



April 24, 2020

Dear Shareholders:

Financial Summary

We are very pleased to announce that U & I Financial Corp. (“the Company”) had an outstanding performance for the year 2019.

As of December 31, 2019, in comparison to the prior year, total assets increased by \$42.6 million or 14.0% to \$347.5 million, driven by both loan growth of \$32.9 million or 15.8% to \$241.4 million, and deposits growth of \$40.9 million or 16.4% to \$289.6 million. The net income for 2019 was \$5.6 million, which was a \$1.1 million or 24.8% increase from the prior year. The total gain on SBA loan sales was \$2.8 million, which increased \$1.2 million or 73.3% from the prior year. There were 5,573,156 shares outstanding at year end.

As to the economic condition for the current year, the COVID-19 outbreak has dampened the financial outlook for the entire banking industry, and we recognize the challenges ahead of us. The board and management have made concerted effort to prepare for a possible recession, but no one could have foreseen the pandemic and its repercussions to our society and economy. We hope that such preparations will blunt some of the harmful effects of this current crisis, and that we will come out as a stronger institution after this crisis abates. We pledge that we will continue to operate as a “Safe and Sound” institution, while delivering good returns to our shareholders.

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 at UniBank’s headquarters on Friday, May 22, 2020 at 11:00 a.m. However, due to the social distancing requirements existing at this time, we will close the meeting for in-person participation. We encourage shareholders to vote by delivering the completed proxy by mail or fax per the instructions in the Shareholders Meeting Notice so that your votes may be counted.

Stock Transactions through the OTC “Best Market”

In the previous shareholder letter, we informed you about the benefits of registering your shares at the Depository Trust Company (“DTC”) and transacting through individual brokerage accounts. Furthermore, since the marketplace where our shares (OTCQX: UNIF)

are traded was upgraded in late 2018 to the "OTCQX Best Market," which is the OTC's highest tier market, the volume of transactions has increased by 54% to 948 thousand total shares traded in 2019, as compared to 618 thousand shares in 2018. Liquidity in our shares can be further enhanced if more shares are registered with the DTC. Therefore, we encourage all shareholders to take advantage of this process. For any questions regarding this process, please contact Stephanie Yoon at (425) 275-9727 or steph.yoon@unibankusa.com.

Shareholders Dividend

The Board of Directors, after careful consideration, has decided not to declare a dividend in 2020. Although the Company had excellent financial results in 2019, in order to continue to fund our growth and to prepare for contingencies related to COVID-19, the directors and management strongly believe that preserving capital, at this point in the Company's development, would be in the best interest of our shareholders.

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

12/31/2019

(\$'s in thousands)

| | <u>12/31/2019</u> | <u>12/31/2018</u> | <u>Variance</u> | <u>Var %</u> |
|-----------------------|-------------------|-------------------|-----------------|--------------|
| Total Assets | \$347,455 | \$304,885 | \$42,570 | 14.0% |
| Loans, Net of Reserve | \$241,413 | \$208,501 | \$32,912 | 15.8% |
| Total Deposits | \$289,639 | \$248,738 | \$40,901 | 16.4% |

Consolidated Statement of Income

| | <u>2019</u> | <u>2018</u> | <u>Variance</u> | <u>Var %</u> |
|--------------------------------|----------------|----------------|-----------------|--------------|
| Net Interest Income | \$12,508 | \$11,129 | \$1,379 | 12.4% |
| Provision for Loan Loss | 390 | 294 | 96 | 32.7% |
| Non-interest Income | 3,869 | 2,423 | 1,446 | 59.7% |
| Non-interest Expense | 9,006 | 7,727 | 1,279 | 16.6% |
| Net Income before Income Taxes | 6,981 | 5,531 | 1,450 | 26.2% |
| Income Taxes | 1,357 | 1,025 | 332 | 32.4% |
| Net Income/(Loss) | \$5,624 | \$4,506 | \$1,118 | 24.8% |