



April 5, 2023

Dear Shareholders:

Financial Summary

We are pleased to announce that U & I Financial Corp. (“the Company”) had another record year of performance.

As of December 31, 2022, total assets reached a record, \$586.8 million, increasing by \$131.1 million or 28.8% from the year earlier period of \$455.7 million. The combined net loans and Loans Held for Sale (LHFS) ended at a record \$467.0 million, increasing by \$124.4 million or 36.3% from the year earlier period of \$342.5 million. Total deposits grew by \$113.9 million or 30.4% to a record, \$488.3 million, from the year earlier period of \$374.4 million. Finally, net income was an annual record of \$11.1 million or \$2.03 per share. This was an increase of \$2.6 million or \$0.50 per share from the same period last year, primarily from generating higher net interest income.

The economic climate was very difficult in 2022. In the aftermath of the pandemic, significant inflationary pressures spurred the Fed to increase the fed funds rate 7 times for a total of 4.25% by the end of 2022. Despite these challenges, the Bank experienced tremendous growth, exceeding the \$500 million milestone in assets and finishing the year close to \$600 million. In addition, UniBank has continued to be one of the most profitable banks in Washington state in terms of Return on Assets. All the while, we have been making strides diversifying our loan portfolio by reducing the Commercial Real Estate concentration and increasing Commercial and Industrial loans and Residential loans.

As the business outlook appears uncertain in 2023, the Board has decided to moderate the Bank’s growth for the near term. The Bank, however, will continue to invest in its infrastructure to build a strong foundation for future growth when the economy improves. With such goals in mind, the Board approved two new directors, each with respective expertise in IT and regulatory compliance, backfilling the directors who retired at the end of 2021. We look forward to your support ratifying these directors at the upcoming shareholders meeting.

We encourage you to review Unibank’s full annual report at our website at <https://www.unibankusa.com/About-Us/Investor-Relations>.

Annual Shareholders Meeting

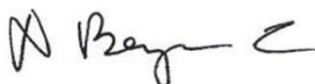
Our next annual general meeting of shareholders will be held Friday, May 19, 2023 at 10:00 a.m. at the **Lynnwood Convention Center** - 3711 196th St SW, Lynnwood, WA 98036.

Unlike the past few meetings, this meeting will be held **in-person**. Shareholders who cannot attend in-person are encouraged to vote by delivering the completed proxy by mail or fax per the instructions in the Shareholders Meeting Notice so that the votes may be counted.

Shareholders Dividend

During 2022 the Board approved dividend payments in April and October at 10 cents per share in each instance. The Board continuously evaluates the Bank's financial position and the economic climate to determine the best possible use of our capital. In the near term, we expect to continue paying semi-annual dividends.

Thank you once again for your continued support of and interest in UniBank. We look forward to your participation by voting your shares before the upcoming shareholders meeting.



D. Benjamin Lee, Chairman



Peter R. Park, President & CEO

U & I Financial Corp. Consolidated Statement of Condition - Key Items 12/31/2022

(\$'s in thousands)

	12/31/2022	12/30/2021	Variance	Var %
Total Assets	\$586,812	\$455,683	\$131,129	28.8%
Total Loans*	\$466,968	\$342,548	\$124,420	36.3%
Total Deposits	\$488,254	\$374,380	\$113,874	30.4%

*Including Loans Held for Sale and net of the reserve

Consolidated Statement of Income

	2022	2021	Variance	Var %
Net Interest Income	\$22,928	\$17,117	\$5,811	33.9%
Provision for Loan Loss	0	0	0	0%
Non-interest Income	3,693	5,154	(1,461)	-28.3%
Non-interest Expense	12,788	11,775	1,013	8.6%
Net Income before Income Taxes	13,833	10,496	3,337	31.8%
Income Taxes	2,704	1,994	710	35.6%
Net Income/(Loss)	\$11,129	\$8,502	\$2,627	30.9%