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M&F Bancorp, Inc. Posts \$2.3 Million Gain on Discounted TARP Redemption

DURHAM, N.C.-- M&F Bancorp, Inc. (“Company”) (OTCPink: MFBP), the parent company of M&F Bank (“Bank”), has redeemed, at a discount, all of the shares of preferred stock sold in August 20, 2010 to the U.S. Department of the Treasury (“Treasury”). The Company issued 11,735 shares of Series B Fixed Rate Cumulative Perpetual Preferred Stock to the Treasury under the Troubled Asset Relief Program (“TARP”) Community Development Capital Initiative. The Company paid \$9.4 million to redeem the preferred stock, including approximately \$23 thousand of accrued and unpaid dividends. The funds for the redemption came from existing financial resources of the Bank.

James H. Sills, III, President & CEO of the Company and the Bank said, “The repurchase of the TARP shares at a discount had an immediate positive impact on shareholder value. The Company recorded a \$2.3 million gain on the redemption of these shares. Going forward, this will reduce our cost of funds and further add to the financial strength of the Company. Our capital ratios after the redemption exceed requirements for well-capitalized banks, leaving the Bank well poised for further growth.”

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.