U & I FINANCIAL CORP.

Reports First Quarter 2025 Financial Results

Lynnwood, WA / Accesswire / April 29, 2025 / U & I Financial Corp. (OTCQX: UNIF), the holding company ("Company") for UniBank ("Bank"), today reported a quarterly Net Loss of $2.1 million or a loss of $0.38 per share in the first quarter of 2025, compared to Net Income of $1.3 million or $0.23 earnings per share for the same quarter of 2024. There was $3.1 million of Provision for Credit Losses recognized during the first quarter of 2025 as compared to none recognized for the same quarter last year. However, the Bank had an Income Tax Benefit of $1.1 million during this quarter, primarily due to an adjustment to the Deferred Tax Assets Valuation Allowance.

At March 31, 2025, Total Assets were $441.9 million, a decrease of $152.7 million or 25.7% from $594.7 million at March 31, 2024. Net Loans were $359.4 million at March 31, 2025, decreasing by $97.0 million or 21.3% from $456.4 million at March 31, 2024. Total Deposits decreased by $91.6 million or 19.3% to $383.4 million at March 31, 2025 compared to $474.9 million a year earlier.

The charge-offs of commercial-equipment loans declined to $2.2 million during the first quarter of 2025 as compared to $18.2 million during the first quarter of 2024. Furthermore, the Bank had commercial-equipment loans recoveries of $392 thousand during the first quarter of 2025 as compared to $102 thousand of recoveries during the fourth quarter of 2024. However, the Bank experienced charge-offs of other loan types totaling $4.0 million during the first quarter of 2025, primarily due to a $3.7 million impairment of a $6.2 million commercial real estate loan, which has been on non-accrual status since the fourth quarter of 2024.

The total non-accrual balance was $10.2 million at March 31, 2025 as compared to $11.0 million at December 31, 2024. The nonperforming assets to total assets was 2.31% at March 31, 2025 compared to 2.11% at December 31, 2024. This ratio increased from the prior quarter due to the decrease in Total Assets, as there were no nonperforming assets other than the non-accrual loans.

The Bank's capital ratios were 5.98%, 7.76% and 9.01% for Tier 1 Leverage Ratio, Tier 1 Risk-Based Capital Ratio and Total Risk-Based Capital Ratio, respectively, as of March 31, 2025, increasing from 5.60%, 7.53% and 8.80%, respectively, as of December 31, 2024. The Bank was "adequately capitalized" per the regulatory guidelines as of March 31, 2025.

"The first quarter 2025 results did not improve as much as we would have liked due to the impairment of a single, large hotel loan," said President & CEO Stephanie Yoon. "However, because of our continued deleveraging efforts, the regulatory capital ratios still improved. Also, we had more recoveries this quarter thanks to the efforts of the Credit staff."

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 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)

(Dollars in thousands except EPS)	**Mar-25 QTD**	**Dec-24 QTD**	**Mar-24 QTD**	**Mar-24 $ Var**	**Mar-24 % Var**
Interest Income	$6,643	$7,165	$9,285	($2,642)	(28.5%)
Interest Expense	3,906	4,643	4,698	(792)	(16.9%)
Net Interest Income	2,737	2,522	4,587	(1,850)	(40.3%)
Provision for Credit Losses	3,104	5,801	-	3,104	-
Gain (Loss) on Loan Sales	-	-	-	-	100.0%
Loan Servicing Fees, Net of Amortization	123	141	184	(61)	(33.2%)
Other Non-interest Income	156	184	185	(29)	(15.7%)
Non-interest Income	279	325	369	(90)	(24.4%)
Salaries & Benefits	1,628	1,629	1,989	(361)	(18.1%)
Occupancy Expense	201	193	192	9	4.7%
Other Expense	1,249	1,238	1,184	65	5.5%
Non-interest Expense	3,078	3,060	3,365	(287)	(8.5%)
Net Income (Loss) before Income Taxes	(3,166)	(6,014)	1,591	(4,757)	(299.0%)
Income Tax Expense (Benefit)	(1,093)	10,543	322	(1,415)	(439.4%)
Net Income (Loss)	**($2,073)**	**($16,557)**	**$1,269**	**($3,342)**	**(263.4%)**
Total Outstanding Shares *(in thousands)*	5,477	5,477	5,476	1	
Basic Earnings (Loss) per Share	($0.38)	($3.02)	$0.23	($0.61)	

Statement of Condition (Unaudited)

(Dollars in thousands)	**Mar-25 Qtr End**	**Dec-24 Qtr End**	**Mar-24 Qtr End**	**Mar-24 $ Var**	**Mar-24 % Var**
Cash and Due from Banks	$22,564	$61,684	$46,495	($23,931)	(51.5%)
Investments	47,090	48,511	52,355	(5,265)	(10.1%)
Loans Held for Sale	-	-	6,110	(6,110)	(100.0%)
Gross Loans	366,427	395,768	471,081	(104,654)	(22.2%)
Allowance for Credit Losses (ACL) on Loans	(6,991)	(9,620)	(14,634)	7,643	(52.2%)
Net Loans	359,436	386,148	456,447	(97,011)	(21.3%)
Fixed Assets	5,791	5,936	6,268	(477)	(7.6%)
Deferred Tax Assets	13,180	12,542	6,953	6,227	89.6%
Valuation Allowance	(11,709)	(12,014)	-	(11,709)	(100.0%)
Net Deferred Tax Assets	1,471	528	6,953	(5,482)	(78.8%)
Other Assets	5,585	19,512	20,076	(14,491)	(72.2%)
Total Assets	**$441,937**	**$522,319**	**$594,704**	**($152,767)**	**(25.7%)**
Checking	$72,303	$76,165	$95,698	($23,395)	(24.4%)
NOW	5,984	5,739	13,025	(7,041)	(54.1%)
Money Market	79,451	124,530	151,058	(71,607)	(47.4%)
Savings	5,232	6,184	7,468	(2,236)	(29.9%)
Certificates of Deposit	220,382	226,984	207,696	12,686	6.1%
Total Deposits	383,352	439,602	474,945	(91,593)	(19.3%)
Borrowed Funds	29,000	50,000	52,000	(23,000)	(44.2%)
ACL on Off-Balance Sheet Credit Exposure	68	65	2,256	(2,188)	100.0%
Other Liabilities	1,810	2,721	3,039	(1,229)	(40.4%)
Total Liabilities	414,230	492,388	532,240	(118,010)	(22.2%)
Shareholders' Equity	27,707	29,931	62,464	(34,757)	(55.6%)
Total Liabilities & Equity	**$441,937**	**$522,319**	**$594,704**	**($152,767)**	**(25.7%)**

Financial Ratios

(Dollars in thousands except BVS)	Mar-25 QTD	Dec-24 QTD	Mar-24 QTD
Performance Ratios			
Return on Average Assets*	(1.73%)	(11.87%)	0.86%
Return on Average Equity*	(28.13%)	(141.93%)	8.25%
Net Interest Margin*	2.35%	1.86%	3.10%
Efficiency Ratio	102.06%	107.48%	67.87%
**Quarterly results are annualized*			

Capital	Mar-25 QTD	Dec-24 QTD	Mar-24 QTD	Adequately Capitalized Minimum	Well Capitalized Minimum
Tier 1 Leverage Ratio**	5.98%	5.60%	10.22%	4.00%	5.00%
Common Equity Tier 1 Ratio**	7.76%	7.53%	12.56%	4.50%	6.50%
Tier 1 Risk-Based Capital Ratio**	7.76%	7.53%	12.56%	6.00%	8.00%
Total Risk-Based Capital Ratio **	9.01%	8.80%	13.83%	8.00%	10.00%
Book Value per Share (BVS)	$5.06	$5.47	$11.41		
***Represents Bank capital ratios*					

Asset Quality	Mar-25 QTD	Dec-24 QTD	Mar-24 QTD
Charge Offs: Commercial-Equipment	$2,173	$18,166	$14,611
(Recoveries): Commercial-Equipment	($392)	($102)	$0
Charge Offs: All Other	$4,020	$0	$0
(Recoveries): All Other	($71)	$0	$0
Allowance for Credit Losses to Loans %	1.91%	2.43%	3.11%
Non-accrual Loans	$10,202	$11,038	$4,631
Nonperforming Assets to Total Assets%	2.31%	2.11%	0.78%

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, 2025 and December 31, 2024 (in thousands):

March 31, 2025		Special				
Portfolio Segment	**Pass**	**Mention**	**Substandard**	**Doubtful**	**Loss**	**Total**
Commercial real estate	$ 171,421	$ 18,182	$ 5,437	$ 3,566	$ -	$ 198,606
Residential real estate	135,280	10,886	2,623	-	-	148,789
Commercial - equipment	-	-	5,195	2,423	-	7,618
Commercial - all other	7,479	257	-	-	-	7,736
Multifamily	2,780	-	-	-	-	2,780
Construction and land	857	-	-	-	-	857
Consumer and other	41	-	-	-	-	41
	$ 317,858	$ 29,325	$ 13,255	$ 5,989	$ -	$ 366,427

December 31, 2024		Special				
Portfolio Segment	**Pass**	**Mention**	**Substandard**	**Doubtful**	**Loss**	**Total**
Commercial real estate	$ 181,316	$ 24,012	$ 6,762	$ 924	$ -	$ 213,014
Residential real estate	159,725	234	-	-	-	159,959
Commercial - equipment	-	881	7,986	1,899	-	10,766
Commercial - all other	8,124	-	100	-	-	8,224
Multifamily	2,802	-	-	-	-	2,802
Construction and land	883	-	-	-	-	883
Consumer and other	120	-	-	-	-	120
	$ 352,970	$ 25,127	$ 14,848	$ 2,823	$ -	$ 395,768

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 sufficent risk to warrant adverse classificaiton.

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, 2025 and December 31, 2024 (in thousands):

March 31, 2025 Portfolio Segment	Pass	Special Mention	Substandard	Doubtful	Loss	Total
Commercial real estate	$ 1,195	$ 66	$ 14	$ -	$ -	$ 1,275
Residential real estate	1,044	68	125	-	-	1,237
Commercial - equipment	-	-	2,597	1,624	-	4,221
Commercial - all other	237	3	-	-	-	240
Multifamily	1	-	-	-	-	1
Construction and land	15	-	-	-	-	15
Consumer and other	2	-	-	-	-	2
	$ 2,494	$ 137	$ 2,736	$ 1,624	$ -	$ 6,991

December 31, 2024 Portfolio Segment	Pass	Special Mention	Substandard	Doubtful	Loss	Total
Commercial real estate	$ 1,214	$ 163	$ 49	$ 79	$ -	$ 1,505
Residential real estate	1,629	2	-	-	-	1,631
Commercial - equipment	-	441	3,993	1,899	-	6,333
Commercial - all other	121	-	2	-	-	123
Multifamily	2	-	-	-	-	2
Construction and land	23	-	-	-	-	23
Consumer and other	3	-	-	-	-	3
	$ 2,992	$ 606	$ 4,044	$ 1,978	$ -	$ 9,620

Past due loans –The following table presents past due loans at amortized cost by portfolio segment as of March 31, 2025 and December 31, 2024 (in thousands):

March 31, 2025 Portfolio Segment	30 - 59 Days Past Due	60 - 89 Days Past Due	90 Days or More	Total Past Due	Current	Total Loans
Commercial real estate	$ 3,566	$ -	$ 2,646	$ 6,212	$ 192,394	$ 198,606
Residential real estate	-	-	-	-	148,789	148,789
Commercial - equipment	1,692	405	-	2,097	5,521	7,618
Commercial - all other	257	-	-	257	7,479	7,736
Multifamily	-	-	-	-	2,780	2,780
Construction and land	-	-	-	-	857	857
Consumer and other	-	-	-	-	41	41
	$ 5,515	$ 405	$ 2,646	$ 8,566	$ 357,861	$ 366,427

December 31, 2024 Portfolio Segment	30 - 59 Days Past Due	60 - 89 Days Past Due	90 Days or More	Total Past Due	Current	Total Loans
Commercial real estate	$ -	$ -	$ 7,306	$ 7,306	$ 205,708	$ 213,014
Residential real estate	-	-	-	-	159,959	159,959
Commercial - equipment	1,817	754	403	2,974	7,792	10,766
Commercial - all other	100	-	-	100	8,124	8,224
Multifamily	-	-	-	-	2,802	2,802
Construction and land	-	-	-	-	883	883
Consumer and other	-	-	-	-	120	120
	$ 1,917	$ 754	$ 7,709	$ 10,380	$ 385,388	$ 395,768

Non-accrual loans – Loans are placed on nonaccrual 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, 2025 and December 31, 2024 (in thousands):

March 31, 2025 **Portfolio Segment**	**Nonaccrual with no Allowance for Credit Losses**	**Nonaccrual with Allowance for Credit Losses**	**Total Nonaccrual**	**Loans Past Due Over 89 Days Still Accruing**
Commercial real estate	$ 7,779	$ -	$ 7,779	$ -
Commercial - equipment	-	2,423	2,423	-
	$ 7,779	$ 2,423	$ 10,202	$ -

December 31, 2024 **Portfolio Segment**	**Nonaccrual with no Allowance for Credit Losses**	**Nonaccrual with Allowance for Credit Losses**	**Total Nonaccrual**	**Loans Past Due Over 89 Days Still Accruing**
Commercial real estate	$ 6,383	$ 3,018	$ 9,401	$ -
Commercial - equipment	-	1,637	1,637	-
	$ 6,383	$ 4,655	$ 11,038	$ -

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