



Reports Second Quarter 2023 Financial Results

Lynnwood, WA / Accesswire / July 27, 2023 / U & I Financial Corp. (OTCQX: UNIF), the holding company for UniBank, today reported quarterly earnings of \$2.4 million or \$0.44 per share in the second quarter, as compared to \$2.6 million or \$0.48 per share for the same quarter of 2022, decreasing by \$265 thousand or \$0.04 per share, primarily from attaining less Gain on Sale of SBA/USDA Loans.

As of June 30, 2023, Total Assets reached \$607.2 million, increasing by \$84.3 million or 16.1% from the year earlier period of \$522.9 million. Net Loans ended at \$482.1 million, increasing by \$60.3 million or 14.3% from the year earlier period of \$421.7 million. Finally, Total Deposits grew by \$89.4 million or 20.9% to \$516.9 million from the year earlier period of \$427.5 million.

“Although we experienced a year-over-year quarterly earnings decline primarily caused by the decrease in the SBA loan demand, our earning assets have continued to grow, while diversifying out of the CRE concentration,” said Peter Park, President and CEO. He added that, “In the foreseeable future, however, we anticipate slowdown in overall loan demand and ongoing compression of the Net Interest Margin. On the credit side, we are beginning to see signs of credit deterioration due to economic uncertainties as well as the increased loan payment burden of our variable rate borrowers. Although the current environment is not favorable to the community banking industry, we believe that we are strategically well positioned to sustain our commitment to creating shareholder value in the long run.”

2023 Second Quarter Financial Highlights

Total assets grew 16.1% to \$607.2 million as compared to \$522.9 million a year ago.

Net loans increased 14.3% to \$482.1 million as compared to \$421.7 million a year ago.

Total deposits grew 20.9% to \$516.9 million as compared to \$427.5 million a year ago.

Net income quarter-to-date decreased 10.1% to \$2.4 million as compared to \$2.6 million a year ago.

Net income year-to-date grew 7.2% to \$5.0 million as compared to \$4.7 million a year ago.

Net interest margin for the year was 4.24% as compared to 4.73% a year ago.

Gain on sale of SBA/USDA loans for the year was \$824 thousand as compared to \$1.2 million a year ago.

Return on average equity for the year was 13.59% as compared to 14.17% a year ago.

Return on average assets for the year was 1.72% as compared to 2.10% a year ago.

The allowance for loan losses to loans was 1.04% as compared to 1.07% a year ago.

Nonperforming assets to total assets was 0% as compared to 0.05% a year ago.

Efficiency ratio (noninterest expense divided by revenue) for the year was 53.51% as compared to 50.87% 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)

	Jun-23	Mar-23	Jun-22	Jun-23	Jun-22
<i>(Dollars in thousands except EPS)</i>	QTD	QTD	QTD	YTD	YTD
Interest Income	\$9,955	\$8,775	\$5,601	\$18,730	\$10,479
Interest Expense	3,723	2,900	257	6,623	424
Net Interest Income	6,232	5,875	5,344	12,107	10,055
Provision for Loan Losses	-	-	-	-	-
Gain on Sale of SBA/USDA Loans	-	824	737	824	1,157
Loan Servicing Fees, Net of Amortization	172	205	80	377	189
Other Non-interest Income	329	173	174	502	345
Non-interest Income	501	1,202	991	1,703	1,691
Salaries & Benefits	2,395	2,634	2,018	5,029	3,939
Occupancy Expense	175	179	181	354	355
Other Expense	1,055	951	884	2,006	1,681
Non-interest Expense	3,625	3,764	3,083	7,389	5,975
Net Income before Income Taxes	3,108	3,313	3,252	6,421	5,771
Income Taxes	738	638	617	1,376	1,066
Net Income/(Loss)	\$2,370	\$2,675	\$2,635	\$5,045	\$4,705
Total Outstanding Shares <i>(in thousands)</i>	5,441	5,441	5,505	5,441	5,505
Basic Earnings per Share	\$0.44	\$0.49	\$0.48	\$0.93	\$0.85

Statement of Condition (Unaudited)

	Jun-23	Mar-23	Jun-22	Variance	Variance
<i>(Dollars in thousands)</i>	Qtr End	Qtr End	Qtr End	Prior Qtr	Prior Year
Cash and Due from Banks	\$48,684	\$47,550	\$18,620	\$1,134	\$30,064
Investments	49,714	50,303	51,927	(589)	(2,213)
Loans Held for Sale	-	-	4,703	-	(4,703)
Gross Loans	487,126	469,614	426,316	17,512	60,810
Allowance for Loan Losses	(5,076)	(4,580)	(4,580)	(496)	(496)
Net Loans	482,050	465,034	421,736	17,016	60,314
Fixed Assets	6,702	6,840	6,897	(138)	(195)
Other Assets	20,089	20,062	19,028	27	1,061
Total Assets	\$607,239	\$589,789	\$522,911	\$17,450	\$84,328
Checking	\$107,476	\$111,023	\$114,365	(\$3,547)	(\$6,889)
NOW	13,905	14,339	13,794	(434)	111
Money Market	213,825	221,312	130,024	(7,487)	83,801
Savings	9,744	11,448	17,852	(1,704)	(8,108)
Certificates of Deposit	171,986	145,614	151,513	26,372	20,473
Total Deposits	516,936	503,736	427,548	13,200	89,388
Borrowed Funds	10,000	7,000	25,000	3,000	(15,000)
Other Liabilities	3,192	3,816	3,124	(624)	68
Total Liabilities	530,128	514,552	455,672	15,576	74,456
Shareholders' Equity	77,111	75,237	67,239	1,874	9,872
Total Liabilities & Equity	\$607,239	\$589,789	\$522,911	\$17,450	\$84,328

Financial Ratios

	Jun-23	Mar-23	Jun-22	Jun-23	Jun-22
<i>(Dollars in thousands except BVS)</i>	QTD	QTD	QTD	YTD	YTD
Performance Ratios					
Return on Average Assets	1.59%	1.84%	2.25%	1.72%	2.10%
Return on Average Equity	12.48%	14.73%	15.84%	13.59%	14.17%
Net Interest Margin	4.32%	4.17%	4.79%	4.24%	4.73%
Efficiency Ratio	53.85%	53.20%	48.67%	53.51%	50.87%
Capital					
Tier 1 Leverage Ratio	13.11%	12.93%	14.49%		
Common Equity Tier 1 Ratio	16.31%	16.30%	16.25%		
Tier 1 Risk-Based Capital Ratio	16.31%	16.30%	16.25%		
Total Risk-Based Capital Ratio	17.36%	17.27%	17.33%		
Book Value per Share	\$14.17	\$13.83	\$12.21		
Asset Quality					
Net Loan Charge-Offs (Recoveries)	(\$942)	\$0	\$0		
Allowance for Loan Losses to Loans	1.04%	0.98%	1.07%		
Nonperforming Assets to Total Assets	0.00%	0.05%	0.05%		

U & I Financial Corp.
Investor Relations
Simon Bai, 425-275-9704