



Forever committed to you
Our makers, builders and growers

Grounded in our loyalty to you

Union Bank has been a proudly local and independent bank since 1934. Operating to serve those in our communities who make, build and grow for a living, we are your committed financial partner here to help you find continued success.

Dedicated to helping you thrive





 **UnionBank™**
Your life. Your bank.





OUR MISSION

To extend our nearly century-long service to West and Central Michiganders with roots that started in the agricultural industry into the 21st century as a local, independent bank serving small businesses, especially those who make, build and grow for a living. Specifically:

1. **Remain independent and local, while extending operations into strategically-targeted West Michigan locations.**
2. **Focus on small business owners, especially those in manufacturing, agriculture and skilled trades.**
3. **Provide a high level of personal service and consultation.**
4. **Develop infrastructure, internal operations and a diversified product and service mix that will increase profitability and shareholder value.**

New Corporate Office in Grand Rapids



Union Bank Board of Directors, employees and community members gathered in September 2022 to celebrate the grand opening of the Bank's new, 6,500-square-foot, state-of-the-art, full-service corporate office at 670 Cascade W Parkway SE in Grand Rapids.

As we continue to transition into our new space, we can assure that our knowledgeable team remains prepared to help our local, independent West and Central Michigan businesses find financial success. We are proud to be the go-to resource for the makers, builders and growers, and the hard-working people that work for them.

"The West Michigan market offers many growth opportunities. As we continue to grow and expand, we remain focused on serving commercial businesses and the agricultural sector as well as generations of local families in the community—just as we've done for nearly a century," said Union Bank President and Chief Executive Officer Cortney Collison. "Whether business, personal, deposits or loans, at Union Bank, we care about every facet of our customers' needs and our growth allows us to continue to inspire possibilities and open doors to opportunity."



Our History

Union Bank is a truly local, right-sized and proudly independent bank with roots deep in West and Central Michigan's soil—more specifically, we equip business owners who make, build and grow for success. The bank is state-chartered and overseen by a Board of Directors that are fully committed to remaining independent and real: real people who solve real problems, who listen with local knowledge and who consult with common sense.

FOUNDED AS A UNION OF TWO BANKS

Union Bank was founded in 1934 as the result of a “union” of two Lake Odessa banks. Since then, we have served the Lake Odessa community and slowly expanded into other neighboring communities; Union Bank proudly serves the communities of Ada, Dimondale, Grand Rapids, Hastings, Lake Odessa, Mulliken, Portage and Westphalia.

OUR ROOTS AND LOYALTY RUN DEEP

Since our inception, Union Bank has been a loyal partner to local farmers and to this day, approximately 20% of our commercial loan portfolio consists of agricultural loans. Along with our local farmers, Union Bank is also proud to support our customers' commercial, mortgage and consumer financial needs by offering industry-competitive products and exceptional customer service.

YOUR LIFE. YOUR BANK.

Our top priority has always been the Union Bank family. While we continue to enhance our products and services to provide our customers with the best that the financial industry has to offer, our dedication to shaping those services to fit individual lifestyles, and meet the needs of our communities, hasn't changed. When we say “Your life. Your bank.” we back it up with hard work and personal service. Our commitment to celebrating the owners and operators who make, build and grow for a living is and will always be at the core of what we do—we are people who work hard for hard-working people.

OUR COMMITMENT TO GROWTH AND COMMUNITY.

Michigan Banks

- 77 community banks remaining in Michigan
- 67% of deposits in Michigan are controlled by large, out-of-state banks

Why Community Banks are Important

- Money stays local
- Local decision-making
- Community involvement



Finding Success In Difficult Times

Emerging from another difficult year, Union Bank stands strong and instills hope for the many local, independent West and Central Michigan businesses we serve and the individuals who work for them. We understand how challenging it has been for our communities to navigate this rocky landscape over the past three years, and we are honored to have helped so many of our customers find success and growth during this difficult time. We are committed to finding the right solutions to their needs—each and every time.

CULTIVATING OUR GROWTH

For many years, the primary business model of Union Bank has been in lending—and 2022 was no different. While our loan portfolio continues to consist primarily of commercial and agricultural loans—traditionally profitable markets for the Bank—we have started to experience growth in commercial real estate lending over the last few years. We are optimistic about this development, though we will be cautious and carefully monitor growth due to the historically riskier aspects of such lending.

As we grow, our Commercial Bankers will continue serving small commercial businesses and the agricultural sector—just as we've done for nearly a century. Additionally, we will look to the West Michigan market, which offers many opportunities for growth and diversification of our portfolio.

EXPANSION THROUGH NEW TALENT

With the opening of the new Corporate Office in Grand Rapids in September 2022 and the addition of local, experienced lenders, our vision of expansion into West Michigan has become a reality. The Bank intends to focus on furthering its growth by increasing its loan portfolio, improving credit quality, retaining and expanding current customers, increasing efforts in sales, continuing effective marketing initiatives and communication and emphasizing referrals.



Dimondale Office

In late 2022, the Bank added a new Mortgage Manager to lead the mortgage department and plans to add two Mortgage Originators in Grand Rapids and one in Kalamazoo to round out the team and meet the demands of all service areas.

We aim to become the Bank of choice for local businesses in each community we serve. With the introduction of new talent, the Bank is well-positioned to achieve this goal by cultivating new business customers and nurturing the full relationship to include deposit and electronic services products with the best service possible.

ACHIEVING OUR GOALS AND ENSURING A STRONG FUTURE

Union Bank employees are the true assets of our organization. They continually contribute toward the successful functioning of the organization and strive to deliver a high level of service to our customers. The Bank continues to expand its product line to ensure it is meeting the demands of our customers. As we face the challenges of 2023 and its potential recession, we will continue to work diligently to be regarded as a high-quality financial institution in the markets we serve. With the support of our experienced staff, Board of Directors and Shareholders—along with a willingness to go above and beyond—we will achieve our goals.



This is my vision for the future and I eagerly look forward to leading our employees as we turn this vision into reality! Together we will ensure that Union Bank is a profitable and enjoyable place to work and a premier place to bank.

A handwritten signature in black ink that reads "Courtney H. Collison".

Courtney H. Collison
PRESIDENT & CEO



Grand Rapids Corporate Office

Financial Highlights

Union Financial Corporation

	12/31/22	12/31/21	12/31/20
TOTAL ASSETS	\$339,057,655	\$340,855,832	\$295,633,872
TOTAL GROSS LOANS	209,881,399	178,445,750	179,609,651
TOTAL DEPOSITS	300,357,189	302,072,529	266,164,706
TOTAL SHAREHOLDERS' EQUITY	18,552,619	22,381,076	18,330,775
ALLOWANCE FOR LOAN LOSSES	2,559,813	2,294,907	2,471,639
ALLOWANCE FOR LOAN LOSSES AS A % OF GROSS LOANS	1.22%	1.29%	1.38%
COMMON SHARES OUTSTANDING	3,293,231	3,313,761	2,718,936
EQUITY AS A % OF ASSETS	5.47%	6.57%	6.20%

	2022	2021	2020
NET INCOME	\$1,118,210	\$1,565,046	\$1,538,723
CASH DIVIDENDS DECLARED	397,652	326,272	282,451

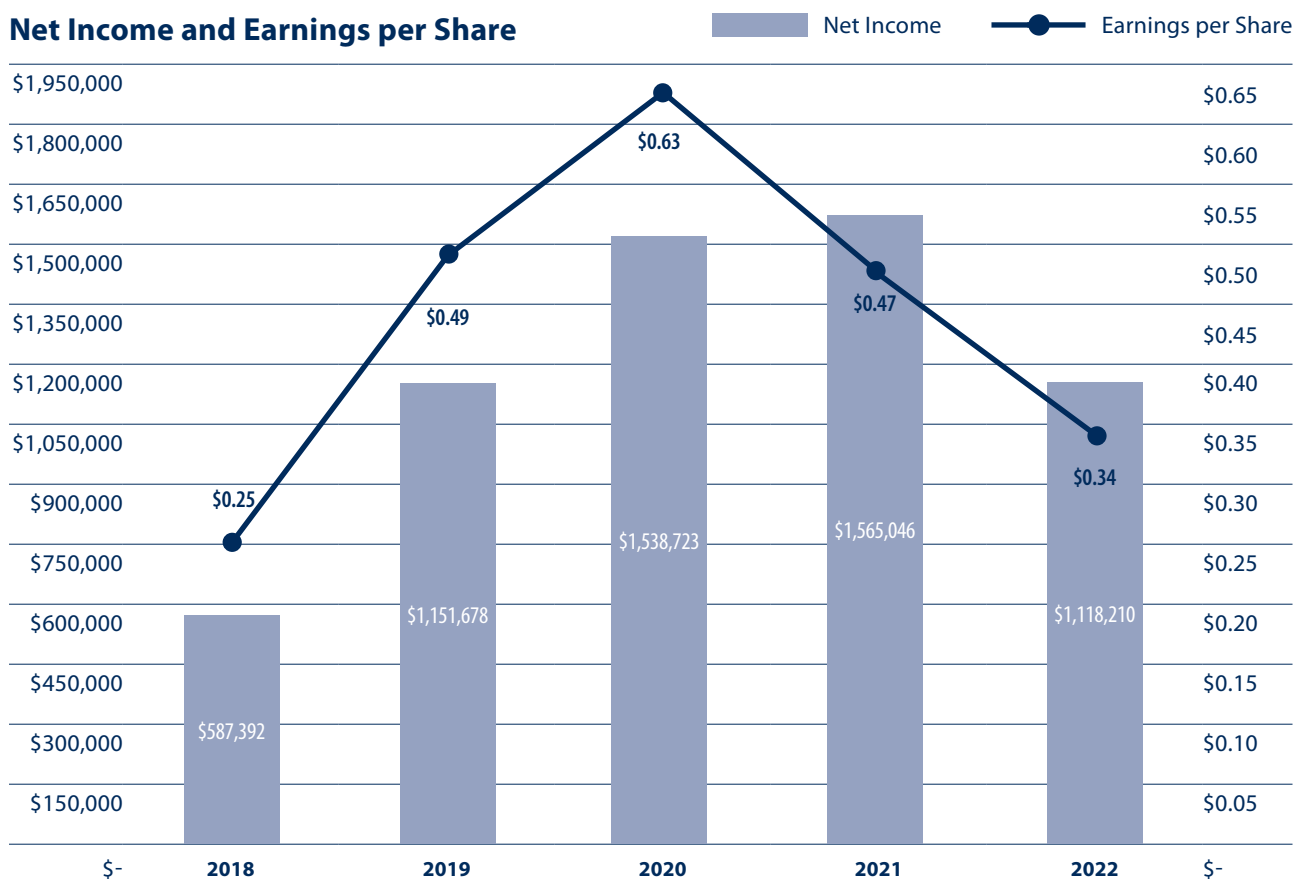
PER SHARE DATA

Basic Earnings	\$0.34	\$0.47	\$0.63
Diluted Earnings	\$0.34	\$0.47	\$0.63
Cash Dividends Declared	\$0.12	\$0.12	\$0.12
Dividend Yield	1.41%	1.80%	1.93%
Market Value	\$8.50	\$6.65	\$6.22
Price to Earnings Ratio	25.00	14.15	9.87
Book Value	\$5.63	\$6.75	\$6.74

PROFITABILITY

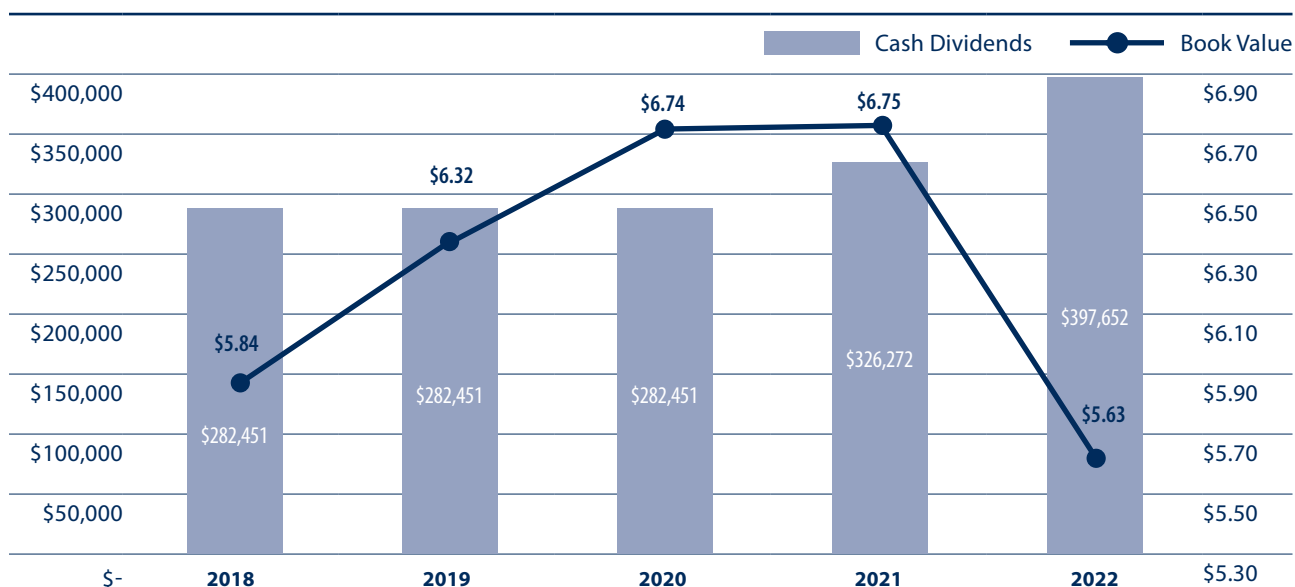
Return on Average Assets	0.34%	0.50%	0.65%
Return on Average Equity	5.70%	7.34%	9.73%

Net Income and Earnings per Share



*2021 earnings per share were affected by additional shares outstanding due to the \$6 Million Capital Campaign. More information on page 22.

Cash Dividends and Book Value



Financials

Union Financial Corporation | CONSOLIDATED BALANCE SHEETS - December 31, 2022 and 2021

	2022	2021
ASSETS		
Cash and cash equivalents	\$ 41,777,660	\$ 100,938,352
Securities available for sale	71,000,546	50,125,717
Federal Home Loan Bank stock	479,100	517,500
Loans, net	207,321,586	176,150,843
Premises and equipment, net	4,550,634	4,336,421
Other real estate	--	--
Goodwill	980,947	980,947
Bank-owned life insurance	5,040,110	4,925,205
Accrued interest receivable and other assets	<u>7,907,072</u>	<u>2,880,847</u>
Total assets	<u>\$ 339,057,655</u>	<u>\$ 340,855,832</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Deposits		
Noninterest-bearing demand	\$ 83,555,940	\$ 109,814,760
Interest-bearing demand	141,339,495	103,663,590
Savings	57,199,598	54,368,270
Time	<u>18,262,156</u>	<u>34,225,909</u>
Total deposits	300,357,189	302,072,529
Federal Home Loan Bank borrowings	2,500,000	2,500,000
Subordinated debentures, net	11,341,960	11,377,813
Accrued interest payable and other liabilities	<u>6,305,887</u>	<u>2,524,414</u>
Total liabilities	320,505,036	318,474,756
Shareholders' equity		
Preferred stock: 200,000 shares authorized and no shares outstanding at December 31, 2022 and 2021	--	--
Common stock: \$1 par value, 10,000,000 shares authorized, 3,293,231 and 3,313,761 shares issued and outstanding at December 31, 2022 and 2021, respectively	3,293,231	3,313,761
Surplus	19,822,891	19,966,601
Accumulated earnings/(deficit)	287,350	(433,208)
Accumulated other comprehensive income/(loss)	<u>(4,850,853)</u>	<u>(466,078)</u>
Total shareholders' equity	<u>18,552,619</u>	<u>22,381,076</u>
Total liabilities and shareholders' equity	<u>\$ 339,057,655</u>	<u>\$ 340,855,832</u>

Union Financial Corporation | CONSOLIDATED STATEMENTS OF INCOME - December 31, 2022 and 2021

	2022	2021
Interest and dividend income		
Loans, net	\$ 9,721,288	\$ 9,361,463
Securities available for sale		
Taxable	877,175	322,963
Nontaxable	218,048	133,813
Other	<u>389,460</u>	<u>94,546</u>
Total interest and dividend income	11,205,971	9,912,785
Interest expense		
Deposits	576,532	601,207
Federal Home Loan Bank borrowings	84,154	84,154
Other borrowings	<u>507,998</u>	<u>217,614</u>
Total interest expense	<u>1,168,684</u>	<u>902,975</u>
Net interest income	10,037,287	9,009,810
Provision for loan losses	<u>480,000</u>	<u>578,101</u>
Net interest income after provision for loan losses	9,557,287	8,431,709
Noninterest income		
Service charges on deposit accounts	2,129,732	1,635,096
Net investment advisory fee income	291,468	309,912
Net gain on sales of loans held for sale	60,786	341,964
Income from U.B. Consulting LLC	306,318	380,725
Other	<u>1,139,081</u>	<u>883,504</u>
Total noninterest income	3,927,385	3,551,201
Noninterest expense		
Salaries and employee benefits	7,336,682	5,972,468
Other real estate, net	--	35,091
Occupancy	768,266	566,619
Furniture and equipment	996,793	896,323
Professional services	1,084,952	859,884
Director compensation	237,836	162,710
FDIC insurance	185,060	259,883
Other	<u>1,525,167</u>	<u>1,302,911</u>
Total noninterest expense	12,134,756	10,055,889
Income before income tax expense	1,349,916	1,927,021
Income tax expense	<u>231,706</u>	<u>361,975</u>
Net income	<u>\$ 1,118,210</u>	<u>\$ 1,565,046</u>
Basic income per weighted average share of common stock	<u>\$ 0.34</u>	<u>\$ 0.47</u>

Financials (continued)

Union Financial Corporation | CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME - Years ended December 31, 2022 and 2021

	2022	2021
Net income	\$ 1,118,210	\$ 1,565,046
Other comprehensive income (loss):		
Unrealized holding gains (losses) on securities available for sale	(5,550,349)	(843,522)
Reclassification adjustment for gains included in net income (presented in net gain on sales of securities available for sale)	--	--
Net unrealized gains (losses)	(5,550,349)	(843,522)
Income tax (expense) benefit	1,165,574	177,140
Total other comprehensive income (loss)	<u>(4,384,775)</u>	<u>(666,382)</u>
Comprehensive income (loss)	<u>\$ (3,266,565)</u>	<u>\$ 898,664</u>

Union Financial Corporation | CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY - Years ended December 31, 2022 and 2021

	Common Stock	Surplus	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity
Balance: January 1, 2021	\$2,718,936	\$17,083,517	\$(1,671,982)	\$200,304	\$18,330,775
Net income	--	--	1,565,046	--	1,565,046
Common stock sold	594,825	3,122,831	--	--	3,717,656
Capital campaign expenses	--	(239,747)	--	--	(239,747)
Other comprehensive income (loss)	--	--	--	(666,382)	(666,382)
Cash dividend (\$0.12 per share)	--	--	(326,272)	--	(326,272)
Balance: December 31, 2021	\$3,313,761	\$19,966,601	\$(433,208)	\$(466,078)	\$22,381,076
Net income	--	--	1,118,210	--	1,118,210
Common stock repurchase	(20,530)	(143,710)	--	--	(164,240)
Other comprehensive loss	--	--	--	(4,384,775)	(4,384,775)
Cash dividend (\$0.12 per share)	--	--	(397,652)	--	(397,652)
Balance: December 31, 2022	\$3,293,231	\$19,822,891	\$287,350	\$(4,850,853)	\$18,552,619

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 1,118,210	\$ 1,565,046
Adjustments to reconcile net income to net cash from operating activities:		
Provision for loan losses	480,000	578,101
Depreciation and amortization	645,152	557,179
Net loss on sales of other real estate	--	22,091
Net gain on sales of loans held for sale	(60,786)	(341,964)
Proceeds from sales of loans held for sale	2,572,486	13,801,148
Loans originated for sale.....	(2,511,700)	(13,459,184)
Earnings on bank-owned life insurance	(114,905)	(113,715)
Net change in:		
Accrued interest receivable and other assets	--	331,577
Accrued interest payable and other liabilities.....	--	(414,837)
Net cash from operating activities	<u>2,049,279</u>	<u>2,525,442</u>
CASH FLOWS FOR INVESTING ACTIVITIES		
Securities available for sale:		
Purchases	(28,000,468)	(37,781,815)
Proceeds from sales, calls, principal paydowns and maturities.....	--	3,801,359
Net change in loans.....	(31,650,743)	143,846
Net premises and equipment expenditures.....	(657,710)	(33,524)
Proceeds from sales of other real estate	--	411,600
Net cash for investing activities	<u>(58,896,886)</u>	<u>(33,458,534)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net change in deposits	(1,715,340)	35,907,823
Net proceeds from issuance of subordinated debt	(35,853)	5,855,813
Proceeds from sale of common stock, net of costs	--	3,477,909
Repurchase of common stock.....	(164,240)	
Dividends paid	<u>(397,652)</u>	<u>(326,272)</u>
Net cash from financing activities.....	<u>(2,313,085)</u>	<u>44,915,273</u>
Net change in cash and cash equivalents.....	(59,160,692)	13,982,181
Cash and cash equivalents at beginning of year	<u>100,938,352</u>	<u>86,956,171</u>
Cash and cash equivalents at end of year	<u>\$ 41,777,660</u>	<u>\$ 100,938,352</u>
Supplemental disclosures of cash flow information		
Cash paid during the year for:		
Interest	\$ 1,177,160	\$ 913,956
Income tax.....	263,000	380,700
Supplemental noncash disclosures		
Transfers from loans to other real estate	\$ --	\$ 265,222

Commercial Banking Loan Overview

Union Bank’s current loan portfolio mix as of year-end 2022 is approximately 85% commercial loans, 12% real estate loans and 3% consumer loans (including home equity). The commercial customer base has remained relatively stable, with just over 360 customers in 2022 compared to 300 at 2021’s year-end. Overall balance sheet growth over a three-year period has come primarily from the Grand Rapids market, and Kalamazoo is already contributing to strong growth for 2022. The team showed improvement in overall commercial production in 2022 with a grand total of just over \$67MM. Historical production, excluding Payment Protection Program (PPP), in 2020 was \$32MM and \$60MM for 2021.

PAYMENT PROTECTION PROGRAM

As a Small Business Administration (SBA) lender, Union Bank worked with current and new business customers to help equip them with the tools needed to stay in business during the COVID-19 pandemic. With a total of \$52MM in loans granted, the Bank began the forgiveness process in the fourth quarter of 2020. As of December 15, 2022 there is only \$96,000 left for forgiveness.

COMMERCIAL LOANS AND DEPOSIT

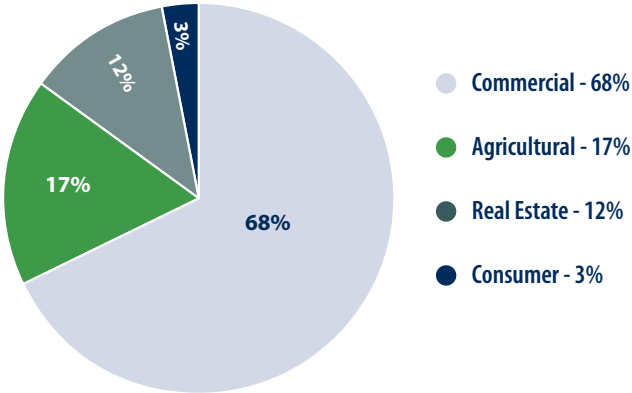
Commercial banking is expecting loan growth of \$87MM—primarily driven by new customer acquisition in commercial and industrial (C&I) and commercial real estate, as well as additional production and marginal growth in our agricultural book. The Bank’s Commercial banking is estimating overall production of \$95MM in 2023, driven by a strong focus on client selection and focused calling efforts.

We are starting 2023 with \$25MM in the commercial pipeline—double that of 2022. Historically, the Bank has depended on agricultural lending to drive much of our growth and production. There has been a shift in the past two years, with much of our production coming from commercial real estate and C&I segments. The Bank foresees these trends continuing into 2023 with an even higher level of manufacturing, wholesale, distributors and contract services making up our production and growth. In addition, adding a new market in Kalamazoo will add over \$20MM to our projected production totals.

As stated, 2023 will focus on meeting or exceeding the Bank’s planned target commercial loan growth amount of \$95MM. Commercial deposit production is slated at \$24.5MM for 2023, which would equate to a growth of \$16MM.

In 2021 we implemented an interest rate derivative product that will be used as a strategic product to provide a longer-term fixed rate option for our commercial customers that will focus on those credit facilities that want longer, 7- to 10-year maturities which will provide the Bank with fee income on the sale of this derivative.

Loan Mix



Mortgage Banking

Union Bank offers a competitive array of mortgage products, including adjustable-rate mortgages, fixed rate and a construction-to-permanent loan type that contributed to growth of its in-house mortgage portfolio. We saw growth in our in-house mortgage product balances in 2022, and overall production was at \$24M—a 20% decrease from the prior year.

The Bank's Mortgage area has added Federal Housing Administration (FHA), Veterans Affairs (VA) and United States Department of Agriculture products. In 2021, we implemented MortgageBot—software that aids in streamlining the origination process. While our focus is on our Michigan customers and their families, this product also allows us to do out-of-state loans. We are under lease with MortgageBot through 2024.

Understanding the current rate and housing markets, we anticipate the first half of 2023 will be off-pace compared to the first half of 2022, with the rate market starting in an unfavorable position. We anticipate normalization of the market toward the second quarter of 2023 as inflationary concerns begin to slow.



Universal Checking / UB Perks / BaZing Local

Proudly offering three great accounts with great benefits to meet your personal checking needs.

- Offer our customers options that suit their personal banking needs
- Allow us to build upon our current customer relationships
- Provide added value to our customers
- Attract the next generation of account holders

UNIVERSAL CHECKING INCLUDES THREE SEPARATE ACCOUNTS:

1. Universal Simple

All the basics for your everyday banking needs at a low cost.

2. Universal Value

Powered by BaZing; Instant access to incredible discounts, cell phone protection, roadside assistance and much more using the UB Perks app.

3. Universal Premium

Powered by BaZing; Instant access to incredible discounts, cell phone protection, roadside assistance and much more using the UB Perks app—all while earning interest on your checking balance.

To learn more about Universal Checking accounts, go to ubmich.com or visit one of our convenient locations.

BaZing Local Merchant Network - A powerful way to promote your local business



Union Bank prides itself on its loyalty to the communities it serves. In the coming year, we will provide ongoing employee training that will help the team to increase awareness and promote Universal Checking to showcase all the benefits and features of these accounts.

Via the BaZing Local Merchant Network, Union Bank can support local businesses by promoting their products and services to Union Bank customers in an effort to help grow their business and increase their brand awareness within the communities we serve. Here are a few of the great benefits local businesses can expect with this partnership offering:

FREE TO PARTICIPATE

Businesses can advertise their products and services for free as part of the network in exchange for providing an ongoing, exclusive discount. There is no fee to participate, and no revenue sharing is required. Customers using UB Perks/BaZing are members of

participating banks or credit unions that allow them access to special discount offers in the community.

A SIMPLE WAY TO REDEEM

Customers use the exclusive UB Perks/BaZing mobile app to access discounts based on their locations. At the point of sale, they simply show a mobile coupon to receive the discount. Customers can also print a paper coupon at BaZing.com/unionbank.

CONTROL YOUR OFFERS ANYWHERE, ANYTIME

BaZing merchants can log into their online account to add new discounts or edit existing offers. This gives them the power to make the best offers for their business which also includes the ability to set limitations, terms or exclusions to any discounts they provide.

By being an access point to getting their business registered on Bazing, Union Bank has the opportunity to be a champion for the makers, builders and growers.



Financially Supporting a Growing Industry

At Union Bank, we've worked hard for local businesses and the hard-working people who make, build and grow for a living for nearly a century. We aren't run by a distant corporation with artificial intelligence. We're local leaders with local knowledge who listen well, find effective solutions and care for our communities so they can thrive.



Building Businesses with the Tools Needed to Succeed

Union Bank has recognized Cannabis Related Business (CRB) as a sector of our community since 2019, and offers deposit products that help you build your business from the ground up.

Deposit Accounts:

- **Ancillary** - For business partners of the cannabis industry
- **Capital** - To purchase and build licensed locations
- **Operating** - For licensed businesses
- **Personal** - For employees of licensed businesses

Convenient Deposits, Secure Payments and Exceptional Service

- Armored courier services to pick up and deposit cash with Empyreal Logistics
- 24/7 secure online and mobile account access
- Pay vendors, utilities, taxes and employees electronically or by check, online bill pay and ACH
- Deposit checks, wire transfers, ACH or cash
- Dedicated CRB representatives for exceptional service
- Manage your finances from anywhere with Union Bank's Virtual Branch or Digital Banking Suite
- Debit Card options
- Interest-bearing deposit accounts

Why Choose Union Bank?



Compliance is our #1 priority.



Fast and efficient onboarding process.

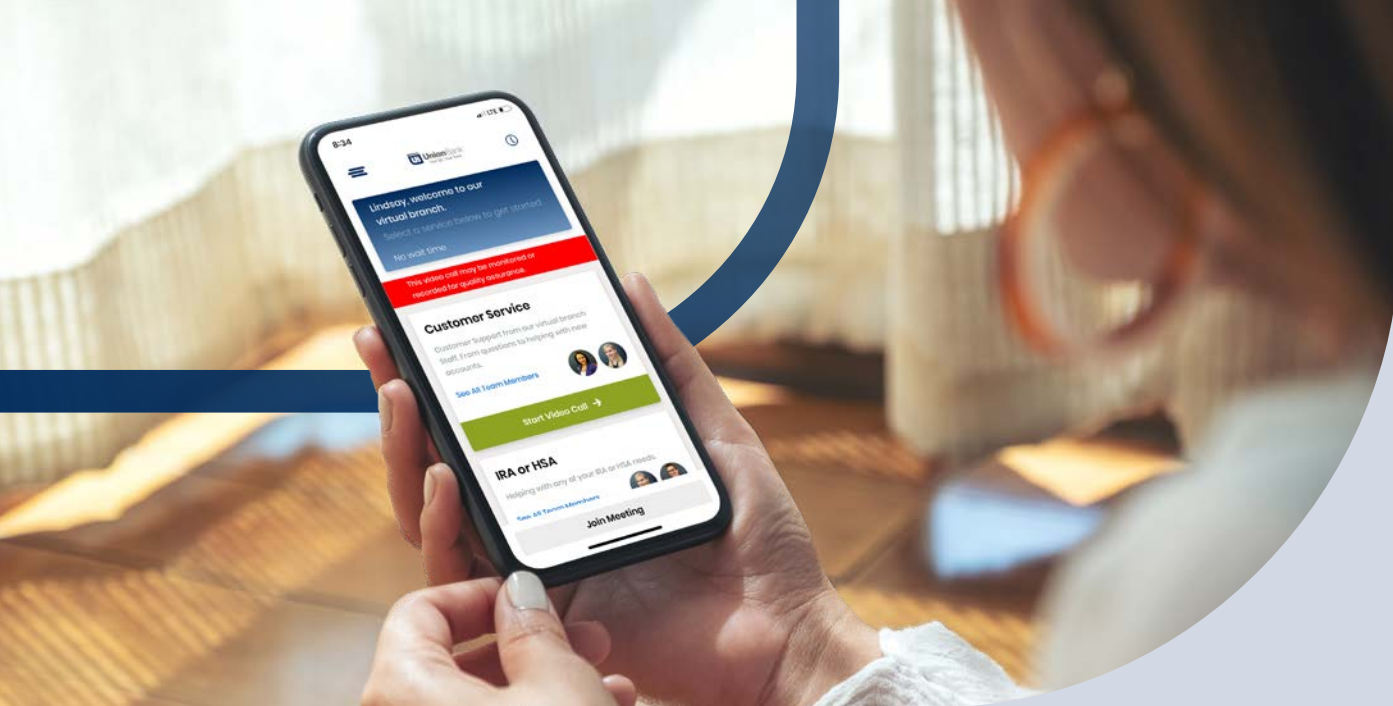


Convenient, secure banking from anywhere.



« **Learn more about cannabis banking**

ubmich.com/business/cannabis-related-banking



Check out Union Bank's Virtual Branch on your mobile device:

Scan the appropriate QR code for your mobile device to download the app.



Digital Banking Suite

Union Bank's Digital Banking Suite offers a convenient, seamless, more personal way for customers to manage their finances from the comfort of their home or on the go. The Suite is accessible via mobile phone, tablet or computer.



VIEW BALANCES AND TRANSACTIONS:

Search your recent activity, filter by tags and add personal notes or images.



GET ALERTS: Receive automatic alerts and push notifications to help you stay on top of your bills.



TRANSFER FUNDS: Effortlessly initiate one-time, future date or repeating transfers.



ASK FOR HELP: Have fully secured, digital conversations with real staff members any time you need assistance.



DEPOSIT CHECKS: Skip the trip to the bank and simply snap a photo of any check you need deposited into your account.



UB BUDGET BUDDY: Build personal budgets, manage your cash flow and set goals for the future—all in one intuitive interface.

Virtual Branch

At the close of 2022, Union Bank completed its third full year of providing customer service via the Virtual Branch. As of December 23, 2022, Union Bank agents have completed over 4,935 video calls compared to 4,385 in 2021.

CONVENIENT SERVICE

The Virtual Branch is accessible via the phone, PC, mobile device or in-branch kiosks—located at five Union Bank locations (Dimondale, Hastings, Lake Odessa, Mulliken and Westphalia) to provide a convenient option for customers wanting to avoid long lines or who require advanced banking support.

Beyond phone and video calls, current and prospective customers can instant message a Union Bank representative via the messaging feature on the Bank's website or Conversations—housed within the Digital Banking Suite. The addition of both messaging platforms allows team members to respond to customer questions or concerns promptly.

Expanding Capabilities To Better Serve Our Customers

PRODUCT TRAINING

In 2023, Virtual Branch agents will participate in Treasury Management (TM) System training for the new SilverLake application once available. This will allow the agents to expand their capabilities while supporting the Electronic Services Department in promptly assisting customers with TM-related inquiries. The team will also participate in product training for the Bank's HSA/IRA products.

GAINING EFFICIENCIES

To improve efficiencies within the Virtual Branch, the team worked with the Bank's IT Department and RingCentral to roll out a more defined platform within the Call Center RingCentral app to better manage phone traffic and ensure exceptional customer service for each caller. Additionally, the Bank increased efficiency by improving workflows and appropriately aligning job responsibilities.

In 2023, the Bank's goal is to increase the number of customers utilizing the Virtual Branch app. Currently, 578 customers have created a Virtual Branch account—an 18% increase from 2021.





Union Investment Solutions

Despite the challenges of declining markets and market sentiment, 2022 was another record year for Union Investment Solutions (UIS). This success is a result of the team's experience in consumer and commercial financial wellness industries, their commitment to excellent customer service and numerous referrals from satisfied customers.

With a focus on Small Business Retirement Plans acquisition strategies and increasing presence in the Bank's growing market area (Grand Rapids, Kalamazoo and Lansing), UIS continues to identify potential commercial customers in need of assistance developing or revisiting their retirement programs for their employees. In a competitive job market, UIS understands that choosing the right employee retirement plan is important for retaining and attracting new talent.

UIS continues to work with current and new consumer clients on their investment strategies to build and grow a secure financial future no matter what challenges life may bring. Another area of focus for UIS is financial wellness education for young adults. From balance sheets and investments to saving for college or retirement plans, it is never too early to start planning for the future.

If you are interested in scheduling a meeting with UIS to discuss your financial future, please give us a call at (616) 374-1530. We look forward to helping you grow a secure financial future, together.

Securities and insurance products are offered through Cetera Investment Services LLC, member FINRA/SIPC. Cetera is not affiliated with the financial institution where investment services are offered. Investments: • Are not FDIC/NCUSIF insured • May lose value • Are not financial institution guaranteed • Are not a deposit • Are not insured by any federal government agency. 1150 Jordan Lake Street, Lake Odessa, MI 48849 (616) 374-1530.

Our Leadership

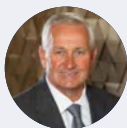
BOARD OF DIRECTORS



Christopher Fluke, Chairman
ELECTED 2007
Retired from Walker, Fluke & Sheldon, PLC



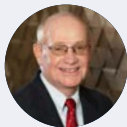
Paul Trierweiler, Vice Chairman
ELECTED 2006
Co-Owner, Trierweiler Dairy Farm



Timothy Brodbeck
ELECTED 2013
Owner, Brodbeck Farms



Cortney Collison
ELECTED 2007
President & Chief Executive Officer, Union Bank



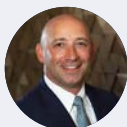
Lloyd Cunningham
ELECTED 1996
*Co-Owner, Specialty Industries
and Owner of Cunningham Farms*



Robin Kleinjans-McKee, CPA
ELECTED 2022
*Chief Financial Officer of
Open Systems Technologies, Inc.*



Jeffrey Lumppp
ELECTED IN 2021
President, Hylant Group



Steve Millman
ELECTED 2018
President and Owner, NorthStar Commercial

DIRECTORS EMERITI

William Bulling
Jerry Collison
Lynn Fetterman
Marvin Head
Dean Hyde

In loving memory of
La Von Deatsman

UNION INVESTMENT SOLUTIONS

Meg Wheeler
David White

SENIOR MANAGEMENT



Cortney Collison
PRESIDENT
Chief Executive Officer



Christine Fortier
EXECUTIVE VICE PRESIDENT
Chief Financial Officer



Janet Torres
EXECUTIVE VICE PRESIDENT
Chief Operations Officer

BANK OFFICERS

Stephanie Brummette
Sandra Collison
Kelsey Cornwell
Kimberly Cox
Zachary Dennis
Derek Dickinson
Kevan Van Fleet
Doug Flessner
Stephanie Griffin
Stephanie Joseph
Michael Keast
Sarah Klingenberg
Robert Kowalewski
Michael Kozak
Teddi McEachern
John Mull
Jon Novetske
John Rop
Peter Rossi
Nathan Roudabush
Bret Simonton
Nicole Suchek
Todd Uekert
Kevan Van Fleet
Melody Warzecha
Rose Willson

Change in Leadership

Janet Torres Appointed New Chief Operations Officer Upon Suzanne Dahms Retirement



Suzanne Dahms

After 48 valuable years of service, Suzanne Dahms retired on December 31, 2022. Following her departure, Union Bank announced the promotion of Janet Torres to take over Dahms responsibilities as the Executive Vice President and Chief Operations Officer.

Beginning her career in 1974, Dahms worked as a co-op student in bookkeeping, leading to a full-time position with the Bank headquartered in Lake Odessa, Michigan. Though native to the small town, she had big dreams of filling various lateral positions for the Bank, such as Bookkeeping, Branch Teller and Administrative Assistant—advancing to her current role. Dahms served as a member of the Bank's Board of Directors from 1999–2022 and was an integral leader within the Bank and the communities in which it serves.

"Suzanne's unwavering commitment to the Bank and the staff over the last 48 years will leave a lasting positive impact not only on the Bank but the entire community. Most recently, she provided management and oversight for Deposit/Retail Operations, Information Technology, Marketing, Cannabis Related Banking, Bank Secrecy Act, Investment Solutions and Strategic Planning Initiatives, and has always provided great support and mentorship to each of her employees. She will be greatly missed," stated Christopher Fluke, Chairman of Union Bank Board of Directors.

Following her retirement, Dahms maintained her position as treasurer for the Lake Odessa Downtown Development Authority (DDA). She has recently passed the torch for her role as treasurer for the Ionia County Economic Alliance, as well as her board member seat for the Spectrum Pennock Foundation.

"As she has proven throughout her career, Suzanne's extensive banking and leadership background, attention to detail and staff mentorship, along with her passion for community and building strong relationships, has been a true asset over the years," said Cortney Collison. "On behalf of the Union Bank Board of Directors and Senior Management, I would like to thank Suzanne for her hard work and dedication throughout her entire career."

As we venture forward, the Bank is excited to welcome Janet Torres as the newest Executive Vice President and Chief Operations Officer. Torres is an experienced professional with a successful career in Banking, Recruiting and Talent Management, Project Management and Change Leadership in the greater Grand Rapids area. She joined Union Bank in September 2021 with over 19 years of diverse experience in the Financial Industry.



Janet Torres

“Janet has demonstrated a strong commitment to Union Bank and has proven to be a great leader. Her dedication to personal development, community leadership and the stability and growth of Union Bank are commended. This promotion reflects our commitment to excellence and efforts in recruiting, retaining and recognizing high-performing, dedicated employees who strive for the long-term success of both our customers and our Bank.”

Cortney H. Collison
PRESIDENT & CEO

“Since my very first day, I have truly enjoyed the culture, energy and mission of Union Bank and am excited to continue my career in this new capacity. Union Bank is a proud community bank that cares about its employees, customers and communities. I am honored to have the privilege and opportunity to be a part of that purpose and look forward to the successful year ahead,” said Torres. “Credit is due to the team beside me as none of what I accomplish would be possible without them. I would like to thank our Board of Directors, members of Senior Management, shareholders, customers and employees for sharing our passion for the important role community banks play now and for many years to come.”

Janet Torres
EXECUTIVE VICE PRESIDENT
CHIEF OPERATIONS OFFICER

In her new role, Janet will lead all departmental activities related to Retail Banking, Treasury Management, Virtual Branch, Deposit Operations, Human Resources, Risk and Internal Audits and Information Technology to ensure compliance and exemplary customer service.

“On behalf of the Union Bank Board of Directors and Senior Management, I would like to congratulate Janet on her promotion and wish her every success in her new role,” said Cortney Collison, President and CEO of Union Bank.

Committed To Our Communities

Union Bank is proud to give back to the communities we serve and help develop businesses, educate our youth and uphold the safety and quality of life for local citizens.

VOLUNTEERING

As a local bank, we believe it's vitally important to participate in our communities. We encourage our employees to lend their voluntary support to programs that positively impact the quality of life within our service area.

DONATIONS

We are very intentional about the contributions made to the community—keeping the focus on qualified nonprofit organizations located within the established assessment area. In 2023, more focus will be placed on qualified Community Reinvestment Act activities.

EVENTS & SPONSORSHIPS

As a community bank, we are proud to support the communities served by intentionally sponsoring and participating in local events.

UB SCHOLARSHIP PROGRAM

For over 23 years, Union Bank has proudly offered a scholarship to highlight and celebrate graduating high school seniors who have continuously shown dedication not only to their education but also to their community. Union Bank believes in helping students within its service area achieve their dreams of higher education.

The Union Bank Scholarship is open to high school seniors who plan to attend a private or public college, university or trade school to further their skills and education in fields that make, build and grow for a living.





Stephanie Griffin, Robin Kleinjans-McKee, Michael Kozak, Teddi McEachern, Jon Novetske, John Rop, Todd Uekert (new officer and board members listed from left to right).

2022 Employee Promotions & Anniversaries

ANNIVERSARIES

3 YEARS (2019)

KIMBERLY COX

Senior Vice President, Director of Operations

CHARLES FARRELL JR.

Maintenance Specialist

HOLLIE LEONARD

Virtual Banker

5 YEARS (2017)

KIMBERLY BEDFORD

Retail Administrative Coordinator

BRENDA CRESSMAN

Westphalia Branch Teller

ZACHARY DENNIS

VP, Commercial Banker

CARRIE JENKS

Lake Odessa Branch Teller

NICOLE SUCHEK

Mortgage Banker

KEVAN VAN FLEET

VP, Commercial Banker

HALEY WILLETTE

Retail Learning Consultant

10 YEARS (2012)

DEREK DICKINSON

Vice President, Senior Credit Manager

JENNIFER HENRY

Senior Mortgage Processor

JOHN MULL

Vice President, Compliance Officer

15 YEARS (2007)

STEPHANIE JOSEPH

Assistant Vice President, Deposit Operations Manager

40 YEARS (1983)

JUDITH RODRIGUEZ

Senior Commercial Loan Specialist

WELCOME NEW OFFICERS AND BOARD MEMBERS!

STEPHANIE GRIFFIN, VP

Treasury Management Officer

ROBIN KLEINJANS-MCKEE, CPA

Board Member

MICHAEL KOZAK, VP

Commercial Banker

TEDDI MCEACHERN, SVP

Director of Branch Banking

JON NOVETSKE

Mortgage Banker

JOHN ROP, VP

Mortgage Sales Manager

TODD UEKERT, SVP

Market President

Union Financial Corporation Update



Union Financial Corporation (UFC) was formed in 1988 as the holding company for Union Bank. UFC is privately held and traded, and owns 100% of Union Bank.

Over the years, many local families have invested in Union Bank by purchasing shares in UFC. Through the decades, this ownership has been passed down to children and other local families. As a privately held company, ownership remains in the communities we serve, and our Board of Directors intends to maintain that local ownership and independence.

Occasionally, limited shares of UFC stock become available, and we are now extending the opportunity to hold ownership in the bank to our customers and supporters. While the number of shareholders who could invest was previously limited by regulation, the JOBS Act, passed in early 2012, now allows us to add new shareholders. We invite you to support your community through ownership in YOUR community bank.

In order to help better facilitate the buying and selling of UFC stock, the Bank has worked to improve communication and processes for handling sales and purchases of stock. As of

November 2013, we positioned the Bank as the Trading Desk for UFC common stock and have continued this process.

In December 2021, the corporation undertook a capital campaign and was issued \$6 million in 3.50% fixed-to-floating rate subordinated notes due 2031. Our 2022 year-end profitability was lower than the prior year as we transitioned from a pandemic environment to one of high interest rates and inflation. We have maintained focus in the investment portfolio during this period ensuring its leveraging for greater return is continually addressed. The Bank's Board and Management is fully engaged and well-positioned to meet the challenging economic headwinds anticipated due to continued interest rate increases and inflationary pressures and has an exceptional banking staff to navigate recessionary waters anticipated for mid-to-late 2023.

Performance of our Bank—even in this challenging economic period—has shown its market strength in maintaining growth levels in assets, deposits and loans. We anticipate continued overall market expansion, supported by our new Loan Production Office in Portage.



Outgrowing The Original Corporate Office



In August 2022, Union Bank sold its former corporate office facility at 933 Fourth Avenue in Lake Odessa, MI, to RecLending as it transitioned to its new headquarters.

Since its original occupation in Lake Odessa in 1934, the building has undergone numerous expansion and remodeling projects to accommodate the Bank's growing staffing and office space needs. In December 2021, the space was converted into the new home for the Virtual Branch and Employee Training Center. Further renovations for this space are under consideration to consolidate remaining staff at the main office in light of the Corporate Office relocation.

Over recent years, the Bank's Senior Management and Board of Directors have worked together to analyze growth opportunities, strategize, plan and implement new products and services, and forecast what it will take to not only be competitive in a large market but to maintain a steady pace of organizational growth that will be sustainable.

The Bank recognized that the former Corporate Office in Lake Odessa reached its potential and, to grow, a location change was required. Though the Bank opened an office in Ada in 2017, to be recognized as a true competitor in the greater Grand Rapids area meant having a more predominant presence in the market. As a result, Union Bank broke ground on its new Corporate Office located at 670 Cascade W Parkway SE in Grand Rapids in August 2021 and opened the office to the public in September 2022.

"Over the past several years, we have observed and maintained steady organizational growth, and relocating our corporate office will allow us to continue that trend by expanding our footprint to assist more small businesses and

their hard-working employees in reaching their financial goals," said Union Bank President and CEO Cortney Collison.

In preparation for the corporate move, it was a top priority for the Bank's Board of Directors and Senior Management to ensure the Fourth Avenue facility was sold to a business whose owners are fully committed to the Lake Odessa community and surrounding areas. RecLending, a veteran and family owned and operated company established in 2008 by a 30-year resident of Lake Odessa, specializes in boat loans and RV financing across the United States. Currently headquartered in Charlotte, when the opportunity became available to expand and move closer to his hometown, owner Todd Dreyse knew it was the right fit for RecLending and the community.

"While we remotely operate Nationwide, 75% of our employees are from the Lakewood community. We look forward to joining the business district of Lake Odessa and serving the community for many years to come,"

To ensure a gradual transition, the Bank will lease the building from the new owners until all remaining team members not transitioning to the Grand Rapids office are relocated. The former Corporate Office is currently closed to the public and available to customers by appointment only.

Union Bank has been proud to call itself a truly local and proudly independent bank with roots deep in West and Central Michigan soil since 1934. Though over the years the Bank's name, leadership, staff and locations may have changed, one thing remains the same—the commitment to working hard for local businesses and the hard-working people who make, build and grow for a living.

Our Locations

