M&F Bancorp, Inc.

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M&F Bancorp, Inc. Announces First Quarter 2026 Results and Quarterly Cash Dividend

DURHAM, N.C.-- M&F Bancorp, Inc. ("Company") (OTCID: MFBP), the parent company of M&F Bank ("Bank"), announced unaudited financial results for the first quarter of 2026 and a quarterly cash common dividend of $0.06 per share.

First Quarter 2026 Highlights

- Net income totaled $958,000 and $1.0 million for the three months ended March 31, 2026 and 2025, respectively, down 8.50%. Net income available to common stockholders totaled $468,000 and $557,000 for the three months ended March 31, 2026 and 2025, respectively, down 15.98%.
- Basic and diluted earnings per common share of $0.24 for the three months ended March 31, 2026, down from $0.28 for the same period in 2025.
- Return on average common stockholders' equity of 5.01% for the three months ended March 31, 2026, compared with 6.91% for the same period in 2025.
- Period end loans of $273.4 million, down 2.02% from December 31, 2025.
- Provision for credit losses totaled $130,000 and $310,000 for the three months ended March 31, 2026 and 2025, respectively.
- Period end deposits of $377.0 million, up 2.30% from December 31, 2025.
- Period end assets of $517.5 million, up 1.81% from December 31, 2025.

James H. Sills III, President and CEO of the Company, commented, "During the first quarter, our total assets increased to $518 million over the year-end total of $508 million. I am pleased with our deposit retention in very competitive banking markets. We continue to focus on asset quality to drive our non-performing assets as a percentage of total assets lower. We are seeing some uncertainty in the economy related to the war, inflation and higher gas prices, which have impacted loan growth. A couple of bright spots, 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. Finally, we have exceeded the ECIP 60% deep impact lending requirements for 15 straight quarters and are on track to meet the U.S. Treasury ECIP redemption requirements of 16 straight quarters in June 2026."

The Board of Directors declared a quarterly cash dividend of $0.06 per share of common stock payable on or about June 17, 2026 to stockholders of record as of the close of business on May 20, 2026. "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, 2026, the Company's stockholders' equity was 25.80% of total assets.

During the fourth quarter of 2024, the Board of Directors authorized a $2.6 million stock repurchase program, which expired in 2025 and was subsequently re-authorized through January 23, 2027. As of March 31, 2026, a total of 54,000 shares had been repurchased under the repurchase program. 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.

For the three months ended March 31, 2026, net interest income was $5.1 million, which was a 1.44% decrease from $5.1 million during the same period in 2025. For the three months ended March 31, 2026, the net interest margin was 4.07% compared to 4.01% for the same period in 2025, an increase of 6 basis points. The increase was due to a lower cost of interest-bearing deposits during the quarter ended March 31, 2026 compared to prior year.

The Company recorded a provision for credit losses of $130,000 and $310,000 for the three months ended March 31, 2026 and 2025, respectively. The Allowance for Credit Losses ("ACL") as a percentage of total loans was 1.39% at March 31, 2026 compared to 1.62% at December 31, 2025. Nonperforming assets represented 1.23% and 0.85% of total assets as of March 31, 2026 and December 31, 2025, respectively.

Noninterest income totaled $680,000 for the three months ended March 31, 2026, compared with $870,000 for the same period in 2025, a decrease of $190,000 or 21.84%. The largest contributors to the decrease were gains on sales of Small Business Administration ("SBA") loans and grant revenue. SBA loan sale gains, which totaled $87,000 during the quarter ended March 31, 2026 compared with $199,000 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, and is subject to volatility reflective of interest rates, economic environment and overall loan production. Grant revenue from various sources totaled $24,000 during the first quarter of 2026, a decrease of $63,000 or 72.41% as compared to $87,000 for the comparable period of the prior year. Grants, when received, are recognized in revenues as the funds are utilized for their stated purposes.

Noninterest expense totaled $4.4 million for the three months ended March 31, 2026, an increase of $26,000 or 0.60%, from the same period in 2025. The most significant increases occurred in salaries and employee benefits, which increased $40,000 or 1.76%, primarily reflective of increased benefits, partially offset by unfilled vacant positions, occupancy expense, which increased $90,000 or 22.69%, primarily due to various repairs and maintenance and non-capitalized equipment expenses; and marketing, which increased $57,000 or 72.15%, primarily reflective of brand awareness campaigns. Information technology expenses decreased by $140,000 or 22.84%, which reflects savings from a renegotiated core processing contract.

As of March 31, 2026, accumulated other comprehensive loss totaled $5.6 million compared to $4.9 million at December 31, 2025. 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, 2026** *(Unaudited)*	**December 31, 2025**
ASSETS		
Cash and cash equivalents:		
Cash and due from banks	$ 2,593	$ 2,309
Interest-bearing cash	29,210	12,343
Total cash and cash equivalents	31,803	14,652
Interest-bearing time deposits	2,174	2,174
Investment securities available-for-sale, at fair value	179,473	179,819
Investment securities held-to-maturity (fair value of $10,002 in 2026 and $12,513 in 2025)	10,060	12,486
Other invested assets	359	372
Loans, net of unearned income and deferred fees	273,416	279,067
ACL	(3,797)	(4,534)
Loans, net	269,619	274,533
Interest receivable	2,255	2,488
Bank premises and equipment, net	4,005	4,079
Cash surrender value of bank-owned life insurance	10,943	10,856
Deferred tax assets, net	2,124	2,068
Operating lease right-of-use asset	819	870
Other assets	3,888	3,940
TOTAL ASSETS	$ 517,522	$ 508,337
LIABILITIES AND STOCKHOLDERS' EQUITY		
Deposits:		
Interest-bearing deposits	$ 280,681	$ 276,652
Noninterest-bearing deposits	96,336	91,878
Total deposits	377,017	368,530
Other borrowings	16	18
Operating lease liabilities	882	934
Other liabilities	6,065	5,003
Total liabilities	383,980	374,485
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, 2026 and December 31, 2025; 17,302 shares issued and outstanding at March 31, 2026 and December 31, 2025	17,302	17,302
Series E Noncumulative Perpetual Preferred Stock- $0.01 par value, 80,000 shares authorized at March 31, 2026 and December 31, 2025; 80,000 shares issued and outstanding at March 31, 2026 and December 31, 2025	80,000	80,000
Common stock, no par value, 10,000,000 shares authorized at March 31, 2026 and December 31, 2025; issued and outstanding: 1,936,958 and 1,932,565 at March 31, 2026 and December 31, 2025, respectively	8,427	8,365
Retained earnings	33,404	33,052
Accumulated other comprehensive loss	(5,591)	(4,867)
Total stockholders' equity	133,542	133,852
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 517,522	$ 508,337

CONSOLIDATED STATEMENTS OF OPERATIONS

(Dollars in thousands except for share and per share data) *(Unaudited)*	For the Three Months Ended March 31, 2026	For the Three Months Ended March 31, 2025
Interest income:		
Loans, including fees	$ 4,140	$ 4,420
Investment securities, including dividends		
Taxable	1,789	1,759
Tax-exempt	73	40
Interest-bearing time deposits	23	31
Other	199	336
Total interest income	6,224	6,586
Interest expense:		
Deposits	1,167	1,455
Total interest expense	1,167	1,455
Net interest income	5,057	5,131
Provision for credit losses:		
Provision for credit losses on loans	51	285
Provision for credit losses on unfunded commitments	79	25
Total provision for credit losses	130	310
Net interest income after provision for credit losses	4,927	4,821
Noninterest income:		
Service charges on deposit accounts	180	186
Other service charges, commissions and fees	117	118
Commissions from sales of financial products	142	142
Cash surrender value of life insurance	87	84
SBA loan sale gains	87	199
Grant revenue	24	87
Other income	43	54
Total noninterest income	680	870
Noninterest expense:		
Salaries and employee benefits	2,317	2,277
Occupancy and equipment	482	392
Directors compensation	129	91
Marketing	136	79
Professional fees	303	364
Information technology	473	613
FDIC deposit insurance	52	57
OREO expenses, net	-	4
Delivery expenses	56	53
Interchange expenses	107	92
Other	326	333
Total noninterest expense	4,381	4,355
Income before income tax expense	1,226	1,336
Income tax expense	268	289
Net income	958	1,047
Preferred stock dividends	(490)	(490)
Net income available to common stockholders	$ 468	$ 557
Basic and diluted income per share of common stock:		
Basic	$ 0.24	$ 0.28
Diluted	0.24	0.28
Weighted average shares of common stock outstanding:		
Basic	1,934,668	1,980,949
Diluted	1,956,055	2,002,802

SELECTED QUARTERLY FINANCIAL RATIOS

(Unaudited)

	March 31, 2026	December 31, 2025	September 30, 2025	June 30, 2025	March 31, 2025	December 31, 2024
Selected Quarterly Financial Ratios						
Return on average assets (1) (2)	0.36%	0.09%	0.87%	0.41%	0.42%	0.64%
Return on average common stockholders' equity (1)(3)	5.01%	1.29%	13.17%	6.50%	6.91%	10.57%
Tangible book value per share	$ 18.66	$ 18.87	$ 18.44	$ 17.44	$ 16.81	$ 15.50
Net interest margin (1)(4)	4.07%	4.34%	4.24%	4.24%	4.01%	4.00%
Net interest income to average assets (1)	3.93%	4.20%	4.11%	4.12%	3.91%	3.88%
Efficiency ratio (5)	76.11%	76.29%	66.93%	74.34%	72.44%	69.80%
Nonperforming assets to total assets	1.23%	0.85%	0.67%	0.31%	0.33%	0.42%

(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