



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.

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 unique opportunities for growth and profitability. The strength and acceptance of the Bank is based on known management and board of directors. The Bank's structure positions customers directly with front-line personnel, whose decision-making authority allows them to respond quickly and efficiently. This streamlined process enables the Bank to quickly respond to almost any situation to meet the needs of its customers.

Business Insights

The financial performance of the Company continues to out-pace the results of the same period in 2018. The Company's repositioning efforts to attract new business and enter new markets is being realized. Key performance indicators of the Bank have shown increases in net income driven in large part by increases in interest income through a growing commercial loan portfolio (over \$11 million growth since year-end 2018). Non-interest income increased as a result of growth in Company's business units UB Consulting, LLC and Union Investment Solutions. The Company recorded YTD net income through 3Q of \$898,161 compared to 2018 YE net income of \$587,392. The Bank's net income was \$1,115,000 through 3Q 2019 compared to \$564,000 for the same period in 2018. Stock price of the Company on a per share basis has also increased in fair market value, as a result of investor interest at \$6.40 (ASK)/103% of book value.

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 pays an annual dividend. As a local community bank, new investors are typically customers of the Bank. 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 of the Company are directed to contact Investor Relations.

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Union Financial Corporation

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September 30, 2019

Stock Price (FMV)	\$6.40
Price to Book Value	103%
Book Value Per Share	\$6.22
YE 2018 Stock Price	\$5.85
Income Per Share	\$0.38
Shares Outstanding	2,353,761
Board of Director Ownership	5%

Financial Data (000)

Assets	\$191,373
Deposits	\$ 166,557
Equity	\$14,638
Loans	\$155,794
Net Income	\$898

Key Highlights (UB)

- **Assets:** Bank assets of \$191,864,000, as of 3Q 2019 up from \$174,363,000 for the same period 2018.
- **Deposit:** Bank deposits of \$167,854,000, as of 3Q 2019 compared to \$151,821,000 for the same period 2018.
- **Loans:** Bank loans of \$154,531,000, as of 3Q 2019 compared to \$140,794,000 for the same period 2018.
- **Earnings:** Bank earned \$1,115,000, as of 3Q 2019 compared to \$564,000 for the same period 2018.
- **Net Interest Margin:** Bank earned 4.50%, as of 3Q 2019 compared to 4.38% for the same period 2018.
- **Efficiency Ratio:** 80.32%, as of 3Q 2019 compared to 89.26% for the same period 2018.

Performance Ratios (UB)

Return on Average Assets	0.78%
Return on Average Common Equity	7.80%
Yield on Loans	5.36%
Total Loans to Deposits	92.12%
Demand Deposits to Total Deposits	25.35%
Risk Based Capital/Risk Weighted Assets*	10.74%
Non-Performing Loans to Total Loans	1.16%
Allowance for Loan Losses to Total Loans	0.87%
Cost of Funds	0.68%

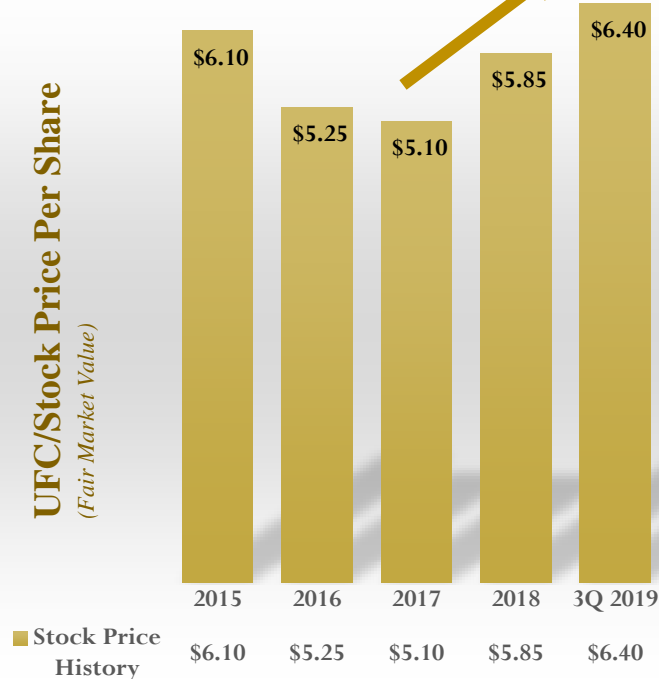
*Well capitalized 10% Regulatory Benchmark

UB/Net Income (Year End 2015-2018 & YTD 2019)

*2017 Accounting Adjustments due to Federal Tax Law Change



UFC/Stock Price Per Share (Fair Market Value)



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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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