



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

UFC continued with growth plans in 3Q 2021 with the groundbreaking of a new corporate facility in Grand Rapids and key staff expansion. Recent officer appointments to the Bank include Janet Torres, VP of Retail Banking and Deposit Operations, Michael Keast, VP/Commercial Relationship Manager, and Robert Kowalewski, VP/Director of Business Development. UFC announced Board changes with Lloyd Cunningham stepping down as Chairman, remaining as Director, with Chris Fluke becoming Chairman and Paul Trierweiler as Vice Chairman.

The Bank continues working with customers driving PPP loan forgiveness providing additional fee income. Deposits remain strong driving higher liquidity supporting growth in the Bank's investment and loan portfolios.

Appraiser, based on valuation analysis, establishes the Company's common stock fair market as of September 30, 2021 at \$7.05 per share for 105% of book value. Book value is \$6.72 per share. Appraiser calculates a return to shareholders (FMV/per share) YTD of 7.63% and 9.47% when including cash dividends paid. Forward stock performance for UFC remains strong. (See *Chart next Page*)

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 4th Avenue
Lake Odessa, Michigan 48849

Investor Relations Contact

Cortney Collison/President-CEO
Investor Relations
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September 30, 2021

Stock Price (FMV)	\$7.05
Price to Book Value	105%
Book Value Per Share	\$6.62
YE 2020 Stock Price	\$6.55
Income Per Share	\$0.33
Shares Outstanding	3,313,761
Board of Director Ownership	6%

Financial Data (000)

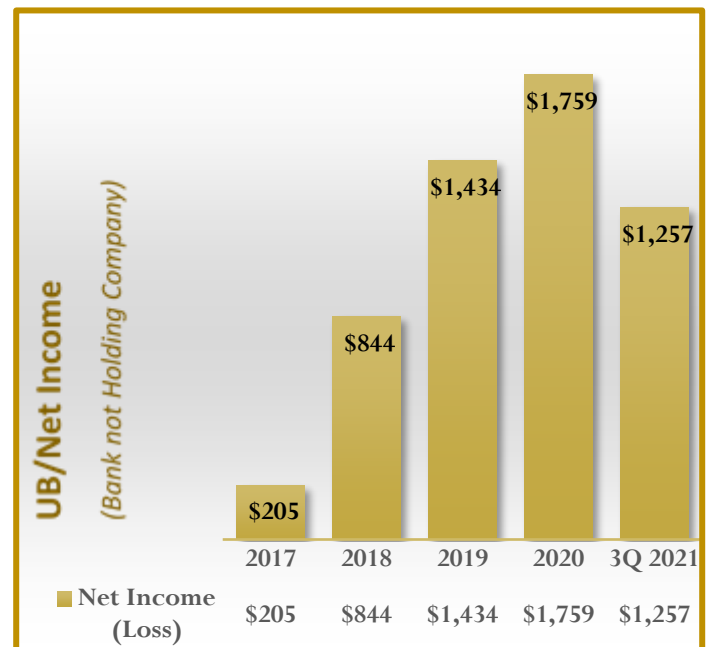
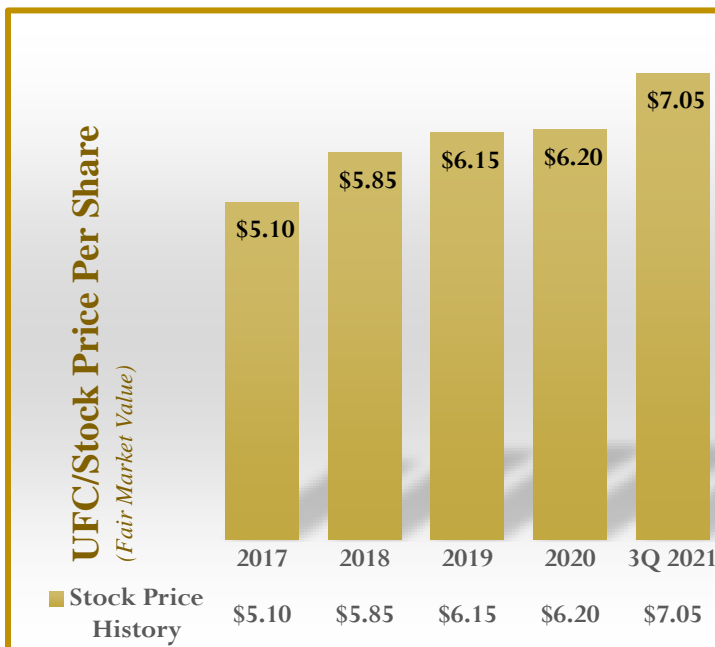
Assets	\$303,160
Deposits	\$270,068
Equity	\$22,277
Loans	\$181,052
Net Income (YTD 2021)	\$1,107

Key Highlights (UB)

- **Assets:** Bank assets of \$304,344,000, as of 3Q 2021 up from \$245,186,000 for the same period 2020.
- **Deposit:** Bank deposits of \$277,132,000, as of 3Q 2021 compared to \$210,436,000 for the same period 2020.
- **Loans:** Bank loans of \$181,052,000, as of 3Q 2021 compared to \$190,770,000 for the same period 2020.
- **Earnings:** Bank earned \$1,257,000, as of 3Q 2021 compared to \$1,317,000 for the same period 2020.
- **Net Interest Margin:** Bank earned 3.18%, as of 3Q 2021 compared to 4.03% for the same period 2020.
- **Efficiency Ratio:** 80.16%, as of 3Q 2021 compared to 78.62% for the same period 2020.

Performance Ratios (UB)

Return on Average Assets	0.55%
Return on Average Common Equity	7.78%
Yield on Loans	5.02%
Total Loans to Deposits	64.33%
Demand Deposits to Total Deposits	34.36%
Risk Based Capital/Risk Weighted Assets	10.76%
Non-Performing Loans to Total Loans	1.85%
Allowance for Loan Losses to Total Loans	1.53%
Cost of Funds	0.40%



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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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