



Reports Fourth Quarter 2023 Financial Results

Lynnwood, WA / Accesswire / January 30, 2024 / U & I Financial Corp. (OTCQX: UNIF), the holding company for UniBank, today reported quarterly net loss of \$158 thousand or \$0.03 loss per share in the fourth quarter, as compared to \$3.4 million or \$0.62 earnings per share for the same quarter of 2022, decreasing by \$3.6 million or \$0.65 per share, primarily due to the \$3.1 million in Provision for Credit Losses recognized this quarter as compared to having none for the same quarter of 2022.

As of December 31, 2023, Total Assets reached \$622.6 million, increasing by \$35.8 million or 6.1% from the year earlier period of \$586.8 million. Net Loans ended at \$482.3 million, increasing by \$27.9 million or 6.1% from the year earlier period of \$454.4 million. Finally, Total Deposits grew by \$26.1 million or 5.4% to \$514.4 million from the year earlier period of \$488.3 million.

“The Bank faced significant earnings challenges for the fourth quarter primarily due to the provision for potential deterioration of certain credit relationships. However, under the CECL model we believe that the Bank has adequately built the reserve as of year-end, freeing the Bank to focus on future earnings,” said Board Chair D. Benjamin Lee. He added that, “Although the earnings outlook appears subdued this year as with many community banks, UniBank will continue to advance with its strong capital position, prominent community standing, and solid liquidity position.”

2023 Fourth Quarter Financial Highlights

Total assets grew 6.1% to \$622.6 million as compared to \$586.8 million a year ago.

Net loans increased 6.1% to \$482.3 million as compared to \$454.4 million a year ago.

Total deposits grew 5.4% to \$514.4 million as compared to \$488.3 million a year ago.

Net interest margin for the year was 3.84% as compared to 4.79% a year ago.

Provision for Credit Losses for the year was \$3.2 million as compared to \$0 a year ago.

Gain on sale of SBA/USDA loans for the year was \$1.4 million as compared to \$2.5 million a year ago.

Net income for the year decreased 34.9% to \$7.2 million as compared to \$11.1 million a year ago.

Return on average equity for the year was 9.44% as compared to 16.29% a year ago.

Return on average assets for the year was 1.20% as compared to 2.22% a year ago.

The allowance for loan losses to loans was 1.69% as compared to 1.00% a year ago.

Nonperforming assets to total assets was 1.71% as compared to 0.05% a year ago.

Efficiency ratio (noninterest expense divided by revenue) for the year was 50.22% as compared to 48.04% a year ago.

About U & I Financial Corp.

UniBank, the wholly owned subsidiary of U & I Financial Corp. (OTCQX: UNIF), is one of the highest performing banks in Washington state in terms of return on assets. 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 4 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 U & I Financial Corp.’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 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; 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; changes to the quality of the loan portfolio and our ability to succeed in our problem-asset resolution efforts; the ongoing uncertainties from COVID-19; 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 (Unaudited)

	Dec-23	Sep-23	Dec-22	Dec-23	Dec-22
<i>(Dollars in thousands except EPS)</i>	QTD	QTD	QTD	YTD	YTD
Interest Income	\$9,374	\$9,616	\$8,418	\$37,720	\$25,914
Interest Expense	4,592	4,173	1,801	15,388	2,986
Net Interest Income	4,782	5,443	6,617	22,332	22,928
Provision for Credit Losses	3,069	158	-	3,227	-
Gain on Sale of SBA/USDA Loans	(23)	609	1,031	1,410	2,512
Loan Servicing Fees, Net of Amortization	119	164	123	660	494
Other Non-interest Income	172	176	162	850	687
Non-interest Income	268	949	1,316	2,920	3,693
Salaries & Benefits	1,250	1,962	2,341	8,241	8,316
Occupancy Expense	188	187	188	729	726
Other Expense	586	1,120	1,078	3,712	3,746
Non-interest Expense	2,024	3,269	3,607	12,682	12,788
Net Income before Income Taxes	(43)	2,965	4,326	9,343	13,833
Income Taxes	115	610	927	2,101	2,704
Net Income/(Loss)	(\$158)	\$2,355	\$3,399	7,242	\$11,129
Total Outstanding Shares <i>(in thousands)</i>	5,466	5,466	5,441	5,466	5,441
Basic Earnings (Loss) per Share	(\$0.03)	\$0.43	\$0.62	\$1.33	\$2.03

Statement of Condition (Unaudited)

	Dec-23	Sep-23	Dec-22	Variance	Variance
<i>(Dollars in thousands)</i>	Qtr End	Qtr End	Qtr End	Prior Qtr	Prior Year
Cash and Due from Banks	\$61,254	\$58,923	\$42,003	\$2,331	\$19,251
Investments	51,346	48,841	51,062	2,505	284
Loans Held for Sale	-	-	12,527	-	(12,527)
Gross Loans	490,636	482,132	459,021	8,504	31,615
Allowance for Credit Losses	(8,302)	(5,234)	(4,580)	(3,068)	(3,722)
Net Loans	482,334	476,898	454,441	5,436	27,893
Fixed Assets	6,438	6,577	6,983	(139)	(545)
Other Assets	21,193	20,978	19,796	215	1,397
Total Assets	\$622,565	\$612,217	\$586,812	\$10,348	\$35,753
Checking	\$100,135	\$105,770	\$117,491	(\$5,635)	(\$17,356)
NOW	13,504	14,588	13,969	(1,084)	(465)
Money Market	200,966	197,296	199,303	3,670	1,663
Savings	8,063	9,050	14,042	(987)	(5,979)
Certificates of Deposit	191,733	195,429	143,449	(3,696)	48,284
Total Deposits	514,401	522,133	488,254	(7,732)	26,147
Borrowed Funds	20,000	8,000	22,000	12,000	(2,000)
Other Liabilities	8,694	3,916	4,453	4,778	4,241
Total Liabilities	543,095	534,049	514,707	9,046	28,388
Shareholders' Equity	79,470	78,168	72,105	1,302	7,365
Total Liabilities & Equity	\$622,565	\$612,217	\$586,812	\$10,348	\$35,753

Financial Ratios

	Dec-23	Sep-23	Dec-22	Dec-23	Dec-22
<i>(Dollars in thousands except BVS)</i>	QTD	QTD	QTD	YTD	YTD
Performance Ratios					
Return on Average Assets	-0.10%	1.54%	2.37%	1.20%	2.22%
Return on Average Equity	-0.80%	11.92%	19.26%	9.44%	16.29%
Net Interest Margin	3.23%	3.65%	4.82%	3.84%	4.79%
Efficiency Ratio	40.08%	51.14%	45.47%	50.22%	48.04%
Capital					
Tier 1 Leverage Ratio	13.13%	13.29%	12.86%		
Common Equity Tier 1 Ratio	16.04%	16.58%	15.95%		
Tier 1 Risk-Based Capital Ratio	16.04%	16.58%	15.95%		
Total Risk-Based Capital Ratio	17.29%	17.65%	16.95%		
Book Value per Share	\$14.54	\$14.30	\$13.24		
Asset Quality					
Net Loan Charge-Offs (Recoveries)	\$0	\$0	\$0		
Allowance for Loan Losses to Loans	1.69%	1.09%	1.00%		
Nonperforming Assets to Total Assets	1.71%	0.74%	0.05%		

U & I Financial Corp.
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