



CAMELS CONSULTING GROUP LLC  
"Increasing Shareholder Value"

# 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.

#### Business Insights

Our year-end profitability was lower than the prior year, as we transitioned from a pandemic environment to one of high interest rates and inflation. We have maintained focus in the investment portfolio during this period ensuring its leveraging for greater return is continually addressed. Your Board and Management is fully engaged on meeting the challenging economic headwinds anticipated due to continued interest rate increases and inflationary pressures. Our Bank is well-positioned to meet those challenges with an exceptional banking staff able to navigate recessionary waters anticipated for mid-to-late 2023.

Performance of our Bank even in this challenging economic period has shown its market strength in maintaining growth levels in assets, deposits, and loans. We anticipate continued overall market expansion to be supported with a new loan operations office planned for Portage in early 2023.

#### Shareholder Return

The fair market value of our stock has increased to \$9.15 per share 110% P/BV, as of YE 2022 (Based on Tier 1 Capital). This represents a per share increase of \$1.95/26.21% and 27.86% when including dividends in 2022. Shareholders have received total cash dividends of approximately \$395,188/ \$0.12 per share.

#### 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.

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Union Financial Corporation

#### Headquarters

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#### Investor Relations Contact

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Investor Relations  
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#### December 31, 2022

Stock Price (FMV)	\$9.15
Price to Book Value	110%
Book Value Per Share (Based on Tier 1 Capital)	\$8.32
YE 2021 Stock Price	\$7.25
Income Per Share (YE 2022)	\$0.34
Shares Outstanding	3,293,231
Board of Director Ownership	6%

#### Financial Data (000)

Assets	\$339,238
Deposits	\$300,357
Equity (Tier 1)	\$118,553
Loans	\$209,881
Net Income (YTD 2022)	\$1,118

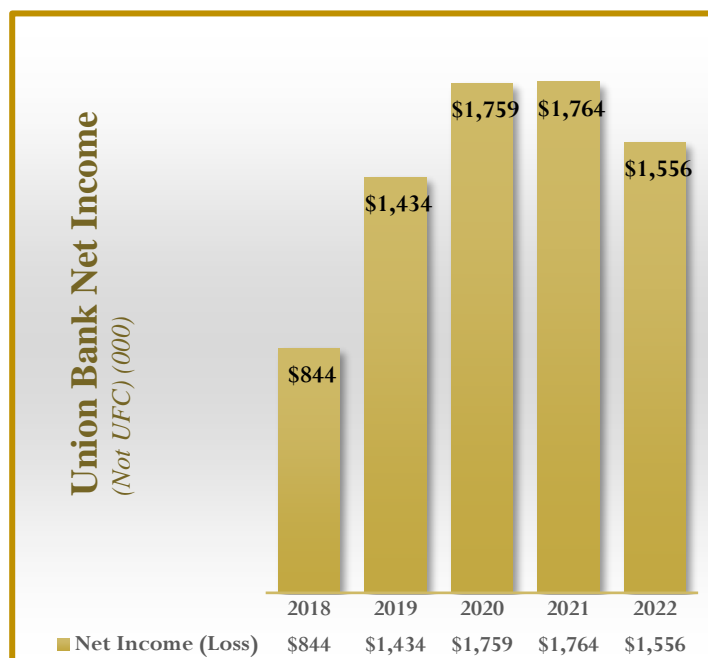
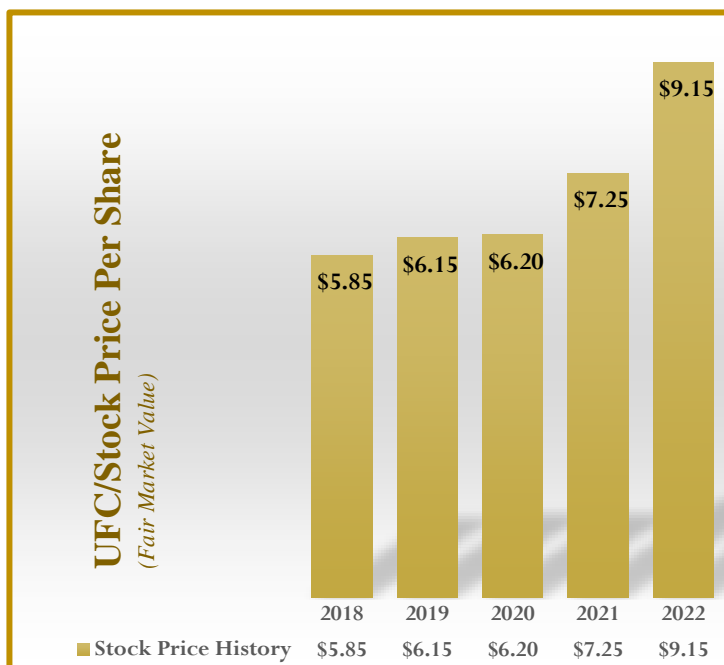
## Key Highlights (UB)

- **Assets:** Bank assets of \$340,547,000, as of YE 2022 DOWN from \$342,221,000 for the same period 2021.
- **Deposit:** Bank deposits of \$307,984,000, as of YE 2022 compared to \$312,530,000 for the same period 2021.
- **Loans:** Bank loans of \$209,881,000, as of YE 2022 compared to \$178,446,000 for the same period 2021.
- **Earnings:** Bank earned \$1,556,000, as of YE 2022 compared to \$1,764,000 for the same period 2021.
- **Net Interest Margin:** Bank earned 3.48%, as of YE 2022 compared to 3.20% for the same period 2021.
- **Efficiency Ratio:** 83.81%, as of YE 2022 compared to 79.23% for the same period 2021.

## Performance Ratios (UB)

Return on Average Assets	0.49%
Return on Average Common Equity	6.79%
Yield on Loans	4.91%
Total Loans to Deposits	68.15%
Demand Deposits to Total Deposits	29.61%
Tier I Common Capital/Risk Weighted Assets	11.06%
Non-Performing Loans to Total Loans	0.38%
Allowance for Loan Losses to Total Loans	1.22%
Cost of Funds	0.35%

**See Stock Chart:** UFC noted strong stock liquidity in 4Q 2022 with over 48,000 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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