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**M&F Bancorp, Inc. Announces First Quarter 2025 Results and Quarterly Cash 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 2025 and a quarterly cash common dividend of \$0.06 per share.

**First Quarter 2025 Highlights**

- Net income available to common stockholders totaled \$557,000 and \$812,000 for the three months ended March 31, 2025 and 2024, respectively, down 31.40%.
- Basic and diluted earnings per common share of \$0.28 for the three months ended March 31, 2025, down from \$0.41 for the same period in 2024.
- Return on average common stockholders' equity of 6.91% for the three months ended March 31, 2025, compared with 11.62% for the same period in 2024.
- Period end loans of \$286.6 million, up 0.90% from December 31, 2024.
- Provision for credit losses totaled \$310,000 and \$177,000 for the three months ended March 31, 2025 and 2024, respectively.
- Period end deposits of \$390.9 million, up 0.04% from December 31, 2024.
- Period end assets of \$528.3 million, up 0.63% from December 31, 2024.

James H. Sills III, President and CEO of the Company, commented, "I am pleased to report that we celebrated our 118<sup>th</sup> year in business in February. During the first quarter, we achieved slight increases in total loans, deposits and assets. Our margin continues to hold up well given all the uncertainty in the marketplace. The Company continues to have strong liquidity and excess capital compared to peer banks. The earnings before preferred were good; the net income achieved was \$1.0 million compared to \$886,000 for the quarter ended March 31, 2025, an increase of 18.17%. We are actively executing our stock repurchase program. Finally, we remain focused on executing our strategic plan related to increasing our overall lending related to ECIP requirements, and expanding our SBA line of business to increase overall profitability."

The Board of Directors declared a quarterly cash dividend of \$0.06 per share of common stock payable on or about June 18, 2025 to stockholders of record as of the close of business on May 21, 2025. "We are pleased to continue our quarterly cash dividend as it reflects our Company's performance and commitment to enhance stockholder value," said James A. Stewart, Chairman of the Board of Directors. The Company's capital ratios remain strong and exceeded all regulatory requirements. As of March 31, 2025, the Company's stockholders' equity was 24.70% of total assets.

As previously announced, the Board of Directors authorized a \$2.6 million stock repurchase program during the fourth quarter of 2024. The timing and exact amount of common stock repurchased will depend on various factors, including market conditions, internal capital generation and capital consumption through loan growth or other uses. Repurchases may be executed through open market purchases, privately negotiated transactions, or by other means in accordance with federal securities laws, including utilizing a Rule 10b5-1 program, and may be suspended at any time without prior notice. As of April 30, 2025, 29,000 shares had been repurchased under the repurchase program, which is authorized through the end of 2025.

For the three months ended March 31, 2025, net interest income was \$5.1 million, which was a 7.48% increase from \$4.8 million during the same period in 2024. For the three months ended March 31, 2025, the net interest margin was 4.01% compared to 4.36% for the same period in 2024, a decrease of 35 basis points. The decrease was due to a slight decrease in loan yields and a higher cost of interest-bearing deposits.

The Company recorded a provision for credit losses of \$310,000 and \$177,000 for the three months ended March 31, 2025 and 2024, respectively. The Allowance for Credit Losses ("ACL") as a percentage of total loans was 1.43% at March 31, 2025 compared to 1.37%

at December 31, 2024. Nonperforming assets excluding performing loans modified to borrowers experiencing financial difficulties represented 0.33% and 0.16% of total assets as of March 31, 2025 and 2024, respectively.

Noninterest income totaled \$870,000 in the three months ended March 31, 2025, compared with \$899,000 for the same period in 2024, a decrease of \$29,000 or 3.23%. During the quarter ended March 31, 2025, the Company recognized grant revenue in the amount of \$87,000 compared to \$202,000 during the comparable period of the prior year. The grant revenue primarily came from U.S. Treasury Community Development Financial Institution Fund's Equitable Recovery Program ("ERP") during the 2025 and 2024 periods. This program is designed to 1) provide funding to Community Development Financial Institutions ("CDFI") to expand lending, grant making and investment activities in low- or moderate-income communities and to borrowers that have significant unmet capital and financial services needs and have experienced disproportionate economic impacts from the COVID-19 pandemic and 2) enable CDFIs to build organization capacity and acquire technology, staff and other tools necessary to accomplish the activities under a CDFI ERP award. Excluding grant revenue, noninterest income increased \$86,000 or 12.34%. The largest contributor to the increase was gains on sales of Small Business Administration ("SBA") loans, which totaled \$199,000 during the quarter ended March 31, 2025 compared with none during same period of the prior year. Guaranteed portions of certain SBA loans are sold into the secondary market, which generates gains for the Company. This is a relatively new service, which broadens the Company's lending service area.

Noninterest expense totaled \$4.4 million in the three months ended March 31, 2025, a decrease of \$17,000 or 0.39%, from the same period in 2024. The most significant decrease occurred in salaries and employee benefits, which decreased \$155,000 or 6.37%, which reflects a reduction in contract labor related to special projects.

As of March 31, 2025, accumulated other comprehensive loss totaled \$7.4 million compared to \$9.6 million at December 31, 2024. The accumulated other comprehensive loss was primarily due to fluctuation in interest rates and its impact on the Company's investment securities held available-for-sale, which are carried at fair value. When rates increase, the value of investment securities decrease; the opposite is true when rates move in the opposite direction. As investment securities mature, principal is paid down or if rates decrease, the accumulated other comprehensive loss will decrease and may turn positive.

#### **About M&F Bancorp, Inc.**

M&F Bancorp, Inc., a bank holding company headquartered in Durham, NC, and is the parent company of M&F Bank. M&F Bank is a state-chartered commercial bank founded in 1907 and has operated continuously since 1908. Branches are located in Durham, Raleigh, Charlotte, Greensboro and Winston-Salem, NC. M&F Bank is one of only a few NC banks designated by the U.S. Treasury as a Community Development Financial Institution.

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#### **Forward-looking Information**

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. Neither the Company nor the Bank undertakes an obligation to update any forward-looking statements. Source: M&F Bancorp, Inc.

## CONSOLIDATED BALANCE SHEETS

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

	March 31, 2025 (Unaudited)	December 31, 2024
<b>ASSETS</b>		
Cash and cash equivalents:		
Cash and due from banks	\$ 2,380	\$ 2,681
Interest-bearing cash	29,431	33,688
Total cash and cash equivalents	31,811	36,369
Interest-bearing time deposits	2,962	2,962
Investment securities available-for-sale, at fair value	172,105	166,093
Investment securities held-to-maturity (fair value of \$13,802 in 2025 and \$14,243 in 2024)	13,918	14,430
Other invested assets	372	324
Loans, net of unearned income and deferred fees	286,578	284,027
ACL	(4,093)	(3,902)
Loans, net	282,485	280,125
Interest receivable	2,109	2,146
Bank premises and equipment, net	4,174	3,712
Cash surrender value of bank-owned life insurance	10,783	10,699
Other real estate owned ("OREO")	99	99
Deferred tax assets, net	2,721	3,313
Operating lease right-of-use asset	1,022	1,071
Other assets	3,766	3,663
<b>TOTAL ASSETS</b>	<b>\$ 528,327</b>	<b>\$ 525,006</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Deposits:		
Interest-bearing deposits	\$ 297,451	\$ 295,778
Noninterest-bearing deposits	93,459	94,986
Total deposits	390,910	390,764
Other borrowings	32	24
Operating lease liabilities	1,083	1,132
Other liabilities	5,815	5,013
Total liabilities	397,840	396,933
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 shares authorized at March 31, 2025 and December 31, 2024; 17,302 shares issued and outstanding at March 31, 2025 and December 31, 2024	17,302	17,302
Series E Noncumulative Perpetual Preferred Stock- \$0.01 par value, 80,000 shares authorized at March 31, 2025 and December 31, 2024; 80,000 shares issued and outstanding at March 31, 2025 and December 31, 2024	80,000	80,000
Common stock, no par value, 10,000,000 shares authorized at March 31, 2025 and December 31, 2024; issued and outstanding: 1,970,587 and 1,983,018 at March 31, 2025 and December 31, 2024, respectively	9,005	9,194
Retained earnings	31,602	31,164
Accumulated other comprehensive loss	(7,422)	(9,587)
Total stockholders' equity	130,487	128,073
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 528,327</b>	<b>\$ 525,006</b>

## CONSOLIDATED STATEMENTS OF OPERATIONS

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

	For the Three Months Ended March 31,	
	2025	2024
<b>Interest income:</b>		
Loans, including fees	\$ 4,420	\$ 4,237
Investment securities, including dividends		
Taxable	1,759	990
Tax-exempt	40	40
Interest-bearing time deposits	31	28
Other	336	431
Total interest income	<u>6,586</u>	<u>5,726</u>
<b>Interest expense:</b>		
Deposits	1,455	952
Total interest expense	<u>1,455</u>	<u>952</u>
Net interest income	<u>5,131</u>	<u>4,774</u>
<b>Provision for credit losses:</b>		
Provision for credit losses on loans	285	197
Provision for (reversal of) credit losses on unfunded commitments	25	(20)
Total provision for credit losses	<u>310</u>	<u>177</u>
Net interest income after provision for credit losses	<u>4,821</u>	<u>4,597</u>
<b>Noninterest income:</b>		
Service charges on deposit accounts	186	189
Other service charges, commissions and fees	118	132
Commissions from sales of financial products	142	194
Cash surrender value of life insurance	84	80
SBA loan sale gains	199	-
Grant revenue	87	202
Other income	54	102
Total noninterest income	<u>870</u>	<u>899</u>
<b>Noninterest expense:</b>		
Salaries and employee benefits	2,277	2,432
Occupancy and equipment	392	355
Directors compensation	91	99
Marketing	79	74
Professional fees	364	354
Information technology	613	536
FDIC deposit insurance	57	47
OREO expenses, net	4	-
Delivery expenses	53	51
Interchange expenses	92	88
Other	333	336
Total noninterest expense	<u>4,355</u>	<u>4,372</u>
Income before income tax expense	<u>1,336</u>	<u>1,124</u>
Income tax expense	<u>289</u>	<u>238</u>
<b>Net income</b>	<u>1,047</u>	<u>886</u>
Preferred stock dividends	(490)	(74)
<b>Net income available to common stockholders</b>	<u>\$ 557</u>	<u>\$ 812</u>
<b>Basic and diluted income per share of common stock:</b>		
Basic	\$ 0.28	\$ 0.41
Diluted	0.28	0.41
<b>Weighted average shares of common stock outstanding:</b>		
Basic	1,980,949	1,982,137
Diluted	2,002,802	1,994,666

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

	March 31, 2025	December 31, 2024	September 30, 2024	June 30, 2024	March 31, 2024	December 31, 2023
Selected Quarterly Financial Ratios						
Return on average assets (1) (2)	0.42%	0.64%	0.75%	0.90%	0.72%	0.95%
Return on average common stockholders' equity (1)(3)	6.91%	10.57%	12.14%	15.20%	11.62%	17.23%
Tangible book value per share	\$ 16.81	\$ 15.50	\$ 16.68	\$ 14.68	\$ 14.15	\$ 14.08
Net interest margin (1)(4)	4.01%	4.00%	4.18%	3.83%	4.36%	4.53%
Net interest income to average assets (1)	3.91%	3.88%	4.05%	3.74%	4.25%	4.37%
Efficiency ratio (5)	72.44%	69.80%	70.92%	73.56%	76.92%	66.20%
Nonperforming assets to total assets	1.45%	1.56%	1.58%	1.53%	1.53%	1.57%
Nonperforming assets excluding performing loans modified to borrowers in financial distress to total assets	0.33%	0.42%	0.40%	0.23%	0.16%	0.20%

(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) Excludes net unrealized holding gains (losses) in available-for-sale securities

(5) 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