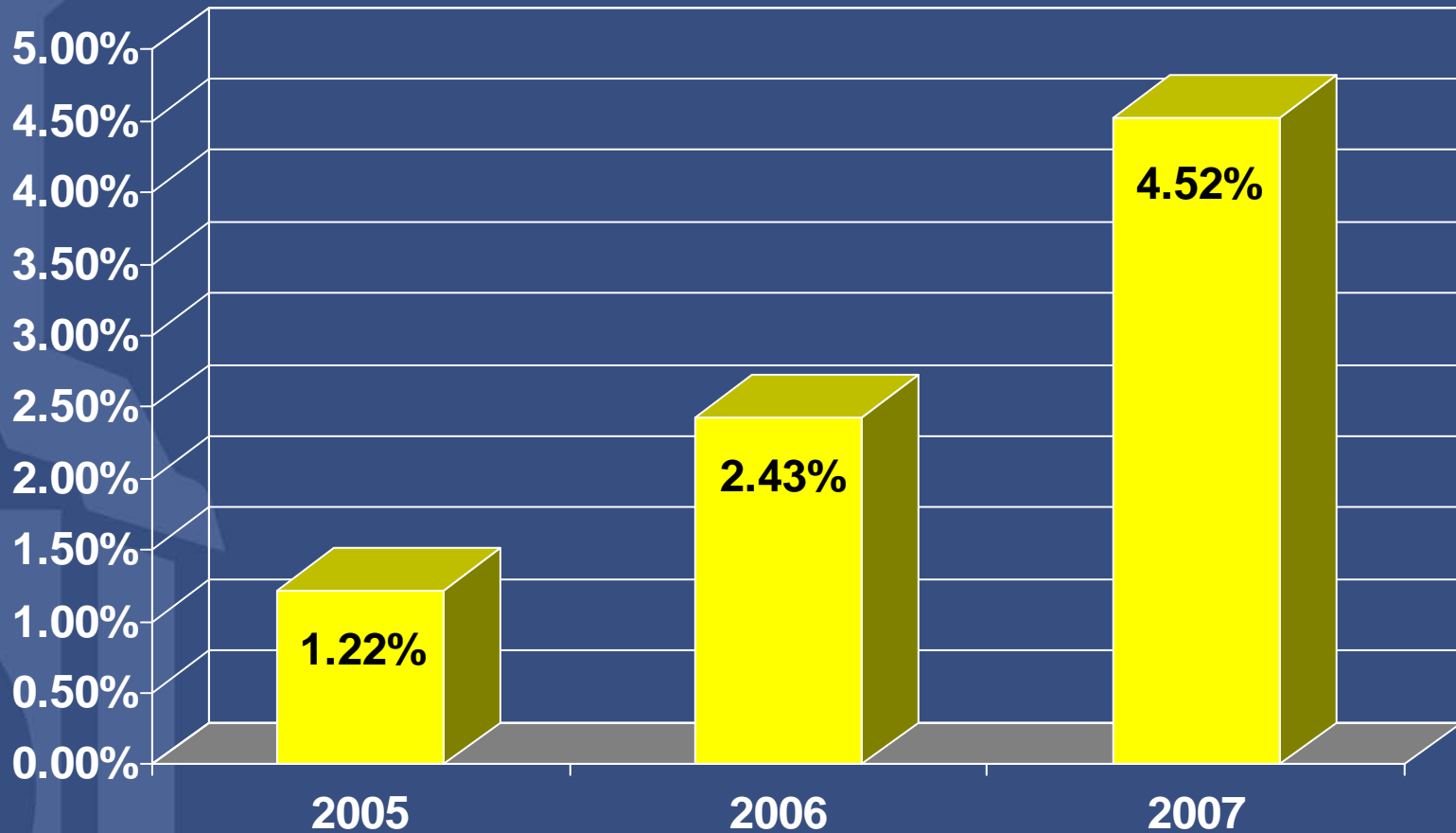
(in millions)

	<u>2007</u>	<u>2006</u>	<u>Diff.</u>
1-4 Family Mortgages	\$871.0	\$854.8	\$16.2
Construction	382.3	414.1	(31.8)
Commercial	103.2	117.0	(13.8)



# Asset Quality

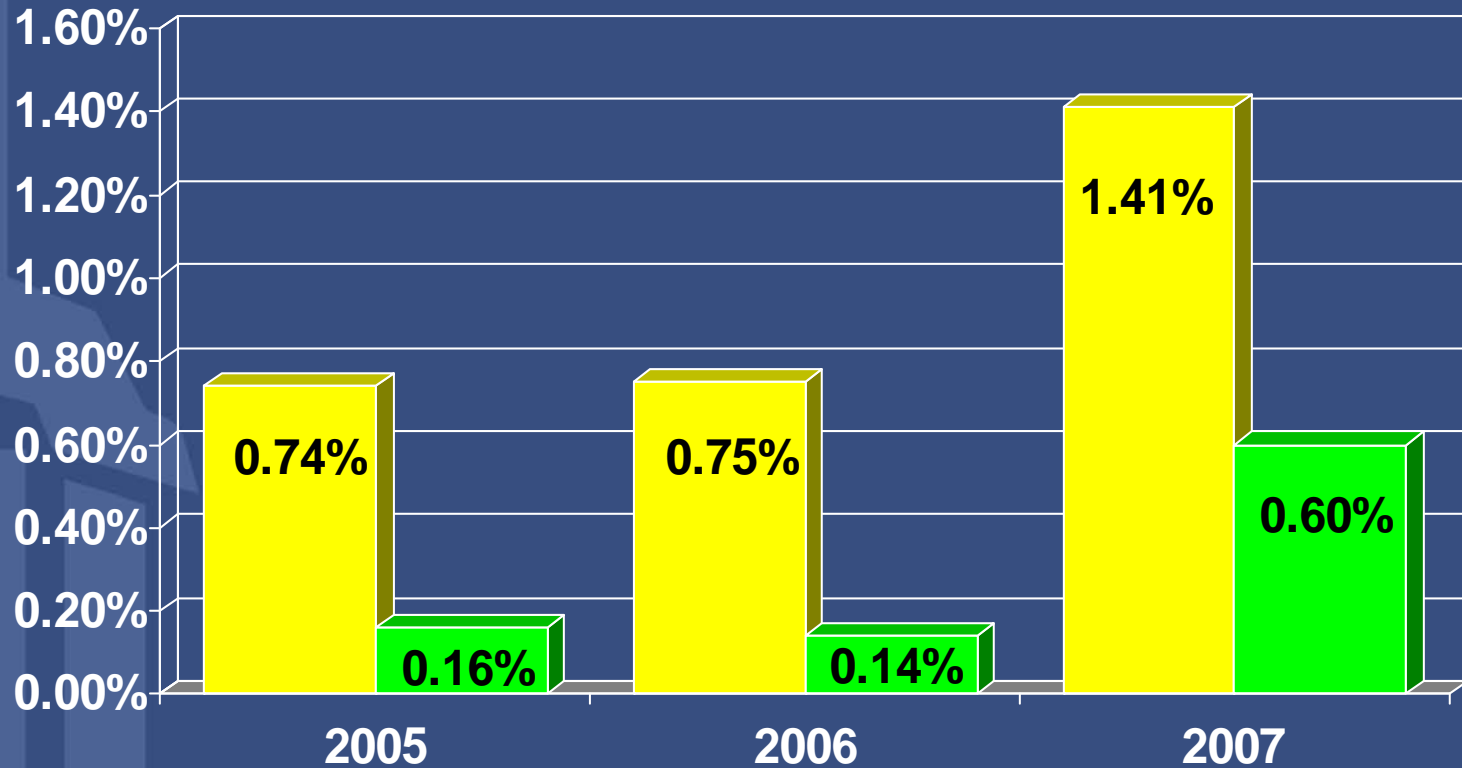
## Nonperforming Loans to Total Loans





# Asset Quality

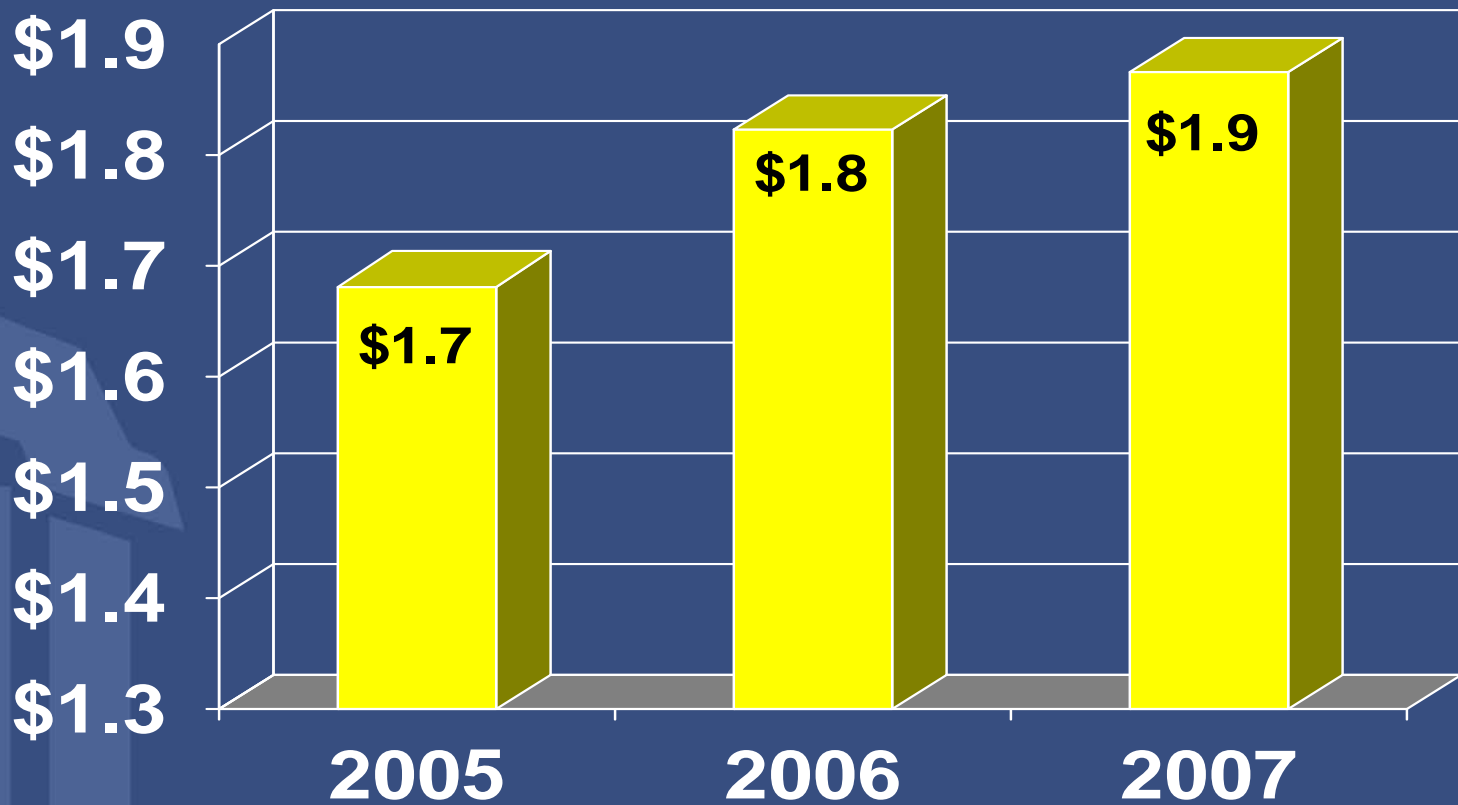
■ ALLL to Loans ■ Net C/Os to Loans





# Deposits

6% Average Growth

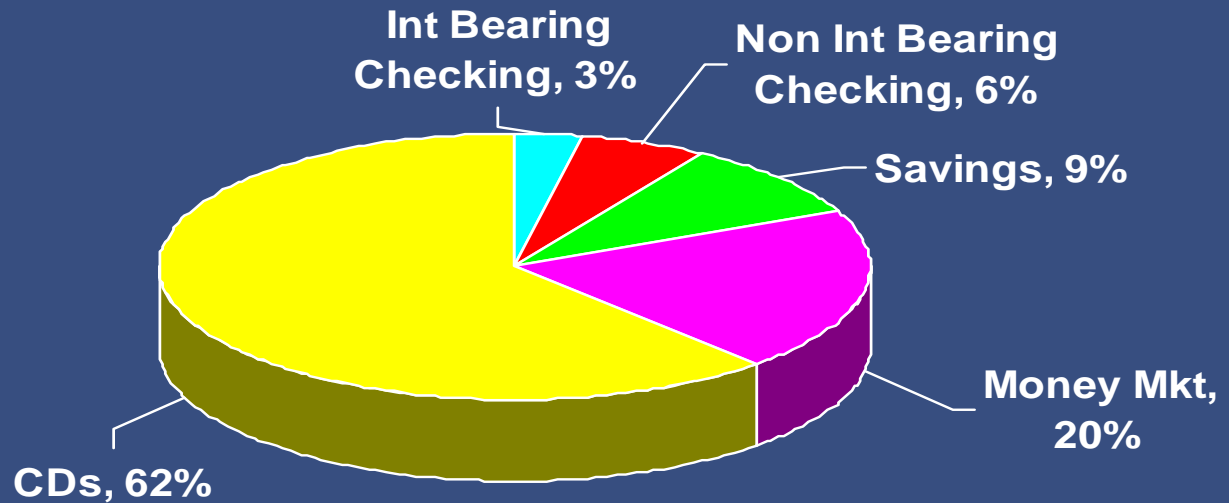


In billions



# Diversification In Deposit Mix

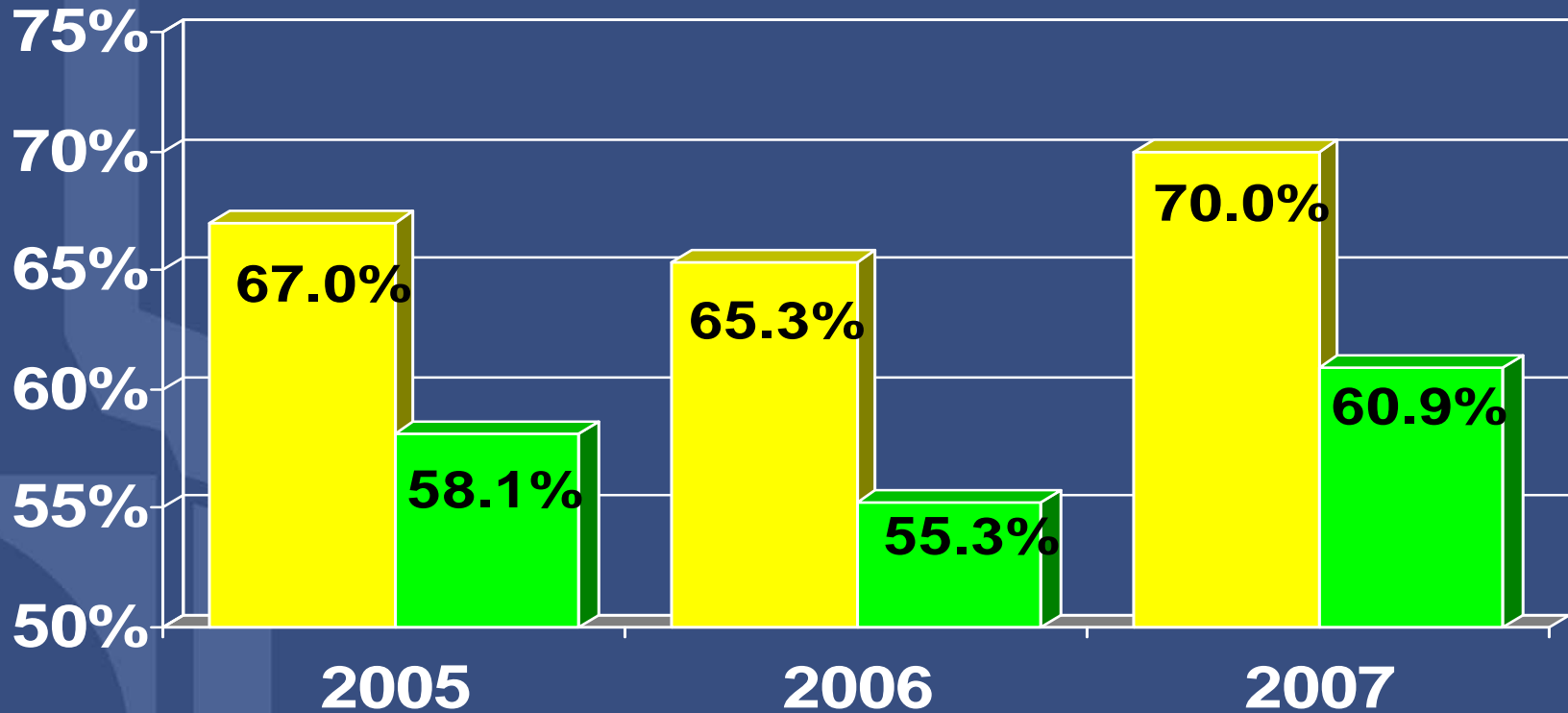
## December 31, 2007







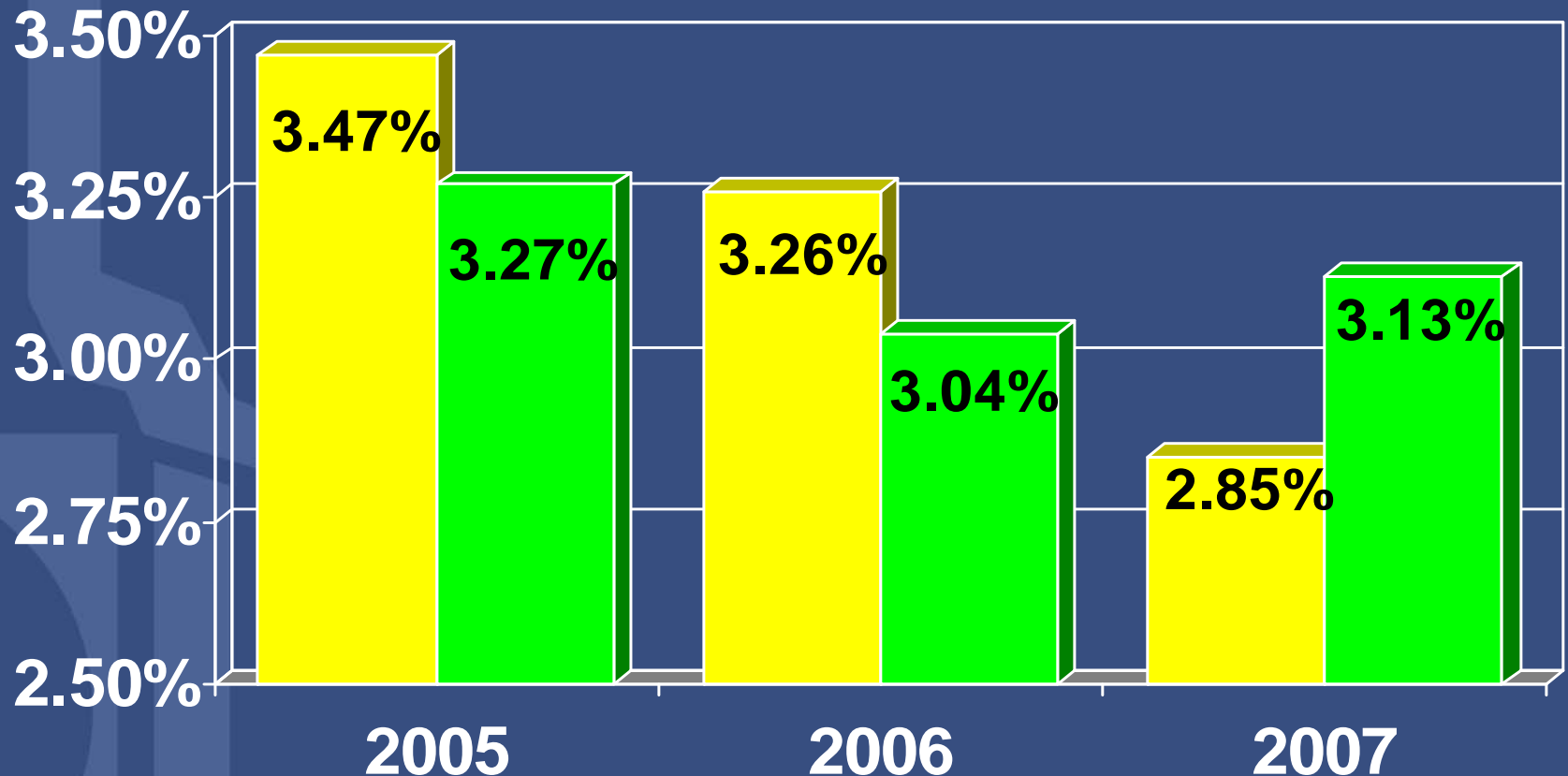
# Efficiency Ratio





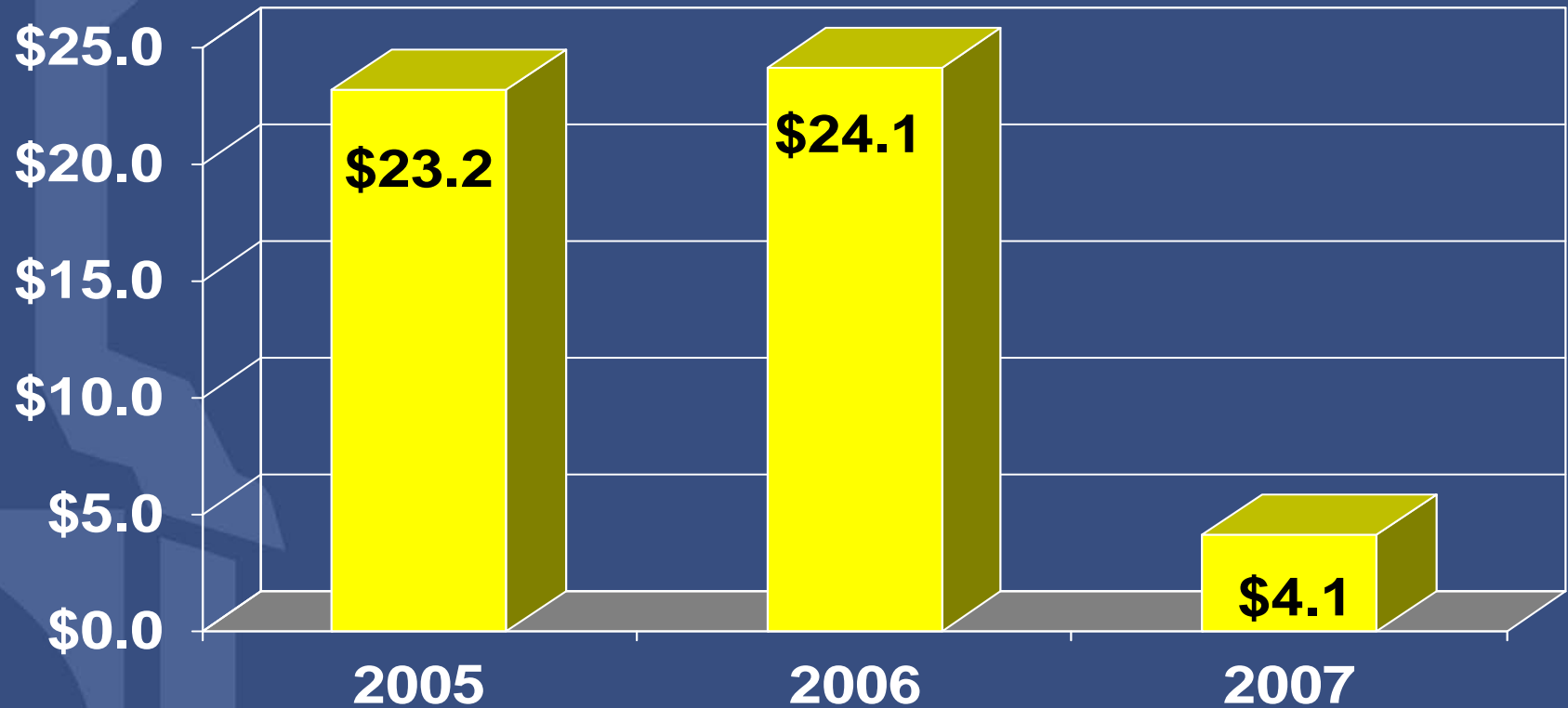
# Operating Performance

■ Net Int Margin ■ NIE to Avg Assets





# Net Income

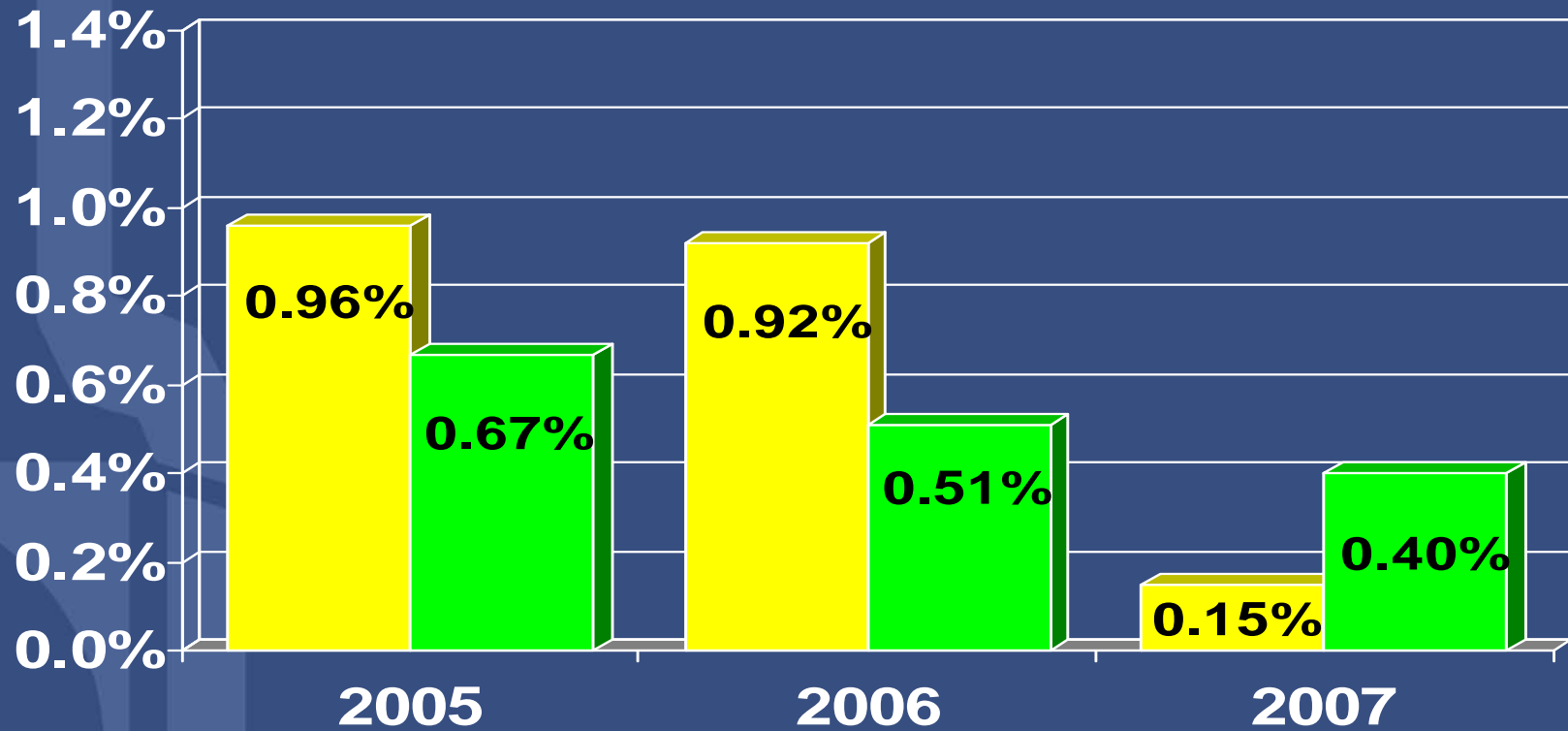


In millions



# Return on Assets

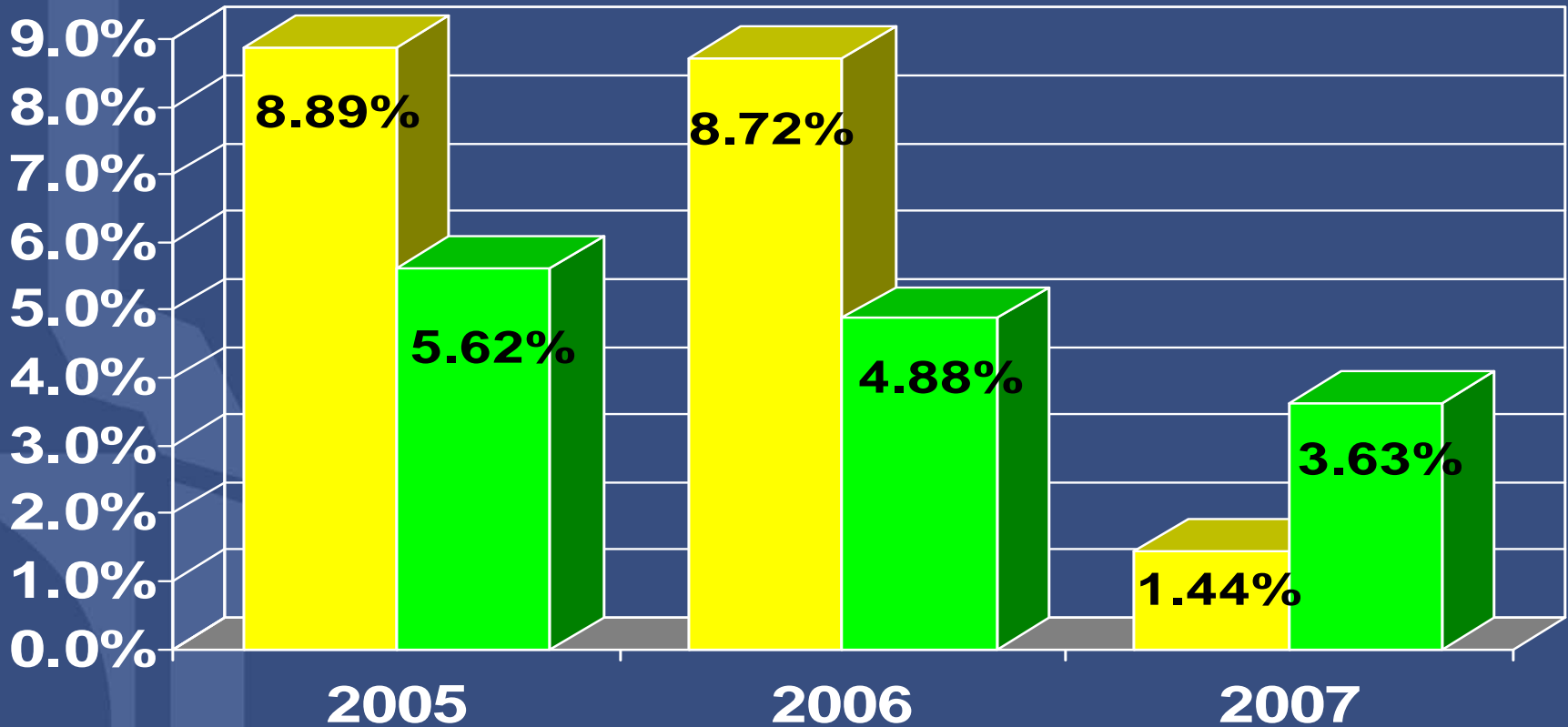
■ ROA ■ Ohio Thrifts





# Return on Equity

■ ROE ■ Ohio Thrifts





# 2007 Achievements

- Strong increase in fee income
- Increase in sales revenues of investment products
- Operating expenses held in check
- Opened two new Home Savings branches
- Introduced new business checking with remote capture features



# First Quarter 2008 Results

- Net Income \$4.0 million
- EPS \$0.14
- ROA 0.59%
- ROE 5.72%
- Book value per share \$9.12



# Moving Ahead

- Be flexible enough to implement changes to organizational structure and staff if needed to enhance efficiency and effectiveness
- Minimize risk within an acceptable level of earnings dilution
  - Credit risk
  - Interest rate risk
  - Liquidity risk
  - Regulatory risk





# Moving Ahead

- The goal is building value for shareholders in the long and short term
  - Focus on resolving credit quality weaknesses until the job is done
  - Emphasize quality earnings and prudent capital management over growth
- We believe that if we capitalize on our strengths, control operating expenses and provide exceptional service to our customers, we will attain our goal



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