



Reports First Quarter 2026 Financial Results

Lynnwood, WA / Accesswire / April 28, 2026 / U & I Financial Corp. (OTCQX: UNIF), the holding company (“Company”) for UniBank (“Bank”), today reported quarterly Net Loss of \$166 thousand or \$0.03 loss per share in the first quarter of 2026, compared to a net loss of \$2.1 million or \$0.38 loss per share for the same quarter of 2025. The Company recognized a negative Provision for Credit Losses of \$754 thousand during the first quarter of 2026 as compared to a provision expense of \$3.1 million recognized for the same quarter last year.

During the first quarter of 2026 the Bank sold the promissory note of a CRE loan that had been on non-accrual with a book value of \$3.5 million. The sale resulted in the interest income recapture of \$544 thousand and a credit loss recovery of \$78 thousand.

At March 31, 2026, Total Assets were \$402.1 million, a decrease of \$39.9 million or 9.0% from \$441.9 million at March 31, 2025. Net Loans were \$263.7 million at March 31, 2026, a decrease of \$95.7 million or 26.6% from \$359.4 million at March 31, 2025. Total Deposits decreased by \$51.5 million or 13.4% to \$331.9 million at March 31, 2026 compared to \$383.4 million a year earlier.

The Company had a Gross Recovery of \$1.0 million and no Charge Offs during the first quarter of 2026 as compared to a Net Charge Off of \$5.7 million during the same quarter of 2025. The total balance of non-accrual loans was \$1.5 million at March 31, 2026 as compared to \$10.2 million at March 31, 2025. The ratio of nonperforming assets to total assets was 0.37% at March 31, 2026 compared to 2.31% at March 31, 2025.

The Bank’s capital ratios were 7.18%, 10.63% and 11.74% for Tier 1 Leverage Ratio, Tier 1 Risk-Based Capital Ratio and Total Risk-Based Capital Ratio, respectively, as of March 31, 2026, as compared to 5.98%, 7.76% and 9.01%, respectively, as of March 31, 2025. All capital ratios remained above the “well capitalized” minimum regulatory guidelines as of March 31, 2026.

“Although the Bank recorded another quarter of Net Loss, the overall credit quality of the loan portfolio continued to improve, allowing us to focus on improving core earnings,” said President & CEO Stephanie Yoon.

Non-GAAP Financial Metrics

This news release contains certain non-GAAP financial measure disclosures. Management believes these non-GAAP financial measures provide meaningful supplemental information regarding the Company's operational performance, credit quality and capital levels.

About U & I Financial Corp.

UniBank, the wholly owned subsidiary of U & I Financial Corp. (OTCQX: UNIF). Founded in 2006 and based in Lynnwood, Washington, the Bank serves small to medium-sized businesses, professionals, and individuals across the United States with a particular emphasis on government guaranteed loan programs. Customers can access their accounts in any of the four branches – Lynnwood, Bellevue, Federal Way and Tacoma – online, or through the Bank's ATM network.

For more information visit www.unibankusa.com or call (425) 275-9700.

Forward-Looking Statement Safe Harbor: This news release contains comments or information that constitutes forward-looking statements (within the meaning of the Private Securities Litigation Reform Act of 1995) that are based on current expectations that involve a number of risks and uncertainties. Forward-looking statements describe the Company's projections, estimates, plans and expectations of future results and can be identified by words such as "believe," "intend," "estimate," "likely," "anticipate," "expect," "looking forward," and other similar expressions. They are not guarantees of future performance. Actual results may differ materially from the results expressed in these forward-looking statements, which because of their forward-looking nature, are difficult to predict. Investors should not place undue reliance on any forward-looking statement, and should consider factors that might cause differences including but not limited to compliance with the Written Agreement with the Federal Reserve Bank of San Francisco and the Washington Department of Financial Institutions; the result of litigation and investigations; the degree of competition by traditional and nontraditional competitors; declines in real estate markets, an increase in unemployment or sustained high levels of unemployment; changes in interest rates; adverse changes in local, national and international economies; the potential for new or increased tariffs; trade restrictions or geopolitical tensions that could affect economic activity or specific industry sectors, changes in the Federal Reserve's actions that affect monetary and fiscal policies; changes in legislative or regulatory actions or reform, including without limitation; the Dodd-Frank Wall Street Reform and Consumer Protection Act; demand for products and services; further declines in the quality of the loan portfolio that results in continued losses and our ability to succeed in our problem-asset resolution efforts; including, but not limited to, continued credit deterioration of commercial-equipment loans and future increases in the Provision for Credit Losses; the impact of technological advances; changes in tax laws; and other risk factors. U & I Financial Corp. undertakes no obligation to publicly update or clarify any forward-looking statement to reflect the impact of events or circumstances that may arise after the date of this release.

STATEMENT OF INCOME (LOSS) (Unaudited)

	Mar-26	Dec-25	Mar-25	Mar-26	Mar-25
<i>(Dollars in thousands except EPS)</i>	QTD	QTD	QTD	YTD	YTD
Interest Income	\$5,894	\$5,466	\$6,643	\$5,894	\$6,643
Interest Expense	2,909	2,980	3,906	2,909	3,906
Net Interest Income	2,985	2,486	2,737	2,985	2,737
Provision for Credit Losses (Negative Provision)	(754)	(1,663)	3,104	(754)	3,104
Loan Servicing Fees, Net of Amortization	133	132	123	133	123
Other Non-interest Income	67	75	156	67	156
Non-interest Income	200	207	279	200	279
Salaries & Benefits	1,808	1,704	1,628	1,808	1,628
Professional Fees	1,302	1,438	370	1,302	-
Occupancy Expense	209	200	201	209	201
Other Expense	786	1,032	879	786	1,249
Non-interest Expense	4,105	4,374	3,078	4,105	3,078
Net Income (Loss) before Income Taxes	(166)	(18)	(3,166)	(166)	(3,166)
Income Tax Expense (Benefit)	-	568	(1,093)	-	(1,093)
Net Income (Loss)	(\$166)	(\$586)	(\$2,073)	(\$166)	(\$2,073)
Total Outstanding Shares <i>(in thousands)</i>	5,477	5,477	5,477	5,477	5,477
Basic Earnings (Loss) per Share	(\$0.03)	(\$0.11)	(\$0.38)	(\$0.03)	(\$0.38)

Statement of Condition (Unaudited)

	Mar-26	Dec-25	Mar-25	Variance	Variance
<i>(Dollars in thousands)</i>	Qtr End	Qtr End	Qtr End	Prior Qtr	Prior Year
Cash and Due from Banks	\$68,054	\$59,700	\$22,564	\$8,354	\$45,490
Investments	61,261	57,003	47,090	4,258	14,171
Gross Loans	266,720	286,190	366,427	(19,470)	(99,707)
Allowance for Credit Losses (ACL) on Loans	(3,010)	(2,766)	(6,991)	(244)	3,981
Net Loans	263,710	283,424	359,436	(19,714)	(95,726)
Fixed Assets	5,270	5,416	5,791	(146)	(521)
Deferred Tax Assets, Net of Valuation Allowance	-	-	1,471	-	(1,471)
Other Assets	3,756	3,568	5,585	188	(1,829)
Total Assets	\$402,051	\$409,111	\$441,937	(\$7,060)	(\$39,886)
Checking	\$58,319	\$61,365	\$72,303	(\$3,046)	(\$13,984)
NOW	6,047	3,986	5,984	2,061	63
Money Market	47,813	53,864	79,451	(6,051)	(31,638)
Savings	4,510	4,831	5,232	(321)	(722)
Certificates of Deposit	215,196	213,810	220,382	1,386	(5,186)
Total Deposits	331,885	337,856	383,352	(5,971)	(51,467)
Borrowed Funds	40,000	40,000	29,000	-	11,000
ACL on Off-Balance Sheet Credit Exposure	5	5	68	-	(63)
Other Liabilities	1,716	2,347	1,810	(631)	(94)
Total Liabilities	373,606	380,208	414,230	(6,602)	(40,624)
Shareholders' Equity	28,445	28,903	27,707	(458)	738
Total Liabilities & Equity	\$402,051	\$409,111	\$441,937	(\$7,060)	(\$39,886)

Financial Ratios

	Mar-26	Dec-25	Mar-25		
<i>(Dollars in thousands except BVS)</i>	QTD	QTD	QTD		
Performance Ratios					
Return on Average Assets*	(0.17%)	(0.58%)	(1.73%)		
Return on Average Equity*	(2.35%)	(8.18%)	(28.13%)		
Net Interest Margin*	3.04%	2.52%	2.35%		
Efficiency Ratio	128.89%	162.42%	102.06%		
<i>*Quarterly results are annualized</i>					
				Well	Adequately
				Capitalized	Capitalized
				Minimum	Minimum
Capital	Mar-26	Dec-25	Mar-25		
	QTD	QTD	QTD		
Tier 1 Leverage Ratio**	7.18%	7.22%	5.98%	5.00%	4.00%
Common Equity Tier 1 Ratio**	10.63%	9.98%	7.76%	6.50%	4.50%
Tier 1 Risk-Based Capital Ratio**	10.63%	9.98%	7.76%	8.00%	6.00%
Total Risk-Based Capital Ratio **	11.74%	10.92%	9.01%	10.00%	8.00%
Book Value per Share (BVS)	\$5.19	\$5.28	\$5.06		
<i>**Represents Bank capital ratios</i>					
	Mar-26	Dec-25	Mar-25		
	QTD	QTD	QTD		
Asset Quality					
Net Charge Off (Net Recovery)	(\$998)	(\$1,337)	\$5,730		
Charge Offs: Commercial-Equipment	\$0	\$117	\$2,173		
(Recoveries): Commercial-Equipment	(\$747)	(\$1,440)	(\$434)		
Charge Offs: All Other	\$0	\$0	\$4,020		
(Recoveries): All Other	(\$251)	(\$14)	(\$29)		
Allowance for Credit Losses to Loans %	1.13%	0.97%	1.91%		
Non-accrual Loans	\$1,494	\$5,103	\$10,202		
Nonperforming Assets to Total Assets %	0.37%	1.25%	2.31%		

Additional Credit Disclosures

Loan Segmentation - The following tables present the Bank's total loans outstanding at amortized cost by portfolio segment and by internally assigned grades as of March 31, 2026 and December 31, 2025 (in thousands):

<u>March 31, 2026</u>	Special					Total
	Pass*	Mention	Substandard*	Doubtful	Loss	
Commercial real estate	\$ 156,825	\$ 3,074	\$ 1,823	\$ -	\$ -	\$ 161,722
Residential real estate	75,391	10,887	1,820	-	-	88,098
Commercial - equipment	-	-	3,707	-	-	3,707
Commercial - all other	6,149	-	2	-	-	6,151
Multifamily	6,404	-	-	-	-	6,404
Construction and land	613	-	-	-	-	613
Consumer and other	25	-	-	-	-	25
	<u>\$ 245,407</u>	<u>\$ 13,961</u>	<u>\$ 7,352</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 266,720</u>

<u>December 31, 2025</u>	Special					Total
	Pass	Mention	Substandard	Doubtful	Loss	
Commercial real estate	\$ 147,941	\$ 3,088	\$ 13,531	\$ 3,469	\$ -	\$ 168,029
Residential real estate	85,986	13,285	1,827	-	-	101,098
Commercial - equipment	-	-	3,819	-	-	3,819
Commercial - all other	6,148	-	-	-	-	6,148
Multifamily	6,437	-	-	-	-	6,437
Construction and land	633	-	-	-	-	633
Consumer and other	26	-	-	-	-	26
	<u>\$ 247,171</u>	<u>\$ 16,373</u>	<u>\$ 19,177</u>	<u>\$ 3,469</u>	<u>\$ -</u>	<u>\$ 286,190</u>

**Note: Starting 1st quarter 2026, the Bank began split-grading government guarantees loans that are Substandard and below, upgrading the guaranteed portions to Pass. As of March 31, 2026 this only impacted the CRE category, reclassifying \$2.4 million from Substandard to Pass. This change in grading method had no impact on the ACL.*

Descriptions of the various risk grades are as follows:

Special Mention: Assets having potential weaknesses that if left uncorrected, may result in decline in borrower's repayment ability. However, these assets are not adversely classified and do not expose the Bank to sufficient risk to warrant adverse classification.

Substandard: An asset is considered substandard if it is inadequately protected by the current net worth and pay capacity of the borrower or of any collateral pledged. Substandard assets include those characterized by the distinct possibility that the Bank will sustain some loss if the deficiencies are not corrected.

Doubtful: Assets classified as doubtful have all the weaknesses inherent in those classified substandard, with the added characteristic that the weaknesses present make collection or liquidation in full highly questionable and improbable on the basis of currently existing facts, conditions, and values.

Loss: Assets classified as loss are those considered uncollectible and of such little value that their continuance as assets without the establishment of a specific loss reserve is not warranted. Any loans downgraded to this category are generally charged off soon after.

Allowance for Credit Losses on Loans – The following tables present the allowance for credit losses under ASC 326, *Financial Instruments – Credit Losses* by portfolio segment and by internally assigned grades as of March 31, 2026 and December 31, 2025 (in thousands):

March 31, 2026						
Portfolio Segment	Pass	Special Mention	Substandard	Doubtful	Loss	Total
Commercial real estate	\$ 1,074	\$ 13	\$ 100	\$ -	\$ -	\$ 1,187
Residential real estate	359	53	122	-	-	534
Commercial - equipment	-	-	1,854	-	(797)	1,057
Commercial - all other	214	-	-	-	-	214
Multifamily	9	-	-	-	-	9
Construction and land	8	-	-	-	-	8
Consumer and other	1	-	-	-	-	1
	<u>\$ 1,665</u>	<u>\$ 66</u>	<u>\$ 2,076</u>	<u>\$ -</u>	<u>\$ (797)</u>	<u>\$ 3,010</u>

December 31, 2025						
Portfolio Segment	Pass	Special Mention	Substandard	Doubtful	Loss	Total
Commercial real estate	\$ 891	\$ 24	\$ 198	\$ -	\$ -	\$ 1,113
Residential real estate	208	34	117	-	-	359
Commercial - equipment	-	-	1,909	-	(845)	1,064
Commercial - all other	209	-	-	-	-	209
Multifamily	10	-	-	-	-	10
Construction and land	10	-	-	-	-	10
Consumer and other	1	-	-	-	-	1
	<u>\$ 1,329</u>	<u>\$ 58</u>	<u>\$ 2,224</u>	<u>\$ -</u>	<u>\$ (845)</u>	<u>\$ 2,766</u>

Past due loans –The following table presents past due loans at amortized cost by portfolio segment as of March 31, 2026 and December 31, 2025 (in thousands):

March 31, 2026	30 - 59 Days	60 - 89 Days	90 Days or	Total		Total
Portfolio Segment	Past Due	Past Due	More	Past Due	Current	Loans
Commercial real estate	\$ -	\$ -	\$ 1,454	\$ 1,454	\$ 160,268	\$ 161,722
Residential real estate	-	-	-	-	88,098	88,098
Commercial - equipment	205	-	-	205	3,502	3,707
Commercial - all other	14	-	-	14	6,137	6,151
Multifamily	-	-	-	-	6,404	6,404
Construction and land	-	-	-	-	613	613
Consumer and other	-	-	-	-	25	25
	\$ 219	\$ -	\$ 1,454	\$ 1,673	\$ 265,047	\$ 266,720

December 31, 2025	30 - 59 Days	60 - 89 Days	90 Days or	Total		Total
Portfolio Segment	Past Due	Past Due	More	Past Due	Current	Loans
Commercial real estate	\$ -	\$ 1,454	\$ 3,650	\$ 5,104	\$ 162,925	\$ 168,029
Residential real estate	-	-	-	-	101,098	101,098
Commercial - equipment	220	-	-	220	3,599	3,819
Commercial - all other	-	-	-	-	6,148	6,148
Multifamily	-	-	-	-	6,437	6,437
Construction and land	-	-	-	-	633	633
Consumer and other	-	-	-	-	26	26
	\$ 220	\$ 1,454	\$ 3,650	\$ 5,324	\$ 280,866	\$ 286,190

Non-accrual loans – Loans are placed on non-accrual once the loan is 90 days past due or sooner if, in management’s opinion, the borrower may be unable to meet payment of obligations as they become due, as well as when required by regulatory provisions. The following table presents the nonaccrual loans at amortized cost by portfolio segment as of March 31, 2026 and December 31, 2025 (in thousands):

March 31, 2026	Non-accrual with no	Non-accrual with		Loans Past Due
Portfolio Segment	Allowance for	Allowance for	Total Non-accrual	Over 89 Days Still
	Credit Losses	Credit Losses		Accruing
Commercial real estate	\$ 1,494	\$ -	\$ 1,494	\$ -

December 31, 2025	Non-accrual with no	Non-accrual with		Loans Past Due
Portfolio Segment	Allowance for	Allowance for	Total Non-accrual	Over 89 Days Still
	Credit Losses	Credit Losses		Accruing
Commercial real estate	\$ 5,103	\$ -	\$ 5,103	\$ -

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