



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 Company at the close of 2023 recorded strong performance in key areas of loan growth, deposit stability, and liquidity. Year-End Earnings for 2023 shown improvement over that of year-end 2022. The accomplishments of our staff cannot be understated recognizing the challenging financial environment of this past year. Our Net Interest Margin (NIM), an important aspect of balance sheet management and key component of profitability has been a key driver of earnings throughout this past year. NIM increased to 3.94% at YE 2023 from 3.47% in 2022. This level of performance has ensured the maintaining of the fair market value of your stock and resultant dividend performance. Your Board is appreciative of investor confidence in UFC and is pleased to provide this report on the financial soundness of your Bank. *(See Key Highlights and Performance Ratios back page)*

Shareholder Return:

The fair market value of our stock, as of YE 2023 is \$9.15 per share (FMV), unchanged from YE 2022. Shareholders return for 2023 was 1.31% when including dividends. YTD 2023 shareholders have received total cash dividends of approximately \$395,188/\$0.12 per share. UFC's key performance indicators have our Bank moving in the right direction with Return on Equity and Assets of 6.75% and 0.50%, respectively. Market capitalization of UFC, as of YE 2023 is \$30,133,064. *(See Stock Chart Back 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. Individuals seeking to purchase shares are directed to contact Investor Relations.



Headquarters

670 Cascade W. Parkway SE
 Grand Rapids, Michigan 49546

Investor Relations Contact

Courtney Collison/President-CEO
 Investor Relations
 (616) 374-3278
 ccollison@ubmich.com

December 31, 2023

Stock Price (FMV)	\$9.15
Shareholder Return (FMV/YTD)	1.31%
Book Value Per Share (Based on Tier 1 Capital)	\$5.89
YE 2022 Stock Price	\$9.15
Income Per Share (YTD 2023)	\$0.31
Shares Outstanding	3,293,231
Board of Director Ownership	4.5%

Financial Data (000)

Assets	\$342,111
Deposits	\$291,910
Equity	\$19,408
Loans	\$245,972
Net Income (YTD 2023)	\$1,017

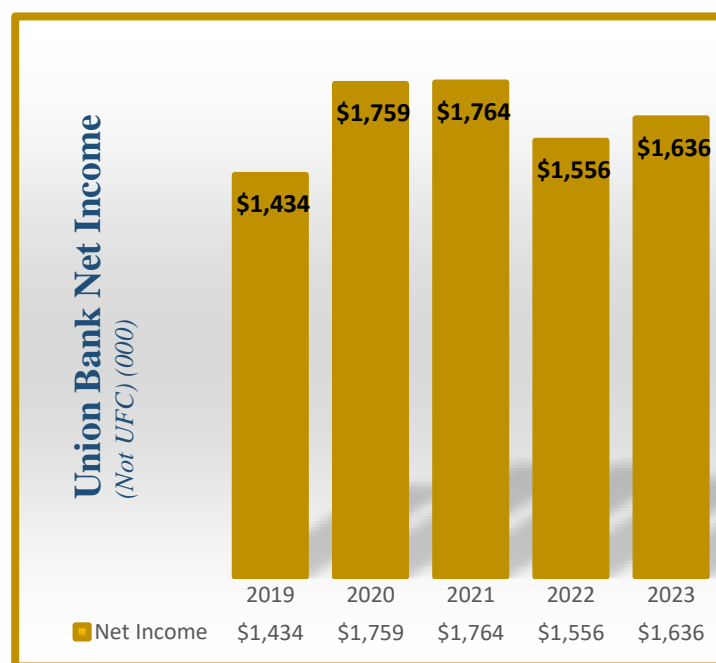
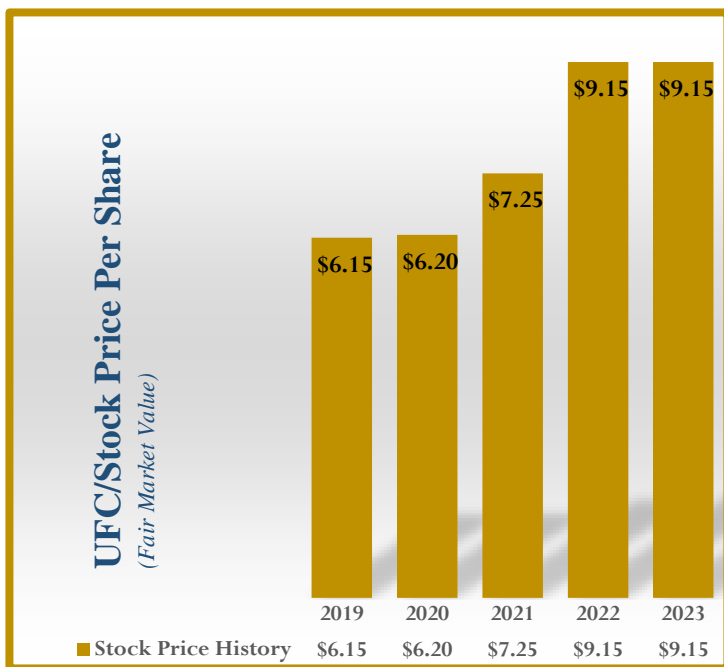
Key Highlights (UB)

- **Assets:** Bank assets of \$343,385,000, as of YE 2023 compared to \$340,547,000 for the same period 2022.
- **Deposit:** Bank deposits of \$299,317,000, as of YE 2023 compared to \$307,984,000 for the same period 2022.
- **Loans:** Bank loans of \$245,972,000, as of YE 2023 compared to \$209,881,000 for the same period 2022.
- **Earnings:** Bank earned \$1,636,000, as of YE 2023 compared to \$1,556,000 for the same period 2022.
- **Net Interest Margin:** Bank earned 3.94%, as of YE 2023 compared to 3.47% for the same period 2022.
- **Efficiency Ratio:** 86.53%, as of YE 2023 compared to 84.67% for the same period 2022.

Performance Ratios (UB)

Return on Average Assets	0.50%
Return on Average Common Equity	6.75%
Yield on Loans	5.60%
Total Loans to Deposits	82.45%
Demand Deposits to Total Deposits	27.27%
Tier I Common Capital/Risk Weighted Assets	10.26%
Non-Performing Loans to Total Loans	0.23%
Allowance for Loan Losses to Total Loans	1.41%
Cost of Funds	1.10%

See Stock Chart: UFC noted strong stock liquidity in 4Q 2023 with approximately 6,000 shares traded supporting FMV and continued investor interest.



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"Increasing Shareholder Value"

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