



# CAMELS FINANCIAL OPTICS REPORT

## COMPANY OVERVIEW

### Union Financial Corporation/Union Bank

#### Company Description

Union Financial Corporation ("UFC") ("the Company") is a Michigan financial institution headquartered in Lake Odessa, Michigan. The Company incorporated in 1988 and is a registered bank holding company under the Bank Holding Company Act of 1956, as amended. The Company is the parent bank holding company for its wholly owned subsidiary, Union Bank ("the Bank"), which was formed in 1934.

The planned corporate move to Grand Rapids is on schedule with anticipated completion in third quarter 2022. The Bank remains a customer-focused community bank that targets business owners, professionals, agricultural enterprises, and individuals that offer growth and profitability.

#### Business Insights

The Board and Management of UFC in first quarter of 2022 noted the uncertainty of the business outlook and the impact of inflationary pressures on the local and national economies. While national discourse focuses on the definition of recession, Union Bank staff continues to strive towards a solid financial position and a strong portfolio of assets, thus protecting the investment of their shareholders.

Earnings for the second quarter certainly exceed those of the prior quarter. Loan activity has been strong for the bank. Growth excluding Payroll Protection Program activity is just over 25% year over year. With rising interest rates on secondary market mortgage products, the bank has experienced a shift from mortgage sales activity to growth in the in-house residential portfolio which has grown by nearly \$6 million since year-end 2021. Based on continued interest rate increases, growth in the bank's loan portfolio, and continued control of overhead expenses, management feels quite positive for the outcome for 2022.

#### Investor Information

The Company is privately held and does not actively trade on any electronic exchange. The Company's common stock is traded through the Bank's internal trading desk and is the Company's transfer agent. Company historically pays an annual dividend. The Company provides for the purchase of Company stock through an individual's Self-Directed IRA, offered by the Bank. Individuals seeking to purchase shares are directed to contact Investor Relations.



Union Financial Corporation

#### Headquarters

933 4<sup>th</sup> Avenue  
Lake Odessa, Michigan 48849

#### Investor Relations Contact

Cortney Collison/President-CEO  
Investor Relations  
(616) 374-3278  
ccollison@ubmich.com

**June 30, 2022**

Stock Price (FMV)	\$8.60
Price to Book Value	131%
Book Value Per Share	\$5.70
YE 2021 Stock Price	\$7.25
Income Per Share	\$0.07
Shares Outstanding	3,313,761
Board of Director Ownership	6%

#### Financial Data (000)

Assets	\$314,100
Deposits	\$278,324
Equity	\$18,876
Loans	\$201,789
Net Income (YTD 2022)	\$234

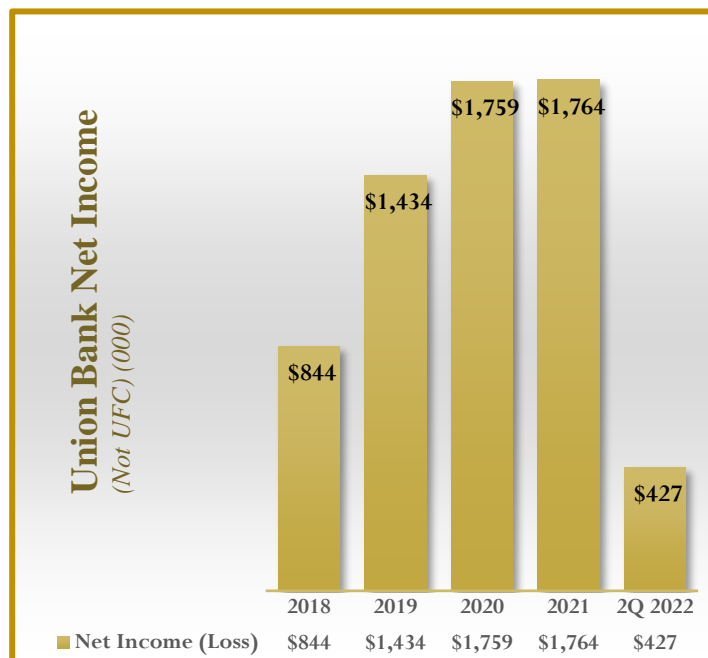
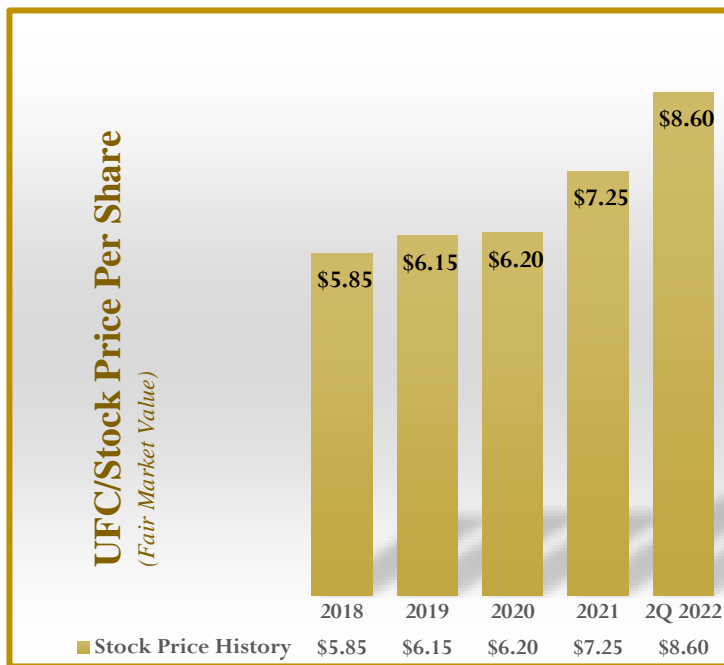
## Key Highlights (UB)

- **Assets:** Bank assets of \$315,357,000, as of 2Q 2022 up from \$308,939,000 for the same period 2021.
- **Deposit:** Bank deposits of \$288,425,000, as of 2Q 2022 compared to \$282,284,000 for the same period 2021.
- **Loans:** Bank loans of \$201,788,000, as of 2Q 2022 compared to \$188,687,000 for the same period 2021.
- **Earnings:** Bank earned \$426,000, as of 2Q 2022 compared to \$752,000 for the same period 2021.
- **Net Interest Margin:** Bank earned 3.20%, as of 2Q 2022 compared to 3.07% for the same period 2021.
- **Efficiency Ratio:** 88.84%, as of 2Q 2022 compared to 81.51% for the same period 2021.

## Performance Ratios (UB)

Return on Average Assets	0.27%
Return on Average Common Equity	3.68%
Yield on Loans	4.67%
Total Loans to Deposits	69.96%
Demand Deposits to Total Deposits	33.26%
Tier I Common Capital/Risk Weighted Assets	9.99%
Non-Performing Loans to Total Loans	0.39%
Allowance for Loan Losses to Total Loans	1.33%
Cost of Funds	0.30%

**See Stock Chart:** UFC noted strong stock liquidity in 2Q 2022 with over 37,000 shares traded driving FMV and continued investor interest.



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CAMELS Consulting Group offers a comprehensive suite of proprietary products and services exclusively designed to increase the shareholder value of community banks. Backed by more than three decades of experience in stock and bank valuation analysis, CAMELS Financial Optics Report provides the investment community with an objective overview of financial institutions.

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