



# 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 Company is a customer-focused community bank that targets business owners, professionals, agricultural enterprises, as well as other segments of the financial market that offer opportunities for growth and profitability.

#### Business Insights

##### Analysis notes strong portfolio management:

UFC continued with balance sheet expansion with recorded increases in assets, deposits, loans, and income for 1Q 2021 over same period prior year. (See Key Highlights back page).

UFC's private placement offering was completed with the issuance of an additional 594,825 shares of common stock at \$6.25 per share. Proceeds received in March totaled \$3,717,656, bringing the total gross proceeds of the capital campaign to \$6 million, for 960,000 shares of common stock sold.

Second round PPP loans booked during the 1<sup>st</sup> quarter amounted to \$16,162,114. Total fees that will be earned on these loans equates to \$878,092. Management is addressing deposits growth through funding loans as well as purchasing some shorter-term investments to boost interest income while the Bank has excess cash on the books. Slow run-off expected in 2<sup>nd</sup> & 3<sup>rd</sup> quarter. UFC, as of 1Q 2021 paid out in cash \$326,272.32/\$0.12 per share. Appraiser based on valuation analysis identifies price, as of March 31, 2021 at \$6.55 per share/book value is \$6.52 per share. Appraiser calculates a return to shareholders (per share) YTD of 1.83% when including cash dividends paid.

#### 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

#### March 31, 2021

Stock Price (FMV)	\$6.55
Price to Book Value	100%
Book Value Per Share	\$6.52
YE 2020 Stock Price	\$6.55
Income Per Share	\$0.11
Shares Outstanding	3,313,761
Board of Director Ownership	6%

#### Financial Data (000)

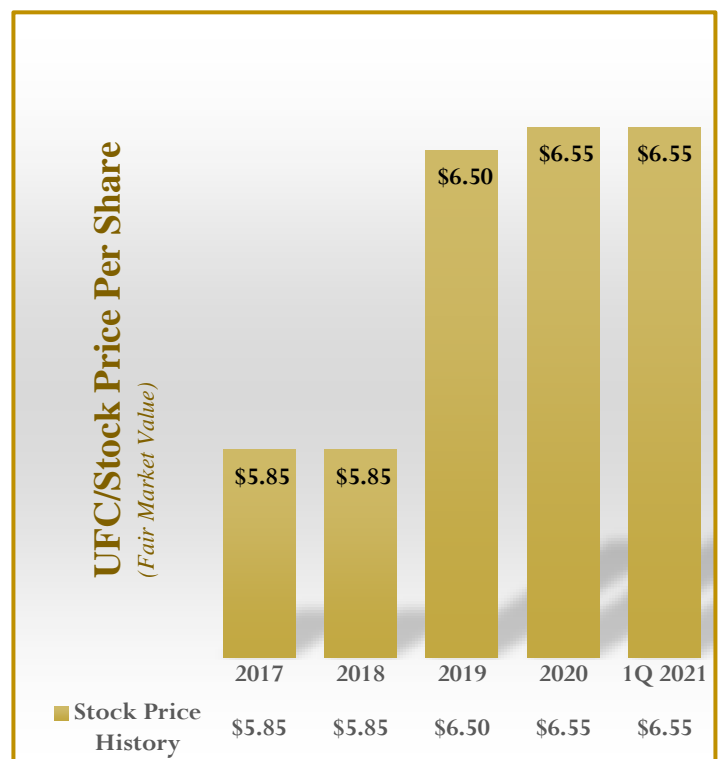
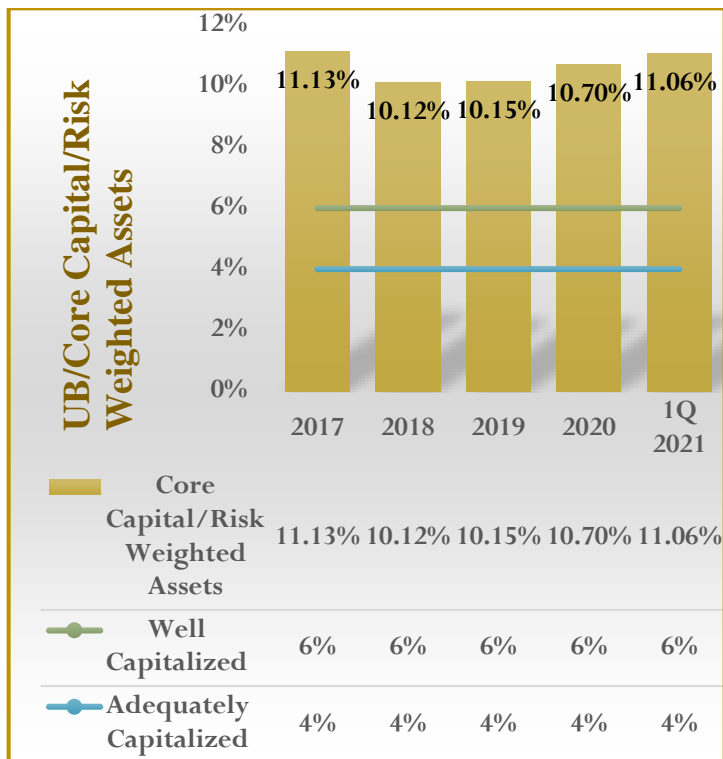
Assets	\$311,252
Deposits	\$ 279,079
Equity	\$21,614
Loans	\$186,321
Net Income (YTD 2021)	\$374

## Key Highlights (UB)

- **Assets:** Bank assets of \$312,240,000, as of 1Q 2021 up from \$199,576,000 for the same period 2020.
- **Deposit:** Bank deposits of \$286,134,000, as of 1Q 2021 compared to \$175,263,000 for the same period 2020.
- **Loans:** Bank loans of \$186,320,000, as of 1Q 2021 compared to \$154,427,000 for the same period 2020.
- **Earnings:** Bank earned \$425,000, as of 1Q 2021 compared to \$180,000 for the same period 2020.
- **Net Interest Margin:** Bank earned 3.20%, as of 1Q 2021 compared to 4.14% for the same period 2020.
- **Efficiency Ratio:** 79.90%, as of 1Q 2021 compared to 89.08% for the same period 2020.

## Performance Ratios (UB)

Return on Average Assets	0.57%
Return on Average Common Equity	8.01%
Yield on Loans	5.03%
Total Loans to Deposits	64.25%
Demand Deposits to Total Deposits	40.02%
Risk Based Capital/Risk Weighted Assets*	11.06%
Non-Performing Loans to Total Loans	1.18%
Allowance for Loan Losses to Total Loans	1.32%
Cost of Funds	0.43%



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"Increasing Shareholder Value"

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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