



FOR IMMEDIATE RELEASE – August 1, 2025

Contact:

Randall C. Hall, EVP/CFO

919.313.3600

randall.hall@mfbonline.com

M&F Bancorp, Inc. Announces Second Quarter 2025 Results and Quarterly Cash Dividend

DURHAM, N.C.-- M&F Bancorp, Inc. ("Company") (OTCPK: MFBP), the parent company of M&F Bank ("Bank"), announced unaudited financial results for the second quarter of 2025 and a quarterly cash common dividend of \$0.06 per share.

Second Quarter 2025 Highlights

- The Company successfully repurchased 31,000 outstanding shares of common stock during the second quarter of 2025.
- Net income totaled \$1.0 million and \$1.2 million for the three months ended June 30, 2025 and 2024, respectively, down 11.67%; net income totaled \$2.1 million and \$2.1 million for the six months ended June 30, 2025 and 2024, respectively, up 1.22%. Net income available to common stockholders totaled \$539 thousand and \$1.0 million for the three months ended June 30, 2025 and 2024, respectively, down 48.62%; net income available to common stockholders totaled \$1.1 million and \$1.9 million for the six months ended June 30, 2025 and 2024, respectively, down 41.11%.
- Basic and diluted earnings per common share of \$0.28 and \$0.27, respectively, for the three months ended June 30, 2025, down from \$0.53 for the same period in 2024; basic and diluted earnings per common share of \$0.56 and \$0.55, respectively, for the six months ended June 30, 2025, down from \$0.94 and \$0.93, respectively, for the same period in 2024.
- Return on average common stockholders' equity of 6.50% for the three months ended June 30, 2025, compared with 15.20% for the same period in 2024.
- Period end loans of \$283.4 million, down 0.34% from December 31, 2024.
- Provision for credit losses totaled \$291,000 and \$113,000 for the three months ended June 30, 2025 and 2024, respectively; provision for credit losses totaled \$601,000 and \$290,000 for the six months ended June 30, 2025 and 2024, respectively.
- Period end deposits of \$384.5 million, down 1.60% from December 31, 2024.
- Period end assets of \$522.2 million, down 0.53% from December 31, 2024.

James H. Sills III, President and CEO of the Company, commented, "During the second quarter, we experienced some headwinds with all the uncertainty in the economy related to tariffs, inflation and interest rates. Overall, we only had slight decreases in total loans, deposits and assets. Our net interest 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. A couple of bright spots, we hired a new Chief Lending Officer, who has extensive SBA experience to help build out our program to generate additional fee income; our investment portfolio continues to outperform our peers, and we continue to exceed the ECIP 60% deep impact lending requirements for the past 12 straight quarters, which will allow the Company to potentially repurchase the preferred shares from the U.S Treasury in late 2026. Finally, we are continuing to actively execute our stock repurchase program to enhance overall shareholder value."

The Board of Directors declared a quarterly cash dividend of \$0.06 per share of common stock payable on or about September 19, 2025 to stockholders of record as of the close of business on August 20, 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 June 30, 2025, the Company's stockholders' equity was 25.13% 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 July 31, 2025, 44,000 shares had been repurchased under the repurchase program, which is authorized through the end of 2025.

For the three months ended June 30, 2025, net interest income was \$5.4 million, which was an 11.47% increase from \$4.8 million during the same period in 2024. For the three months ended June 30, 2025, the net interest margin was 4.24% compared to 4.22% for the same period in 2024, an increase of 2 basis points. The increase was due to a higher yield on earnings assets and a slight decrease in interest-bearing deposits. For the six months ended June 30, 2025, net interest income was \$10.5 million, which was a 9.48% increase from \$9.6 million during the same period in 2024. For the six months ended June 30, 2025, the net interest margin was 4.12% compared to 4.29% for the same period in 2024, a decrease of 17 basis points. The decrease was due to a higher cost of interest-bearing deposits.

The Company recorded a provision for credit losses of \$291,000 and \$113,000 for the three months ended June 30, 2025 and 2024, respectively. The Company recorded a provision for credit losses of \$601,000 and \$290,000 for the six months ended June 30, 2025 and 2024, respectively. The Allowance for Credit Losses (“ACL”) as a percentage of total loans was 1.53% at June 30, 2025 compared to 1.37% at December 31, 2024. Nonperforming assets excluding performing loans modified to borrowers experiencing financial difficulties represented 0.31% and 0.23% of total assets as of June 30, 2025 and 2024, respectively.

Noninterest income totaled \$835,000 in the three months ended June 30, 2025, compared with \$1.2 million for the same period in 2024, a decrease of \$344,000 or 29.18%. During the quarter ended June 30, 2025, the Company recognized grant revenue in the amount of \$107,000 compared to \$520,000 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 \$69,000 or 10.47%. The largest contributor to the increase was gains on sales of Small Business Administration (“SBA”) loans, which totaled \$43,000 during the quarter ended June 30, 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 income totaled \$1.7 million in the six months ended June 30, 2025, compared with \$2.1 million for the same period in 2024, a decrease of \$373,000 or 17.95%. During the six months ended June 30, 2025, the Company recognized grant revenue in the amount of \$194,000 compared to \$722,000 during the comparable period of the prior year. Excluding grant revenue, noninterest income increased \$155,000 or 11.43%. The largest contributor to the increase was gains on sales of SBA loans, which totaled \$242,000 during the six months ended June 30, 2025 compared with none during same period of the prior year.

Noninterest expense totaled \$4.6 million in the three months ended June 30, 2025, an increase of \$202,000 or 4.57%, from the same period in 2024. The most significant increases occurred in information technology, which increased \$92,000 or 16.20%, which reflects an investment in consumer lending technologies, marketing, which increased \$66,000 or 69.47%, and occupancy and equipment, which increased \$61,000 or 16.18%, reflecting investments in facilities and security expenses. Noninterest expense totaled \$9.0 million in the six months ended June 30, 2025, an increase of \$185,000 or 2.10%, from the same period in 2024. The most significant increases occurred in information technology, which increased \$173,000 or 15.73%, which reflects an investment in consumer lending technologies, occupancy and equipment, which increased \$94,000 or 12.77%, reflecting investments in facilities and security expenses and marketing, which increased \$71,000 or 42.01%.

As of June 30, 2025, accumulated other comprehensive loss totaled \$6.6 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.

Banking Services | ATM Usage Worldwide | Mobile Banking | Online Bill Pay | Remote and Mobile Deposit | Checking | Savings | Lending | Wealth Management

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)

	June 30, 2025 (Unaudited)	December 31, 2024
ASSETS		
Cash and cash equivalents:		
Cash and due from banks	\$ 2,500	\$ 2,681
Interest-bearing cash	28,265	33,688
Total cash and cash equivalents	30,765	36,369
Interest-bearing time deposits	2,962	2,962
Investment securities available-for-sale, at fair value	171,298	166,093
Investment securities held-to-maturity (fair value of \$133,343 in 2025 and \$14,243 in 2024)	13,424	14,430
Other invested assets	372	324
Loans, net of unearned income and deferred fees	283,051	284,027
ACL	(4,329)	(3,902)
Loans, net	278,722	280,125
Interest receivable	2,389	2,146
Bank premises and equipment, net	4,156	3,712
Cash surrender value of bank-owned life insurance	10,868	10,699
Other real estate owned	99	99
Deferred tax assets, net	2,543	3,313
Operating lease right-of-use asset	972	1,071
Other assets	3,632	3,663
TOTAL ASSETS	\$ 522,202	\$ 525,006
LIABILITIES AND STOCKHOLDERS' EQUITY		
Deposits:		
Interest-bearing deposits	\$ 287,260	\$ 295,778
Noninterest-bearing deposits	97,247	94,986
Total deposits	384,507	390,764
Other borrowings	26	24
Operating lease liabilities	1,034	1,132
Other liabilities	5,397	5,013
Total liabilities	390,964	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 June 30, 2025 and December 31, 2024; 17,302 shares issued and outstanding at June 30, 2025 and December 31, 2024	17,302	17,302
Series E Noncumulative Perpetual Preferred Stock- \$0.01 par value, 80,000 shares authorized at June 30, 2025 and December 31, 2024; 80,000 shares issued and outstanding at June 30, 2025 and December 31, 2024	80,000	80,000
Common stock, no par value, 10,000,000 shares authorized at June 30, 2025 and December 31, 2024; issued and outstanding: 1,941,565 and 1,983,018 at June 30, 2025 and December 31, 2024, respectively	8,463	9,194
Retained earnings	32,025	31,164
Accumulated other comprehensive loss	(6,552)	(9,587)
Total stockholders' equity	131,238	128,073
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 522,202	\$ 525,006

CONSOLIDATED STATEMENTS OF OPERATIONS

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

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2025	2024	2025	2024
Interest income:				
Loans, including fees	\$ 4,585	\$ 4,255	\$ 9,005	\$ 8,492
Investment securities, including dividends				
Taxable	1,809	1,216	3,568	2,206
Tax-exempt	39	39	79	79
Interest-bearing time deposits	30	32	61	60
Other	296	454	632	885
Total interest income	6,759	5,996	13,345	11,722
Interest expense:				
Deposits	1,384	1,175	2,839	2,127
Borrowings	1	-	1	-
Total interest expense	1,385	1,175	2,840	2,127
Net interest income	5,374	4,821	10,505	9,595
Provision for credit losses:				
Provision for credit losses on loans	248	209	533	406
Provision for (reversal of) credit losses on unfunded commitments	43	(96)	68	(116)
Total provision for credit losses	291	113	601	290
Net interest income after provision for credit losses	5,083	4,708	9,904	9,305
Noninterest income:				
Service charges on deposit accounts	182	187	368	376
Other service charges, commissions and fees	126	140	244	272
Commissions from sales of financial products	142	153	284	347
Cash surrender value of life insurance	85	82	169	162
SBA loan sale gains	43	-	242	-
Grant revenue	107	520	194	722
Other income	150	97	204	199
Total noninterest income	835	1,179	1,705	2,078
Noninterest expense:				
Salaries and employee benefits	2,380	2,385	4,657	4,817
Occupancy and equipment	438	377	830	736
Directors compensation	76	87	167	186
Marketing	161	95	240	169
Professional fees	356	312	720	666
Information technology	660	568	1,273	1,100
FDIC deposit insurance	56	47	113	94
OREO expenses, net	1	-	5	-
Delivery expenses	54	48	107	99
Interchange expenses	97	84	189	172
Other	344	418	677	754
Total noninterest expense	4,623	4,421	8,978	8,793
Income before income tax expense	1,295	1,466	2,631	2,590
Income tax expense	266	301	555	539
Net income	1,029	1,165	2,076	2,051
Preferred stock dividends	(490)	(116)	(980)	(190)
Net income available to common stockholders	\$ 539	\$ 1,049	\$ 1,096	\$ 1,861
Basic and diluted income per share of common stock:				
Basic	\$ 0.28	\$ 0.53	\$ 0.56	\$ 0.94
Diluted	0.27	0.53	0.55	0.93
Weighted average shares of common stock outstanding:				
Basic	1,949,387	1,982,518	1,965,081	1,982,328
Diluted	1,968,948	1,995,515	1,985,781	1,995,067

SELECTED QUARTERLY FINANCIAL RATIOS*(Unaudited)*

	June 30, 2025	March 31, 2025	December 31, 2024	September 30, 2024	June 30, 2024	March 31, 2024
Selected Quarterly Financial Ratios						
Return on average assets (1) (2)	0.41%	0.42%	0.64%	0.75%	0.90%	0.72%
Return on average common stockholders' equity (1)(3)	6.50%	6.91%	10.57%	12.14%	15.20%	11.62%
Tangible book value per share	\$ 17.44	\$ 16.81	\$ 15.50	\$ 16.68	\$ 14.68	\$ 14.15
Net interest margin (1)(4)	4.24%	4.01%	4.00%	4.18%	4.22%	4.36%
Net interest income to average assets (1)	4.12%	3.91%	3.88%	4.05%	4.13%	4.25%
Efficiency ratio (5)	74.34%	72.44%	69.80%	70.92%	73.56%	76.92%
Nonperforming assets to total assets	1.06%	1.45%	1.56%	1.58%	1.53%	1.53%
Nonperforming assets excluding performing loans modified to borrowers in financial distress to total assets	0.31%	0.33%	0.42%	0.40%	0.23%	0.16%

(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