



Reports Second Quarter 2025 Financial Results

Lynnwood, WA / Accesswire / July 31, 2025 / U & I Financial Corp. (OTCQX: UNIF), the holding company ("Company") for UniBank ("Bank"), today reported quarterly Net Income of \$757 thousand or earnings of \$0.14 per share in the second quarter of 2025, compared to a net loss of \$827 thousand or \$0.15 loss per share for the same quarter of 2024. The Company recognized a negative Provision for Credit Losses of \$2.2 million during the second quarter of 2025 as compared to a provision expense of \$3.0 million recognized for the same quarter last year.

At June 30, 2025, Total Assets were \$409.6 million, a decrease of \$163.0 million or 28.5% from \$572.6 million at June 30, 2024. Net Loans were \$314.3 million at June 30, 2025, a decrease of \$127.2 million or 28.8% from \$441.5 million at June 30, 2024. Total Deposits decreased by \$93.0 million or 20.6% to \$358.9 million at June 30, 2025 compared to \$451.9 million a year earlier.

The Company had a Net Charge Off of \$903 thousand during the second quarter of 2025 as compared to \$5.7 million during the first quarter of 2025. The total balance of non-accrual loans was \$5.6 million at June 30, 2025 as compared to \$10.2 million at March 31, 2025. The ratio of nonperforming assets to total assets was 1.36% at June 30, 2025 compared to 2.31% at March 31, 2025.

The Bank's capital ratios were 7.18%, 9.22% and 10.43% for Tier 1 Leverage Ratio, Tier 1 Risk-Based Capital Ratio and Total Risk-Based Capital Ratio, respectively, as of June 30, 2025, increasing from 5.98%, 7.76% and 9.01%, respectively, as of March 31, 2025. All capital ratios increased above the "well capitalized" minimum regulatory guidelines as of June 30, 2025.

"Due to our credit improvement and deleveraging efforts, we returned to being 'well capitalized' as provided in the regulatory guidelines in the second quarter 2025. We also started to see improved credit metrics, reflecting all of the hard work by our credit team," said President & CEO Stephanie Yoon. "We thank our shareholders and customers for their patience and loyalty."

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)

<i>(Dollars in thousands except EPS)</i>	Jun-25 QTD	Mar-25 QTD	Jun-24 QTD	Jun-25 YTD	Jun-24 YTD
Interest Income	\$5,935	\$6,643	\$9,362	\$12,578	\$18,647
Interest Expense	3,250	3,906	4,769	7,156	9,467
Net Interest Income	2,685	2,737	4,593	5,422	9,180
Provision for Credit Losses (Negative Provision)	(2,235)	3,104	2,966	869	2,966
Gain (Loss) on Loan Sales	-	-	179	-	179
Loan Servicing Fees, Net of Amortization	(54)	123	175	69	359
Other Non-interest Income	83	156	195	239	380
Non-interest Income	29	279	549	308	918
Salaries & Benefits	1,571	1,628	1,445	3,199	3,434
Occupancy Expense	205	201	189	406	381
Other Expense	1,512	1,249	1,629	2,761	2,813
Non-interest Expense	3,288	3,078	3,263	6,366	6,628
Net Income (Loss) before Income Taxes	1,661	(3,166)	(1,087)	(1,505)	504
Income Tax Expense (Benefit)	904	(1,093)	(260)	(189)	62
Net Income (Loss)	\$757	(\$2,073)	(\$827)	(\$1,316)	\$442
Total Outstanding Shares <i>(in thousands)</i>	5,477	5,477	5,477	5,477	5,477
Basic Earnings (Loss) per Share	\$0.14	(\$0.38)	(\$0.15)	(\$0.24)	\$0.08

Statement of Condition (Unaudited)

<i>(Dollars in thousands)</i>	Jun-25 Qtr End	Mar-25 Qtr End	Jun-24 Qtr End	Variance Prior Qtr	Variance Prior Year
Cash and Due from Banks	\$39,200	\$22,564	\$46,299	\$16,636	(\$7,099)
Investments	45,293	47,090	50,996	(1,797)	(5,703)
Loans Held for Sale	-	-	-	-	-
Gross Loans	318,109	366,427	459,196	(48,318)	(141,087)
Allowance for Credit Losses (ACL) on Loans	(3,798)	(6,991)	(17,680)	3,193	13,882
Net Loans	314,311	359,436	441,516	(45,125)	(127,205)
Fixed Assets	5,649	5,791	6,140	(142)	(491)
Deferred Tax Assets	12,860	13,180	7,310	(320)	5,550
Valuation Allowance	(12,294)	(11,709)	-	(585)	(12,294)
Net Deferred Tax Assets	566	1,471	7,310	(905)	(6,744)
Other Assets	4,565	5,585	20,366	(1,020)	(15,801)
Total Assets	\$409,584	\$441,937	\$572,627	(\$32,353)	(\$163,043)
Checking	\$66,367	\$72,303	\$88,860	(\$5,936)	(\$22,493)
NOW	3,977	5,984	10,925	(2,007)	(6,948)
Money Market	55,868	79,451	144,471	(23,583)	(88,603)
Savings	4,817	5,232	6,895	(415)	(2,078)
Certificates of Deposit	227,861	220,382	200,758	7,479	27,103
Total Deposits	358,890	383,352	451,909	(24,462)	(93,019)
Borrowed Funds	20,000	29,000	54,000	(9,000)	(34,000)
ACL on Off-Balance Sheet Credit Exposure	123	68	2,176	55	(2,053)
Other Liabilities	2,345	1,810	3,387	535	(1,042)
Total Liabilities	381,358	414,230	511,472	(32,872)	(130,114)
Shareholders' Equity	28,226	27,707	61,155	519	(32,929)
Total Liabilities & Equity	\$409,584	\$441,937	\$572,627	(\$32,353)	(\$163,043)

Financial Ratios

(Dollars in thousands except BVS)

Performance Ratios

	Jun-25 QTD	Mar-25 QTD	Jun-24 QTD	Jun-25 YTD	Jun-24 YTD
Return on Average Assets*	0.73%	(1.73%)	(0.57%)	(0.65%)	0.15%
Return on Average Equity*	11.13%	(28.13%)	(5.29%)	(10.21%)	1.42%
Net Interest Margin*	2.64%	2.35%	3.21%	2.48%	3.16%
Efficiency Ratio	121.15%	102.06%	63.43%	111.12%	65.63%

*Quarterly results are annualized

Capital

	Jun-25 QTD	Mar-25 QTD	Jun-24 QTD	Well Capitalized Minimum	Adequately Capitalized Minimum
Tier 1 Leverage Ratio**	7.18%	5.98%	10.22%	5.00%	4.00%
Common Equity Tier 1 Ratio**	9.22%	7.76%	12.82%	6.50%	4.50%
Tier 1 Risk-Based Capital Ratio**	9.22%	7.76%	12.82%	8.00%	6.00%
Total Risk-Based Capital Ratio **	10.43%	9.01%	14.10%	10.00%	8.00%
Book Value per Share (BVS)	\$5.15	\$5.06	\$11.17		

**Represents Bank capital ratios

Asset Quality

	Jun-25 QTD	Mar-25 QTD	Jun-24 QTD	Jun-25 YTD	Jun-24 YTD
Net Charge Off (Net Recovery)	\$903	\$5,730	\$0	\$6,633	\$14,611
Charge Offs: Commercial-Equipment	\$2,352	\$2,173	\$0	\$4,525	\$14,611
(Recoveries): Commercial-Equipment	(\$1,216)	(\$392)	\$0	(\$1,608)	\$0
Charge Offs: All Other	\$49	\$4,020	\$0	\$4,069	\$0
(Recoveries): All Other	(\$282)	(\$71)	\$0	(\$353)	\$0
Allowance for Credit Losses to Loans %	1.19%	1.91%	3.85%		
Non-accrual Loans	\$5,589	\$10,202	\$5,854		
Nonperforming Assets to Total Assets%	1.36%	2.31%	1.02%		

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 June 30, 2025 and March 31, 2025 (in thousands):

June 30, 2025						
Portfolio Segment	Pass	Special Mention	Substandard	Doubtful	Loss	Total
Commercial real estate	\$ 154,734	\$ 3,117	\$ 12,206	\$ 3,502	\$ -	\$ 173,559
Residential real estate	111,145	12,857	2,835	-	-	126,837
Commercial - equipment	-	-	4,275	196	-	4,471
Commercial - all other	7,594	-	198	-	-	7,792
Multifamily	4,746	-	-	-	-	4,746
Construction and land	670	-	-	-	-	670
Consumer and other	34	-	-	-	-	34
	<u>\$ 278,923</u>	<u>\$ 15,974</u>	<u>\$ 19,514</u>	<u>\$ 3,698</u>	<u>\$ -</u>	<u>\$ 318,109</u>

March 31, 2025						
Portfolio Segment	Pass	Special 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
	<u>\$ 317,858</u>	<u>\$ 29,325</u>	<u>\$ 13,255</u>	<u>\$ 5,989</u>	<u>\$ -</u>	<u>\$ 366,427</u>

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 June 30, 2025 and March 31, 2025 (in thousands):

June 30, 2025

Portfolio Segment	Pass	Special Mention	Substandard	Doubtful	Loss	Total
Commercial real estate	\$ 1,110	\$ 15	\$ 73	\$ -	\$ -	\$ 1,198
Residential real estate	754	82	131	-	(980)	(13)
Commercial - equipment	-	-	2,144	196	-	2,340
Commercial - all other	249	-	-	-	-	249
Multifamily	8	-	-	-	-	8
Construction and land	14	-	-	-	-	14
Consumer and other	2	-	-	-	-	2
	<u>\$ 2,137</u>	<u>\$ 97</u>	<u>\$ 2,348</u>	<u>\$ 196</u>	<u>\$ (980)</u>	<u>\$ 3,798</u>

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
	<u>\$ 2,494</u>	<u>\$ 137</u>	<u>\$ 2,736</u>	<u>\$ 1,624</u>	<u>\$ -</u>	<u>\$ 6,991</u>

Past due loans –The following table presents past due loans at amortized cost by portfolio segment as of June 30, 2025 and March 31, 2025 (in thousands):

June 30, 2025	30 - 59 Days Past Due	60 - 89 Days Past Due	90 Days or More	Total Past Due	Current	Total Loans
Commercial real estate	\$ -	\$ 64	\$ 3,682	\$ 3,746	\$ 169,813	\$ 173,559
Residential real estate	-	-	-	-	126,837	126,837
Commercial - equipment	-	-	-	-	4,471	4,471
Commercial - all other	-	-	198	198	7,594	7,792
Multifamily	-	-	-	-	4,746	4,746
Construction and land	-	-	-	-	670	670
Consumer and other	-	-	-	-	34	34
	<u>\$ -</u>	<u>\$ 64</u>	<u>\$ 3,880</u>	<u>\$ 3,944</u>	<u>\$ 314,165</u>	<u>\$ 318,109</u>

March 31, 2025	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
	<u>\$ 5,515</u>	<u>\$ 405</u>	<u>\$ 2,646</u>	<u>\$ 8,566</u>	<u>\$ 357,861</u>	<u>\$ 366,427</u>

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 June 30, 2025 and March 31, 2025 (in thousands):

June 30, 2025

Portfolio Segment	Non-accrual with no Allowance for Credit Losses	Non-accrual with Allowance for Credit Losses	Total Non-accrual	Loans Past Due Over 89 Days Still Accruing
Commercial real estate	\$ 5,196	\$ -	\$ 5,196	\$ -
Commercial - equipment	-	196	196	-
Commercial - all other	198	-	198	-
	<u>\$ 5,393</u>	<u>\$ 196</u>	<u>\$ 5,589</u>	<u>\$ -</u>

March 31, 2025

Portfolio Segment	Non-accrual with no Allowance for Credit Losses	Non-accrual with Allowance for Credit Losses	Total Non-accrual	Loans Past Due Over 89 Days Still Accruing
Commercial real estate	\$ 7,779	\$ -	\$ 7,779	\$ -
Commercial - equipment	-	2,423	2,423	-
	<u>\$ 7,779</u>	<u>\$ 2,423</u>	<u>\$ 10,202</u>	<u>\$ -</u>

U & I Financial Corp.

Investor Relations

IR@unibankusa.com