



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 increases in all Key Performance Indicators (KPIs): UFC KPIs recorded increases in assets, deposits, loans, and income for year-end 2020 over prior year. (See Key Highlights back page). This performance validated Board/management efforts in meeting the challenges brought forth by the State of Michigan response to the pandemic and resultant impact on its operation and that of local businesses. The Company, with the addition of Tim Doyle EVP-Chief Lending Officer, is focusing increased attention on new commercial relationships in the Grand Rapids market. The Bank continues supporting borrowers in the PPP program in securing loan forgiveness. Asset size grew in 4Q 2020 due to new business relationships and expects further balance sheet re-alignment over the next two quarters.

Shareholder Return: Bolstered by income per share of \$0.63 as of year-end 2020, the FMV (fair market value) per share experienced an increase of 6.5% over year-end 2019 and 8.46% when including cash dividends paid. The Company noted the capital offering is receiving strong reception by new investors with fair market value per share common at \$6.55.

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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December 31, 2020

Stock Price (FMV)	\$6.55
Price to Book Value	97%
Book Value Per Share	\$6.74
YE 2019 Stock Price	\$6.50
Income Per Share	\$0.63
Shares Outstanding	2,718,936
Board of Director Ownership	4.9%

Financial Data (000)

Assets	\$295,634
Deposits	\$ 266,165
Equity	\$18,331
Loans	\$179,610
Net Income	\$1,539

Key Highlights (UB)

- **Assets:** Bank assets of \$296,463,000, as of YE 2020 up from \$206,985,000 for the same period 2019.
- **Deposit:** Bank deposits of \$270,237,000, as of YE 2020 compared to \$182,062,000 for the same period 2019.
- **Loans:** Bank loans of \$177,138,000, as of YE 2020 compared to \$153,922,000 for the same period 2019.
- **Earnings:** Bank earned \$1,759,000, as of YE 2020 compared to \$1,434,000 for the same period 2019.
- **Net Interest Margin:** Bank earned 4.03%, as of YE 2020 compared to 4.45% for the same period 2019.
- **Efficiency Ratio:** 77.59%, as of YE 2020 compared to 81.21% for the same period 2019.

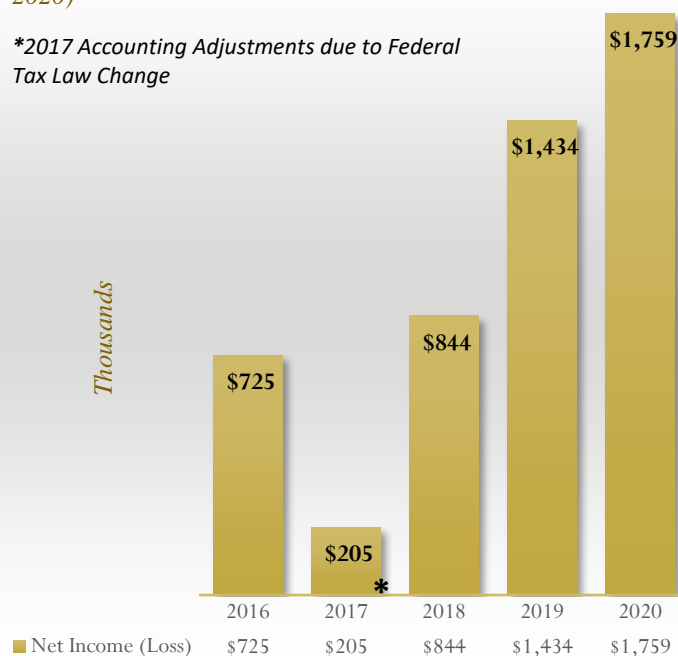
Performance Ratios (UB)

Return on Average Assets	0.76%
Return on Average Common Equity	8.67%
Yield on Loans	5.02%
Total Loans to Deposits	66.46%
Demand Deposits to Total Deposits	41.83%
Risk Based Capital/Risk Weighted Assets*	10.70%
Non-Performing Loans to Total Loans	0.73%
Allowance for Loan Losses to Total Loans	1.38%
Cost of Funds	0.55%

*Well capitalized 10% Regulatory Benchmark

UB/Net Income (Year End 2016-2020)

*2017 Accounting Adjustments due to Federal Tax Law Change



UFC/Stock Price Per Share (Fair Market Value)



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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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