



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 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 2Q 2024 recorded continued performance in key areas of loan growth and liquidity. Earnings for 2Q 2024 showed improvement over that of the same period in 2023. Total loans to deposits increased to 92.09% for 2Q 2024 from 80.74% at the same period in 2023. This represented an increase of approximately \$42,000,000 in loans year-over-year. NIM decreased slightly to 3.48% 2Q 2024 from 4.15% at same period 2023 due to higher cost of funds. This level of performance has positively impacted Capital Formation increasing to 5.98% providing additional lending capacity for our Bank. *(See Key Highlights and Performance Ratios back page)*

Shareholder Return:

The fair market value of the Company's, as of 2Q 2024 is \$8.45 per share (FMV), with UFC reporting an active trading market. Price to Book Value calculated at 140%. Appraiser notes stock price per share selling at a discount to FMV and \$2.45 above book value per share. YTD 2Q 2024 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 5.87% and 0.44%, respectively. Market capitalization of UFC, as of 2Q 2024 is \$27,827,802. Your Board is appreciative of the continued investor confidence in UFC.

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.

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June 30, 2024

Stock Price (FMV)	\$8.45
P/BV (FMV/YTD)	140%
Book Value Per Share <i>(Based on Tier 1 Capital)</i>	\$6.00
YE 2023 Stock Price	\$9.15
Income Per Share <i>(YTD 2024)</i>	\$0.14
Shares Outstanding	3,293,231
Board of Director Ownership	4.9%

Financial Data (000)

Assets	\$351,360
Deposits	\$280,785
Equity	\$19,763
Loans	\$267,753
Net Income (YTD 2024)	\$448

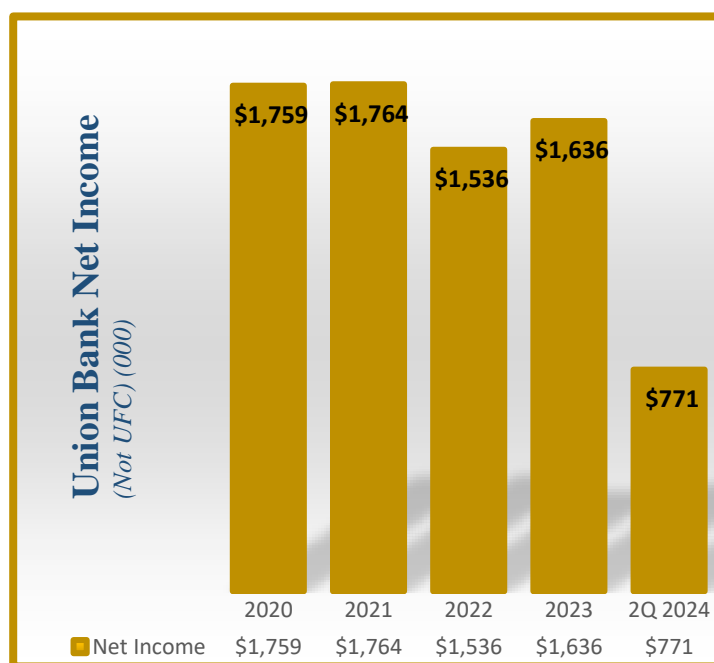
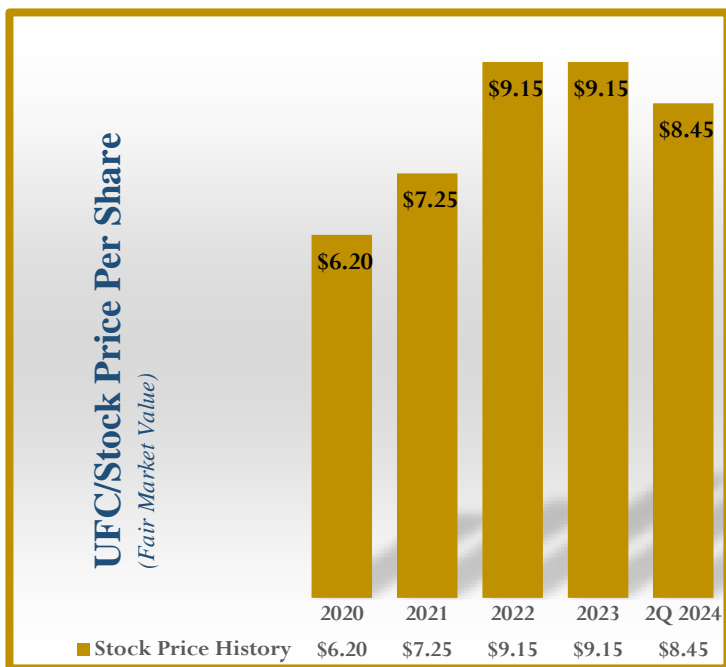
Key Highlights (UB)

- **Assets:** Bank assets of \$352,595,000, as of 2Q 2024 compared to \$326,197,000 for the same period 2023.
- **Deposit:** Bank deposits of \$287,117,000, as of 2Q 2024 compared to \$279,607,000 for the same period 2023.
- **Loans:** Bank loans of \$267,753,000, as of 2Q 2024 compared to \$225,755,000 for the same period 2023.
- **Earnings:** Bank earned \$771,000, as of 2Q 2024 compared to \$550,000 for the same period 2023.
- **Net Interest Margin:** Bank earned 3.48%, as of 2Q 2024 compared to 4.15% for the same period 2023.
- **Efficiency Ratio:** 88.20%, as of 2Q 2024 compared to 85.53% for the same period 2023.

Performance Ratios (UB)

Return on Average Assets	0.44%
Return on Average Common Equity	5.87%
Yield on Loans	5.95%
Total Loans to Deposits	92.09%
Demand Deposits to Total Deposits	25.27%
Tier I Common Capital/Risk Weighted Assets	8.05%
Non-Performing Loans to Total Loans	0.73%
Allowance for Loan Losses to Total Loans	1.25%
Cost of Funds	2.33%

See Stock Chart: UFC noted strong stock liquidity in 2Q 2024. Last four days of June 2024 noted 6,500 shares traded supporting FMV and continued investor interest.



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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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