



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 Grand Rapids, 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.

Message from the President: Your Board of Directors are pleased to report that our Bank continued to record continued growth in important performance areas of the Bank, as of YE 2025. The Bank's Loan portfolio grew to \$314,988,000, as of 1Q 2026 up from \$285,108,000 for the same period in 2025. Cost of funds lowered to 2.27%, from 2.34% from the same period in 2025. Net income will be the beneficiary of increased loan production through lower cost of funds. *(Refer to back page/Key Performance Highlights)*

Key Insights of Performance: The Company's profitability and capital position remains healthy, supporting shareholder returns. The Net Interest Margin (NIM) of the Bank reflects a lower funding cost resulting in higher yields on loans. The Bank's NIM is 4.30%, as compared to the average of 1,935 community banks in the Midwest region (thirteen states) for 1Q 2026 reporting a median NIM of 3.73%*. The Bank remains focused on managing key risks while operating within current economic headwinds resulting from geopolitical disruptions, higher energy prices, and increased operating costs. (*Hovde Group, LLC)

Shareholder Return: The fair market value of the Company, as of 1Q 2026 is \$9.10 per share (FMV), with UFC reporting an increase in known shares available for sale. Price to Book Value calculated at 129%. Book Value per share is \$7.01, as of 1Q 2026. Shareholders have received total cash dividends of approximately \$461,052/\$0.14 per share, as of 1Q 2026. UFC dividend is scheduled annually. UFC traded approximately 18,500 shares in 1Q 2026. Market capitalization (FMV) of UFC, as of 1Q 2026 is \$29,968,402. Your Board is appreciative of investor confidence in UFC. *(See Performance Chart)*

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. UFC common shares are valued quarterly through an independent third-party firm. Interested investors should contact Investor Relations.



Headquarters

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 Grand Rapids, Michigan 49546

Investor Relations Contact

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 Investor Relations
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March 31, 2026

Stock Price (FMV)	\$9.10
P/BV (FMV/YTD)	129%
Book Value Per Share	\$7.01
YE 2025 Stock Price	\$9.00
Income Per Share (YTD 2026)	\$0.04
Shares Outstanding	3,293,231
Board of Director Ownership	5.4%

Financial Data (000)

Assets	\$379,134
Deposits	\$299,182
Equity	\$23,094
Loans	\$314,988
Net Income (1Q 2026)	\$135

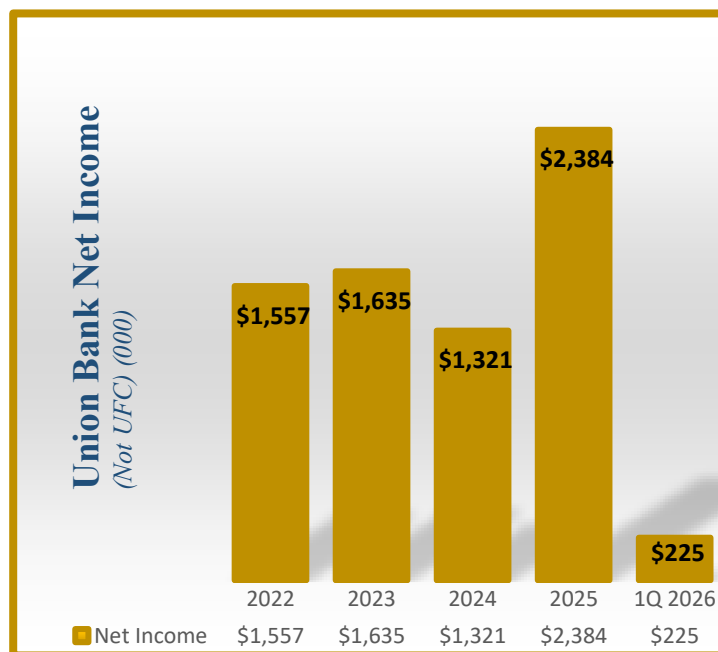
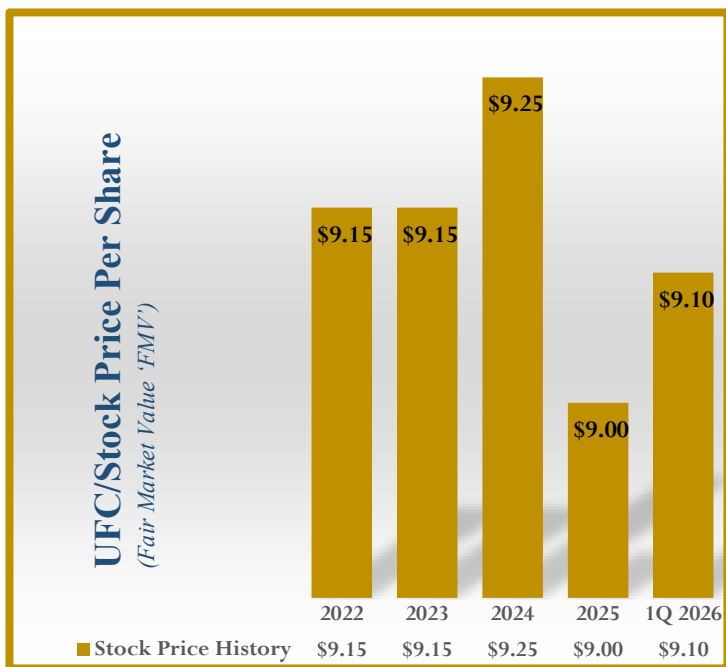
Key Highlights (UB)

- **Assets:** Bank assets of \$381,118,000, as of 1Q 2026 compared to \$366,753,000 for the same period 2025.
- **Deposit:** Bank deposits of \$304,424,000, as of 1Q 2026 compared to \$297,067,000 for the same period 2025.
- **Loans:** Bank loans of \$314,988,000, as of 1Q 2026 compared to \$285,107,000 for the same period 2025.
- **Earnings:** Bank earned \$225,000, as of 1Q 2026 compared to \$335,000 for the same period 2025.
- **Net Interest Margin:** Bank earned 4.30 as of 1Q 2026 compared to 3.89% for the same period 2025.
- **Efficiency Ratio:** 78.45%, as of 1Q 2026 compared to 87.43% for the same period 2025.

Performance Ratios (UB)

Return on Average Assets	0.24%
Return on Average Common Equity	2.81%
Yield on Loans	6.40%
Total Loans to Deposits	102.06%
Demand Deposits to Total Deposits	27.03%
Tier I Common Capital/Risk Weighted Assets	9.53%
Non-Performing Loans to Total Loans	1.09%
Allowance for Loan Losses to Total Loans	1.36%
Cost of Funds	2.27%

Stock Chart: UFC noted active trading reported in 1Q 2026. UFC FMV Price to Book Value/129% based on a book value of \$7.01 per share and stock price of \$9.10.



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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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