U & I FINANCIAL CORP.

Reports Second Quarter 2026 Financial Results

Lynnwood, WA / Accesswire / July 30, 2026 / U & I Financial Corp. (OTCQX: UNIF), the holding company ("Company") for UniBank ("Bank"), today reported quarterly Net Loss of $404 thousand or $0.07 loss per share in the second quarter of 2026, compared to a Net Income of $757 thousand or $0.14 earnings per share for the same quarter of 2025. The Company recognized a negative Provision for Credit Losses of $984 thousand during the second quarter of 2026 as compared to negative Provision for Credit Losses of $2.2 million recognized for the same quarter last year.

At June 30, 2026, Total Assets were $393.2 million, a decrease of $16.4 million or 4.0% from $409.6 million at June 30, 2025. Net Loans were $267.8 million at June 30, 2026, a decrease of $46.5 million or 14.8% from $314.3 million at June 30, 2025. Total Deposits decreased by $36.4 million or 10.1% to $322.5 million at June 30, 2026 compared to $358.9 million a year earlier.

For the second quarter of 2026 there was a net recovery of $904 thousand, reflecting total recovery of $994 thousand and total charge off of $90 thousand, representing one hotel loan that has been paid off. For the same period in 2025, there was a net charge off of $903 thousand, primarily reflecting commercial equipment loans activities. The total balance of non-accrual loans was $1.5 million at June 30, 2026 as compared to $5.6 million at June 30, 2025. The ratio of nonperforming assets to total assets was 0.37% at June 30, 2026 compared to 1.36% at June 30, 2025.

The Bank's capital ratios were 7.31%, 10.25% and 11.30% for Tier 1 Leverage Ratio, Tier 1 Risk-Based Capital Ratio and Total Risk-Based Capital Ratio, respectively, as of June 30, 2026, as compared to 7.18%, 9.22% and 10.43%, respectively, as of June 30, 2025. All capital ratios remained above the "well capitalized" minimum regulatory guidelines as of June 30, 2026.

"The Bank continues to experience earnings pressure, but we are beginning to see a pickup in loan production, while our credit quality continues to improve," said President & CEO Stephanie Yoon.

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)

(Dollars in thousands except EPS)	**Jun-26 QTD**	**Mar-26 QTD**	**Jun-25 QTD**	**Jun-26 YTD**	**Jun-25 YTD**
Interest Income	$5,181	$5,894	$5,935	$11,075	$12,578
Interest Expense	2,869	2,909	3,250	5,778	7,156
Net Interest Income	2,312	2,985	2,685	5,297	5,422
Provision for Credit Losses (Negative Provision)	(984)	(754)	(2,235)	(1,738)	869
Loan Servicing Fees, Net of Amortization	128	133	(54)	261	69
Other Non-interest Income	71	67	83	138	239
Non-interest Income	199	200	29	399	308
Salaries & Benefits	1,645	1,808	1,571	3,453	3,199
Professional Fees	1,282	1,302	743	2,584	1,113
Occupancy Expense	208	209	205	417	406
Other Expense	764	786	769	1,550	1,648
Non-interest Expense	3,899	4,105	3,288	8,004	6,366
Net Income (Loss) before Income Taxes	(404)	(166)	1,661	(570)	(1,505)
Income Tax Expense (Benefit)	-	-	904	-	(189)
Net Income (Loss)	**($404)**	**($166)**	**$757**	**($570)**	**($1,316)**
Total Outstanding Shares *(in thousands)*	5,477	5,477	5,477	5,477	5,477
Basic Earnings (Loss) per Share	($0.07)	($0.03)	$0.14	($0.10)	($0.24)

Statement of Condition (Unaudited)

(Dollars in thousands)	**Jun-26 Qtr End**	**Mar-26 Qtr End**	**Jun-25 Qtr End**	**Variance Prior Qtr**	**Variance Prior Year**
Cash and Due from Banks	$51,680	$68,054	$39,200	($16,374)	$12,480
Investments	64,742	61,261	45,293	3,481	19,449
Gross Loans	270,776	266,720	318,109	4,056	(47,333)
Allowance for Credit Losses (ACL) on Loans	(2,929)	(3,010)	(3,798)	81	869
Net Loans	267,847	263,710	314,311	4,137	(46,464)
Fixed Assets	5,126	5,270	5,649	(144)	(523)
Deferred Tax Assets, Net of Valuation Allowance	-	-	566	-	(566)
Other Assets	3,828	3,756	4,565	72	(737)
Total Assets	**$393,223**	**$402,051**	**$409,584**	**($8,828)**	**($16,361)**
Checking	$50,965	$58,319	$66,367	($7,354)	($15,402)
NOW	5,011	6,047	3,977	(1,036)	1,034
Money Market	48,337	47,813	55,868	524	(7,531)
Savings	4,910	4,510	4,817	400	93
Certificates of Deposit	213,267	215,196	227,861	(1,929)	(14,594)
Total Deposits	322,490	331,885	358,890	(9,395)	(36,400)
Borrowed Funds	40,000	40,000	20,000	-	20,000
ACL on Off-Balance Sheet Credit Exposure	5	5	123	-	(118)
Other Liabilities	2,276	1,716	2,345	560	(69)
Total Liabilities	364,771	373,606	381,358	(8,835)	(16,587)
Shareholders' Equity	28,452	28,445	28,226	7	226
Total Liabilities & Equity	**$393,223**	**$402,051**	**$409,584**	**($8,828)**	**($16,361)**

(Dollars in thousands except BVS)	Jun-26 QTD	Mar-26 QTD	Jun-25 QTD	Jun-26 YTD	Jun-25 YTD
Performance Ratios					
Return on Average Assets*	(0.41%)	(0.17%)	0.73%	(0.29%)	(0.65%)
Return on Average Equity*	(5.83%)	(2.35%)	11.13%	(4.08%)	(10.21%)
Net Interest Margin*	2.43%	3.04%	2.64%	2.74%	2.48%
Efficiency Ratio	155.28%	128.89%	121.15%	140.52%	111.12%
**Quarterly results are annualized*					

Capital	Jun-26 QTD	Mar-26 QTD	Jun-25 QTD	Well Capitalized Minimum	Adequately Capitalized Minimum
Tier 1 Leverage Ratio**	7.31%	7.18%	7.18%	5.00%	4.00%
Common Equity Tier 1 Ratio**	10.25%	10.63%	9.22%	6.50%	4.50%
Tier 1 Risk-Based Capital Ratio**	10.25%	10.63%	9.22%	8.00%	6.00%
Total Risk-Based Capital Ratio **	11.30%	11.74%	10.43%	10.00%	8.00%
Book Value per Share (BVS)	$5.20	$5.19	$5.15		
***Represents Bank capital ratios*					

Asset Quality	Jun-26 QTD	Mar-26 QTD	Jun-25 QTD	Jun-26 YTD	Jun-25 YTD
Net Charge Off (Net Recovery)	($904)	($998)	$903	($1,902)	$6,633
Charge Offs: Commercial-Equipment	$0	$0	$2,352	$0	$4,525
(Recoveries): Commercial-Equipment	($980)	($747)	($1,216)	($1,727)	($1,608)
Charge Offs: All Other	$90	$0	$49	$90	$4,069
(Recoveries): All Other	($14)	($251)	($282)	($265)	($353)
Allowance for Credit Losses to Loans %	1.08%	1.13%	1.19%		
Non-accrual Loans	$1,454	$1,494	$5,589		
Nonperforming Assets to Total Assets %	0.37%	0.37%	1.36%		

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, 2026 and March 31, 2026 (in thousands):

June 30, 2026 Portfolio Segment	Pass	Special Mention	Substandard	Doubtful	Loss	Total
Commercial real estate	$ 163,157	$ 3,010	$ 1,400	$ -	$ -	$ 167,567
Residential real estate	74,389	2,135	3,276	-	-	79,800
Commercial - equipment	-	-	3,608	-	-	3,608
Commercial - all other	7,595	-	-	-	-	7,595
Multifamily	11,592	-	-	-	-	11,592
Construction and land	594	-	-	-	-	594
Consumer and other	20	-	-	-	-	20
	$ 257,347	$ 5,145	$ 8,284	$ -	$ -	$ 270,776

March 31, 2026 Portfolio Segment	Pass	Special Mention	Substandard	Doubtful	Loss	Total
Commercial real estate	$ 156,825	$ 3,074	$ 1,823	$ -	$ -	$ 161,722
Residential real estate	75,391	10,887	1,820	-	-	88,098
Commercial - equipment	-	-	3,707	-	-	3,707
Commercial - all other	6,149	-	2	-	-	6,151
Multifamily	6,404	-	-	-	-	6,404
Construction and land	613	-	-	-	-	613
Consumer and other	25	-	-	-	-	25
	$ 245,407	$ 13,961	$ 7,352	$ -	$ -	$ 266,720

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 sufficent risk to warrant adverse classificaiton.

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, 2026 and March 31, 2026 (in thousands):

June 30, 2026 **Portfolio Segment**	**Pass**	**Special Mention**	**Substandard**	**Doubtful**	**Loss**	**Total**
Commercial real estate	$ 1,080	$ 12	$ 8	$ -	$ -	$ 1,100
Residential real estate	263	11	119	-	-	393
Commercial - equipment	-	-	1,804	-	(748)	1,056
Commercial - all other	346	-	-	-	-	346
Multifamily	27	-	-	-	-	27
Construction and land	6	-	-	-	-	6
Consumer and other	1	-	-	-	-	1
	$ 1,723	$ 23	$ 1,931	$ -	$ (748)	$ 2,929

March 31, 2026 **Portfolio Segment**	**Pass**	**Special Mention**	**Substandard**	**Doubtful**	**Loss**	**Total**
Commercial real estate	$ 1,074	$ 13	$ 100	$ -	$ -	$ 1,187
Residential real estate	359	53	122	-	-	534
Commercial - equipment	-	-	1,854	-	(797)	1,057
Commercial - all other	214	-	-	-	-	214
Multifamily	9	-	-	-	-	9
Construction and land	8	-	-	-	-	8
Consumer and other	1	-	-	-	-	1
	$ 1,665	$ 66	$ 2,076	$ -	$ (797)	$ 3,010

Past due loans –The following table presents past due loans at amortized cost by portfolio segment as of June 30, 2026 and March 31, 2026 (in thousands):

June 30, 2026 Portfolio Segment	30 - 59 Days Past Due	60 - 89 Days Past Due	90 Days or More	Total Past Due	Current	Total Loans
Commercial real estate	$ 11	$ -	$ 1,454	$ 1,465	$ 166,102	$ 167,567
Residential real estate	223	-	-	223	79,577	79,800
Commercial - equipment	-	-	-	-	3,608	3,608
Commercial - all other	-	-	-	-	7,595	7,595
Multifamily	-	-	-	-	11,592	11,592
Construction and land	-	-	-	-	594	594
Consumer and other	-	-	-	-	20	20
	$ 234	$ -	$ 1,454	$ 1,688	$ 269,088	$ 270,776

March 31, 2026 Portfolio Segment	30 - 59 Days Past Due	60 - 89 Days Past Due	90 Days or More	Total Past Due	Current	Total Loans
Commercial real estate	$ -	$ -	$ 1,454	$ 1,454	$ 160,268	$ 161,722
Residential real estate	-	-	-	-	88,098	88,098
Commercial - equipment	205	-	-	205	3,502	3,707
Commercial - all other	14	-	-	14	6,137	6,151
Multifamily	-	-	-	-	6,404	6,404
Construction and land	-	-	-	-	613	613
Consumer and other	-	-	-	-	25	25
	$ 219	$ -	$ 1,454	$ 1,673	$ 265,047	$ 266,720

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, 2026 and March 31, 2026 (in thousands):

June 30, 2026 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	$ 1,454	$ -	$ 1,454	$ -

March 31, 2026 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	$ 1,494	$ -	$ 1,494	$ -

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