



**Part II Organizational Action** (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶  
IRC sections 354, 356, 358, and 1001

18 Can any resulting loss be recognized? ▶ No loss can be recognized upon the exchange of the UCFC common shares for shares of FDEF common stock. If a taxable loss is calculated on the deemed sale of a fractional share of FDEF common stock that was deemed to have been received in the share exchange, this loss can be recognized.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶  
The transaction was consummated on January 31, 2020. Consequently, the reportable tax year of the UCFC shareholders for reporting the tax effect of the share exchange is the tax year that includes the January 31, 2020 date. This is the 2020 calendar year for those shareholders who report taxable income on the basis of a calendar year.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here Signature ▶ *Paul Nungester* Date ▶ 2-26-2020  
Print your name ▶ Paul Nungester Title ▶ EVP & CFO

<b>Paid Preparer Use Only</b>	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	David A. Thornton, CPA	<i>David A. Thornton</i>	2020.02.25 17:19:15 -05'00'		P00032537
	Firm's name ▶ Crowe LLP	Firm's EIN ▶ 35-0921680		Phone no. 212-572-5500	
Firm's address ▶ 488 Madison Avenue, Floor 3, New York, NY 10022					

**First Defiance Financial Corp.**  
**34-1803915**  
**Attachment to Form 8937**

**REPORT OF ORGANIZATIONAL ACTIONS AFFECTING BASIS OF SECURITIES**

**Form 8937 Part I, Box 9:**

The securities subject to reporting include all shares of First Defiance Financial Corp. ("FDEF") common stock issued in exchange for the outstanding common stock of United Community Financial Corp. ("UCFC") as a result of the merger of UCFC with and into FDEF on January 31, 2020.

**Form 8937 Part II, Box 14:**

The reportable organizational action involves the merger of UCFC with and into FDEF on January 31, 2020. As a result of this merger, each share of UCFC common stock was exchanged for 0.3715 shares of FDEF common stock. To the extent that the exchange would have resulted in the issuance of a fractional share of FDEF common stock to a UCFC shareholder, a cash payment equal to the market value equivalent of the fractional share, as of the third trading day prior to the Closing Date, was paid in lieu of issuing a fractional share of FDEF common stock.

**Form 8937 Part II, Box 15:**

The merger of UCFC with and into FDEF qualifies as a tax-free reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended. As a result, no taxable gain or loss will be recognized by any UCFC shareholder upon the exchange of their UCFC shares for shares of FDEF common stock.

For each identifiable block of UCFC common shares surrendered in the exchange having a common tax basis, the aggregate tax basis of the shares of FDEF common stock received in the exchange will be equal to the tax basis of the UCFC shares surrendered in the exchange. The tax basis of each individual share of FDEF common stock within this identifiable block is determined by dividing this aggregate tax basis by the number of FDEF common shares (including any fractional share deemed to have been distributed in the exchange – see below) that comprise this identifiable block.

UCFC shareholders who receive cash in lieu of a fractional share of FDEF common stock are, for purposes of determining the taxability of that cash, deemed to have received the fractional share in the exchange and then as having sold the fractional share for cash. These UCFC shareholders will generally recognize a taxable gain or loss equal to the difference between the tax basis of the UCFC common shares deemed to have been exchanged for the fractional share and the amount of cash received.

**Form 8937 Part II, Box 16:**

Refer to the description of the basis calculation in Part II, Box 15 above. The January 31, 2020 closing price of a single share of FDEF common stock on the NASDAQ Stock Exchange was \$29.39.