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**M&F Bancorp, Inc. Announces First Quarter 2021 Results, and Issues Quarterly Dividend**

DURHAM, N.C.-- M&F Bancorp, Inc. (“Company”) (OTC Pink: MFBP), the parent company of M&F Bank (“Bank”), announced unaudited financial results for the first quarter of 2021 today.

James H. Sills III, President and CEO of the Company, commented, “The first quarter of 2021 was one of the best for the Company in many years. We are continuing to experience strong total asset and deposit growth. I am pleased to report that along with improved core earnings, the Company recently announced a \$0.02 per share common stock cash dividend payable to shareholders in May 2021. During the quarter, we received \$17.5 million in new capital from the three largest banks in the U.S., which is a testament to the health and soundness of the Company and the importance of our mission. The additional capital should allow the Company to grow as we pursue our mission of providing access to capital to small- and medium- sized businesses in the communities we serve. Further, we continue to participate in the Paycheck Protection Program (PPP-Round 2), and we have assisted over 300 businesses across the state. Although we are still in the pandemic, our credit quality continues to be excellent, and we recorded one of our lowest quarterly delinquency rates (0.42%) in decades. Finally, we miss our customers, and we are planning to reopen our branch lobbies in June.”

The Company recorded net income of \$490,000 for the first quarter of 2021 compared to \$38,000 for the comparable quarter of 2020. Diluted income per common share was \$0.25 and \$0.02 for the first quarters of 2021 and 2020, respectively.

The Company produced net interest income of \$2.4 million during the three months ended March 31, 2021, which was up \$97,000 from the \$2.3 million generated for the same period of 2020. Interest income decreased \$150,000 or 5.76% to \$2.5 million for the three months ended March 31, 2021 as compared to the same period of the prior year. The decrease was attributable to assets repricing at lower interest rates during 2021 as compared to the prior year. Interest expense decreased \$247,000 to \$94,000 for the three months ended March 31, 2021 compared to \$341,000 for the same period in 2020. The decrease was primarily attributable to lower rates on wholesale time-deposits.

The provision for (reversal of) loan losses totaled \$(78,000) and \$108,000 for the three months ended March 31, 2021 and 2020, respectively.

Noninterest income increased \$369,000 or 62.65% to \$958,000 during the quarter ended March 31, 2021 as compared to the same period in 2020. The increase was primarily driven by the money service business income.

Noninterest expense increased \$82,000 or 3.04% to \$2.8 million for the quarter ended March 31, 2021 compared to \$2.7 million for the same period of 2020, primarily driven by an \$94,000 increase in money service business expenses, an \$88,000 increase in information technology and a \$59,000 increase in salaries and employee benefits due to increased retail staffing, partially offset by a \$158,000 decrease in other miscellaneous expenses.

Total assets as of March 31, 2021 were \$343.3 million, up 11.08% or \$34.2 million from \$309.1 million at December 31, 2020. During the three months ended March 31, 2021, loans decreased to \$185.8 million, down 0.94% or \$1.8 million from \$187.5 million at December 31, 2020, while investment securities increased \$2.3 million to \$59.3 million at March 31, 2021 from \$57.0 million at December 31, 2020. Cash and cash equivalents increased by \$33.7 million to \$77.7 million at March 31, 2021 as compared to \$44.0 million at December 31, 2020.

The allowance for loan losses (“ALLL”) was \$2.6 million and \$2.7 million at March 31, 2021 and December 31, 2020, respectively, which represented 1.39% and 1.43%, respectively, of loans outstanding. The Company estimates its ALLL based upon a five-year historical lookback at loan losses along with certain qualitative factors such as unemployment, collateral values and loan delinquencies, among others.

Total liabilities as of March 31, 2021 were \$303.0 million, up 6.10% or \$17.4 million from \$285.6 million as of December 31, 2020. Increases in total deposits were attributable to deposits stemming from Paycheck Protection Program loans, individuals and businesses interested in supporting a minority depository institution, core deposit growth due to business development and temporary increases in deposits due to lower household spending as a result of COVID-19. Interest-bearing deposits, including CDARS®, increased \$2.2 million

or 1.18% to \$190.6 million at March 31, 2021 from \$188.4 million December 31, 2020. Noninterest-bearing deposits increased \$15.0 million or 16.34% to \$107.4 million at March 31, 2021 from \$92.4 million at December 31, 2020. Operating lease liabilities totaled \$1.1 million at March 31, 2021 and December 31, 2020. Other liabilities totaled \$3.7 million and \$3.5 million at March 31, 2021 and December 31, 2020, respectively.

Total stockholders' equity as of March 31, 2021 was \$40.3 million as compared to total stockholders' equity at December 31, 2020 of \$23.5 million. During the first quarter ended March 31, 2021, the Company issued \$17.3 million in noncumulative perpetual preferred stock. Accumulated other comprehensive loss increased to \$2.7 million at March 31, 2021 from \$1.5 million at December 31, 2020, driven by a decrease in the market value of the Company's available-for-sale investment securities during the period.

This release contains certain forward-looking statements with respect to the financial condition, results of operations and business of the Company and the Bank. These forward-looking statements involve risks and uncertainties and are based on the beliefs and assumptions of management of the Company and the Bank and on the information available to management at the time that these disclosures were prepared. These statements can be identified by the use of words like "expect," "anticipate," "estimate" and "believe," variations of these words and other similar expressions. Readers should not place undue reliance on forward-looking statements as a number of important factors could cause actual results to differ materially from those in the forward-looking statements. Effects of COVID-19 may negatively impact significant estimates and exacerbate a vulnerability due of certain concentrations (e.g., business concentration in a market or geographical area severely affected by effects of COVID-19). Neither the Company nor the Bank undertakes an obligation to update any forward-looking statements. Source: M&F Bancorp, Inc.

**CONSOLIDATED BALANCE SHEETS**

	<b>March 31, 2021</b>	<b>December 31, 2020</b>
<i>(Dollars in thousands except for share)</i>	<i>(Unaudited)</i>	
<b>ASSETS</b>		
Cash and cash equivalents:		
Cash and due from banks	\$ 21,274	\$ 20,297
Interest-bearing cash	56,379	23,680
Total cash and cash equivalents	<u>77,653</u>	<u>43,977</u>
Interest-bearing time deposits	4,434	4,189
Investment securities available-for-sale, at fair value	59,333	57,017
Other invested assets	177	262
Loans, net of unearned income and deferred fees	185,759	187,524
ALLL	(2,581)	(2,673)
Loans, net	<u>183,178</u>	<u>184,851</u>
Interest receivable	975	867
Bank premises and equipment, net	2,510	2,589
Cash surrender value of bank-owned life insurance	9,575	9,508
Deferred tax assets and taxes receivable, net	2,985	3,025
Operating lease right-of-use asset	1,070	1,116
Other assets	1,406	1,665
<b>TOTAL ASSETS</b>	<u><u>\$ 343,296</u></u>	<u><u>\$ 309,066</u></u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Deposits:		
Interest-bearing deposits	\$ 190,603	\$ 188,385
Noninterest-bearing deposits	107,448	92,356
Total deposits	<u>298,051</u>	<u>280,741</u>
Other borrowings	185	204
Operating lease liabilities	1,104	1,148
Other liabilities	3,691	3,510
Total liabilities	<u>303,031</u>	<u>285,603</u>
Stockholders' equity:		
Series C Junior Participating Preferred Stock- \$0.01 par value, 21,000 shares authorized, no shares issued or outstanding	-	-
Series D Noncumulative Perpetual Preferred Stock- \$0.01 par value, 20,000 and 0 shares authorized at March 31, 2021 and December 2020, respectively; 17,302 and 0 shares issued and outstanding at March 31, 2021 and December 31, 2020, respectively	17,302	-
Common stock, no par value, 10,000,000 shares authorized at March 31, 2021 and December 31, 2020; issued and outstanding: 1,979,975 and 1,940,375 at March 31, 2021 and December 31, 2020, respectively	8,812	8,614
Retained earnings	16,826	16,336
Accumulated other comprehensive loss	(2,675)	(1,487)
Total stockholders' equity	<u>40,265</u>	<u>23,463</u>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<u><u>\$ 343,296</u></u>	<u><u>\$ 309,066</u></u>

**CONSOLIDATED STATEMENTS OF OPERATIONS**

(Dollars in thousands except for share and per share data)  
(Unaudited)

	For the Three Months Ended March 31,	
	2021	2020
<b>Interest income:</b>		
Loans, including fees	\$ 2,265	\$ 2,308
Investment securities available-for-sale, including dividends		
Taxable	158	223
Interest-bearing time deposits	22	24
Other	10	50
Total interest income	2,455	2,605
<b>Interest expense:</b>		
Deposits	94	340
Borrowings	-	1
Total interest expense	94	341
Net interest income	2,361	2,264
Less provision for (reversal of ) loan losses	(78)	108
Net interest income after provision for (reversal of) loan losses	2,439	2,156
<b>Noninterest income:</b>		
Service charges on deposit accounts	208	245
Other service charges, commissions and fees	134	105
Money service business income	487	144
Rental income	2	2
Cash surrender value of life insurance	67	65
Gains on sales of repossessed assets	29	-
Other income	31	28
Total noninterest income	958	589
<b>Noninterest expense:</b>		
Salaries and employee benefits	1,485	1,426
Occupancy and equipment	343	329
Directors' fees	37	39
Money service business expenses	135	41
Marketing	43	76
Professional fees	179	161
Information technology	320	232
FDIC deposit insurance	38	39
Delivery expenses	31	28
Other	169	327
Total noninterest expense	2,780	2,698
Income before income tax expense	617	47
Income tax expense	127	9
<b>Net income</b>	<b>\$ 490</b>	<b>\$ 38</b>
<b>Basic and diluted income per share of common stock:</b>		
Basic and Diluted	\$ 0.25	\$ 0.02
<b>Weighted average shares of common stock outstanding:</b>		
Basic and Diluted	1,961,495	2,031,337

**SELECTED QUARTERLY FINANCIAL RATIOS***(Unaudited)*

	<b>March 31, 2021</b>	<b>December 31, 2020</b>	<b>September 30, 2020</b>	<b>June 30, 2020</b>	<b>March 31, 2020</b>
Selected Quarterly Financial Ratios					
Return on average assets (1) (2)	0.61%	1.00%	0.42%	(0.08%)	0.06%
Return on average common stockholders' equity (1)(3)	8.30%	12.78%	5.52%	(1.03%)	0.68%
Tangible book value per share	\$ 11.60	\$ 12.09	\$ 11.11	\$ 11.30	\$ 11.32
Net interest margin (1)	3.27%	3.47%	3.26%	3.59%	3.71%
Net interest income to average assets (1)	2.94%	3.12%	2.98%	3.26%	3.39%
Efficiency ratio (4)	83.76%	78.67%	80.82%	81.76%	94.57%
Nonperforming assets to total assets	0.25%	0.28%	0.28%	0.35%	0.35%

(1) Annualized

(2) Calculated by dividing annualized net income available to common shareholders by average assets

(3) Calculated by dividing annualized net income available to common shareholders by average common equity

(4) Calculated by dividing total noninterest expense by the sum of federally taxable equivalent net interest income and noninterest income excluding securities gains (losses), if applicable.