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M&F Bancorp, Inc. Announces Third Quarter 2026 Results, ECIP Redemption and Merger Approval

DURHAM, N.C.-- M&F Bancorp, Inc. ("Company") (OTCID: MFBP), the parent company of M&F Bank ("Bank"), announced unaudited financial results for the third quarter of 2026.

Post Third Quarter 2026 Highlights

• On October 22, 2026, the Company redeemed its Series E Noncumulative Perpetual Preferred Stock and netted a gain of $59.9 million.
• On November 4, 2026, approximately 74% of the shares outstanding voted in favor of the proposal to merge with Optus Financial Corporation. The aggregate transaction value is expected to exceed $105.0 million. The transaction is expected to close in the fourth quarter.

Third Quarter 2026 Highlights

• On July 22, 2026, the Company announced the execution of a definitive merger agreement with Optus Financial Corporation, located in Columbia, SC.
• Merger-related expenses of $750,000 and $1.0 million incurred in the third quarter and year-to-date, respectively, significantly impacted earnings.
• Net income totaled $145,000 and $1.6 million for the three months ended September 30, 2026 and 2025, respectively, down 91.04%. Net income (loss) available to common stockholders totaled $(345,000) and $1.1 million for the three months ended September 30, 2026 and 2025, respectively, down 130.56%. Net income totaled $1.9 million and $3.7 million for the nine months ended September 30, 2026 and 2025, respectively, down 47.52%. Net income available to common stockholders totaled $469,000 and $2.2 million for the nine months ended September 30, 2026 and 2025, respectively, down 78.92%.
• Basic and diluted earnings per common share of $(0.18) and $(0.17), respectively, for the three months ended September 30, 2026, down from $0.58 for the same period in 2025. Basic and diluted earnings per common share of $0.24 for the nine months ended September 30, 2026, down from $1.14 and $1.12, respectively, for the same period in 2025.
• Return on average common stockholders' equity of (3.95%) for the three months ended September 30, 2026, compared with 13.17% for the same period in 2025.
• Period end loans of $281.1 million, up 0.71% from December 31, 2025.
• Provision for (reversal of) credit losses totaled $226,000 and $(27,000) for the three months ended September 30, 2026 and 2025, respectively. Provision for credit losses totaled $706,000 and $574,000 for the nine months ended September 30, 2026 and 2025, respectively.
• Period end deposits of $351.7 million, down 4.57% from December 31, 2025.
• Period end assets of $486.6 million, down 4.27% from December 31, 2025.
• Net interest margin increased 21 basis points to 4.45% for the three months ended September 30, 2026 compared to 4.24% in the same period of the prior year.

"We are pleased to have exceeded ECIP's 60% deep impact lending requirement for 16 consecutive quarters, qualifying us to redeem our ECIP preferred shares. On October 22, 2026, we became one of the first banks nationwide to do so. We are also pleased to announce shareholder approval of the definitive merger agreement with Optus Financial Corporation and thank our shareholders for their strong support. Once the transaction closes, the combined institution will have 10 banking locations across North and South Carolina and approximately $1.3 billion in total assets, and I am honored to serve as CEO of the combined institution. This strategic partnership is expected to increase our lending capacity, broaden our product offerings and strengthen our ability to serve customers across our markets," said James H. Sills, III, President & CEO.

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 September 30, 2026, a total of 54,000 shares had been repurchased under the repurchase program. Share repurchases were suspended when merger negotiations began and will remain suspended.

For the three months ended September 30, 2026, net interest income was $5.4 million, which was a 0.26% increase from $5.3 million during the same period in 2025. For the three months ended September 30, 2026, the net interest margin was 4.45% compared to 4.24% for the same period in 2025, an increase of 21 basis points. The increase in net interest income was largely attributable to higher yields on loans and nontaxable securities along with a reduction in cost of deposits.

For the nine months ended September 30, 2026, net interest income was $15.5 million, which was a 2.06% decrease from $15.8 million during the same period in 2025. For the nine months ended September 30, 2026, the net interest margin was 4.23% compared to 4.16% during the same period in 2025, an increase of 7 basis points. The decrease in net interest income was largely attributable to a reduction in interest earning assets and related yields.

The Company recorded a provision for (reversal of) credit losses of $226,000 and $(27,000) for the three months ended September 30, 2026 and 2025, respectively. The Company recorded a provision for credit losses of $706,000 and $574,000 for the nine months ended September 30, 2026 and 2025, respectively. The Allowance for Credit Losses ("ACL") as a percentage of total loans was 1.46% at September 30, 2026 compared to 1.62% at December 31, 2025. Nonperforming assets represented 1.10% and 0.85% of total assets as of September 30, 2026 and December 31, 2025, respectively.

Noninterest income totaled $378,000 for the three months ended September 30, 2026, compared with $818,000 for the same period in 2025, a decrease of $440,000 or 53.79%. The largest contributors to the decrease were the realization of $201,000 losses on the sales of available-for-sale investment securities during the three months ended September 30, 2026 compared to none in the comparable period of the prior year and no Small Business Administration ("SBA") loan sale gains during the 2026 period compared to $91,000 in the prior year. Guaranteed portions of certain SBA loans are sold into the secondary market, which generates gains for the Company. Grant revenue from various sources totaled $41,000 during the third quarter of 2026, a decrease of $69,000 or 62.73% as compared to $110,000 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 income totaled $1.7 million for the nine months ended September 30, 2026, compared with $2.5 million for the same period in 2025, a decrease of $800,000 or 31.71%. The Company realized $201,000 losses on the sales of available-for-sale investment securities during the nine months ended September 30, 2026 compared to none in the comparable period of the prior year. During the nine months ended September 30, 2026, the Company recognized grant revenue in the amount of $113,000 compared to $304,000 during the comparable period of the prior year. Grants, when received, are recognized in revenues as the funds are utilized for their stated purposes. Gains on sales of SBA loans totaled $140,000 for the nine months ended September 30, 2026 compared with $334,000 during same period of the prior year. Other noninterest income decreased $164,000 to $131,000 compared to $295,000 in the first nine months of 2025. The largest contributors to the decrease were the absence of a one-time intermediary fee of $60,000 recorded during the nine months ended September 30, 2025 compared to none during the comparable period of 2026, a $16,000 reduction in recoveries other than loans during 2026, a one-time Visa incentive of $23,000 recognized in the first nine months of 2025 compared to none in the comparable period of 2026, and proceeds related to a death benefit of $46,000 recognized in 2025 compared to none in the comparable period of 2026.

Noninterest expense totaled $5.1 million for the three months ended September 30, 2026, an increase of $943,000 or 22.84%, from the same period in 2025. Merger related expenses, which are primarily included in professional fees and other expenses, accounted for $750,000 of the increase. Excluding these expenses, noninterest expense increased $193,000 or 4.67%. Salaries and employee benefits, which increased $259,000 or 12.33% to $2.4 million, primarily reflected filled vacant positions, fluctuation in incentive accruals and increases in the cost of employee benefits. Directors compensation increased by $24,000 or 26.97% to $113,000 reflecting additional board and committee meetings and related governance activities associated with the merger. Noninterest expense totaled $13.8 million for the nine months ended September 30, 2026, an increase of $719,000 or 5.49%, from the same period in 2025. Merger related expenses, which are primarily included in professional fees and other expenses, accounted for $1.0 million of the increase. Excluding these expenses, noninterest expense decreased $296,000 or 2.26%.

As discussed above, results for the three and nine months ended September 30, 2026 were significantly impacted by merger-related expenses associated with the pending merger with Optus Financial Corporation. The following tables provide additional detail regarding the effect of these expenses, along with the provision for credit losses and grant revenue, on reported pretax earnings.

($000) September 30,	QTD 2026	QTD 2025
Net Income (Loss) Avail. To Common	$ (345)	$ 1,129
Pretax Income	431	2,053
Eliminate:		
Provision	226	(27)
Grant Revenue	(41)	(110)
Merger-related Expenses	750	-
Adjusted Pretax Earnings	**$ 1,366**	**$ 1,916**

($000) September 30,	YTD 2026	YTD 2025
Net Income Avail. To Common	$ 469	$ 2,225
Pretax Income	2,707	4,684
Eliminate:		
Provision	706	574
Grant Revenue	(113)	(304)
Merger-related Expenses	1,015	-
Adjusted Pretax Earnings	**$ 4,315**	**$ 4,954**

As of September 30, 2026, accumulated other comprehensive loss totaled $10.7 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., is 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)	September 30, 2026	December 31, 2025
	(Unaudited)	
ASSETS		
Cash and cash equivalents:		
Cash and due from banks	$ 2,204	$ 2,309
Interest-bearing cash	26,605	12,343
Total cash and cash equivalents	28,809	14,652
Interest-bearing time deposits	1,480	2,174
Investment securities available-for-sale, at fair value	144,110	179,819
Investment securities held-to-maturity (fair value of $8,871 in 2026 and $12,513 in 2025)	9,212	12,486
Other invested assets	359	372
Loans, net of unearned income and deferred fees	281,053	279,067
ACL	(4,108)	(4,534)
Loans, net	276,945	274,533
Interest receivable	2,168	2,488
Bank premises and equipment, net	4,476	4,079
Cash surrender value of bank-owned life insurance	11,123	10,856
Deferred tax assets, net	3,600	2,068
Operating lease right-of-use asset	714	870
Other assets	3,617	3,940
TOTAL ASSETS	$ 486,613	$ 508,337
LIABILITIES AND STOCKHOLDERS' EQUITY		
Deposits:		
Interest-bearing deposits	$ 271,939	$ 276,652
Noninterest-bearing deposits	79,746	91,878
Total deposits	351,685	368,530
Other borrowings	11	18
Operating lease liabilities	776	934
Other liabilities	5,850	5,003
Total liabilities	358,322	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 September 30, 2026 and December 31, 2025; 17,302 shares issued and outstanding at September 30, 2026 and December 31, 2025	17,302	17,302
Series E Noncumulative Perpetual Preferred Stock- $0.01 par value, 80,000 shares authorized at September 30, 2026 and December 31, 2025; 80,000 shares issued and outstanding at September 30, 2026 and December 31, 2025	80,000	80,000
Common stock, no par value, 10,000,000 shares authorized at September 30, 2026 and December 31, 2025; issued and outstanding: 1,936,958 and 1,932,565 at September 30, 2026 and December 31, 2025, respectively	8,484	8,365
Retained earnings	33,172	33,052
Accumulated other comprehensive loss	(10,667)	(4,867)
Total stockholders' equity	128,291	133,852
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 486,613	$ 508,337

CONSOLIDATED STATEMENTS OF OPERATIONS

(Dollars in thousands except for share and per share data) *(Unaudited)*	For the Three Months Ended September 30, 2026	2025	For the Nine Months Ended September 30, 2026	2025
Interest income:				
Loans, including fees	$ 4,549	$ 4,499	$ 12,898	$ 13,504
Investment securities, including dividends				
Taxable	1,640	1,748	5,179	5,316
Tax-exempt	90	53	247	132
Interest-bearing time deposits	14	27	54	88
Other	176	343	574	975
Total interest income	6,469	6,670	18,952	20,015
Interest expense:				
Deposits	1,118	1,333	3,436	4,172
Borrowings	-	-	-	1
Total interest expense	1,118	1,333	3,436	4,173
Net interest income	5,351	5,337	15,516	15,842
Provision for credit losses:				
Provision for (revesal of) credit losses on loans	180	(22)	632	511
Provision for (reversal of) credit losses on unfunded commitments	46	(5)	74	63
Total provision for (reversal of) credit losses	226	(27)	706	574
Net interest income after provision for (reversal of) credit losses	5,125	5,364	14,810	15,268
Noninterest income:				
Service charges on deposit accounts	172	182	528	550
Other service charges, commissions and fees	125	122	378	366
Commissions from sales of financial products	105	136	367	419
Cash surrender value of life insurance	91	86	267	255
SBA loan sale gains	-	91	140	334
Net realized losses on sales of investment securities available-for-sale	(201)	-	(201)	-
Grant revenue	41	110	113	304
Other income	45	91	131	295
Total noninterest income	378	818	1,723	2,523
Noninterest expense:				
Salaries and employee benefits	2,360	2,101	6,783	6,758
Occupancy and equipment	440	422	1,346	1,252
Directors compensation	113	89	344	256
Marketing	118	180	362	420
Professional fees	304	290	873	1,010
Information technology	509	495	1,494	1,768
FDIC deposit insurance	52	54	153	167
OREO expenses, net	1	30	1	35
Delivery expenses	68	51	180	158
Interchange expenses	107	110	333	299
Other	1,000	307	1,957	984
Total noninterest expense	5,072	4,129	13,826	13,107
Income before income tax expense	431	2,053	2,707	4,684
Income tax expense				
Income tax expense	286	434	768	989
Net income	145	1,619	1,939	3,695
Preferred stock dividends	(490)	(490)	(1,470)	(1,470)
Net income available to common stockholders	$ (345)	$ 1,129	$ 469	$ 2,225
Basic and diluted income per share of common stock:				
Basic	$ (0.18)	$ 0.58	$ 0.24	$ 1.14
Diluted	(0.17)	0.58	0.24	1.12
Weighted average shares of common stock outstanding:				
Basic	1,936,958	1,941,565	1,936,394	1,957,155
Diluted	1,982,568	1,961,040	1,974,934	1,978,122

SELECTED QUARTERLY FINANCIAL RATIOS

(Unaudited)

	September 30, 2026	June 30, 2026	March 31, 2026	December 31, 2025	September 30, 2025	June 30, 2025
Selected Quarterly Financial Ratios						
Return on average assets (1) (2)	(0.28%)	0.27%	0.36%	0.09%	0.87%	0.41%
Return on average common stockholders' equity (1)(3)	(3.95%)	3.81%	5.01%	1.29%	13.17%	6.50%
Tangible book value per share	$ 15.95	$ 18.56	$ 18.66	$ 18.87	$ 18.44	$ 17.44
Net interest margin (1)(4)	4.45%	4.17%	4.07%	4.34%	4.24%	4.24%
Net interest income to average assets (1)	4.32%	4.03%	3.93%	4.20%	4.11%	4.12%
Efficiency ratio (5)	85.19%	75.46%	76.11%	76.29%	66.93%	74.34%
Nonperforming assets to total assets	1.10%	1.31%	1.23%	0.85%	0.67%	0.31%

(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