

Liberty Bancshares, Incorporation, Parent Company of Liberty National Bank, Reports 2019 Second Quarter Unaudited Earnings Press Release

ADA, OH / July 24, 2019 / Liberty Bancshares, Inc. (OTCQX: LBSI), parent company of Liberty National Bank, announced unaudited earnings for the six months ended June 30, 2019 of \$1.90 million or \$2.15 earnings per share (EPS) – a 23% decrease compared to the EPS for the first six months of 2018. The first half earnings compares favorable in total dollars to 2018 earnings of \$1.78 million. The reduction in EPS was a result of 250,176 additional shares issued in the 2018 capital raise. This year to date (YTD) June 2019 performance translates to a return on average assets (ROAA) of 1.08% compared to 1.11% for the same period in 2018.

Book value has risen by 5% to \$53.67 per share as of June 30, 2019, compared to \$51.20 per share at December 31, 2018. The Liberty Bancshares, Inc. stock closed at \$51.50 per share on July 23, 2019.

Total assets increased \$20.2 million to \$359.2 million at June 30, 2019, compared to December 31, 2018 assets of \$339.0 million. Loans receivable, net of allowances for loan losses, decreased \$4.0 million to \$260.6 million at June 30, 2019 from \$264.6 million at December 31, 2018. Total deposits increased \$27.0 million to \$303.2 million at June 30, 2019 from \$276.2 million at December 31, 2018.

Net interest income before provision expense for the six months ended June 30, 2019 was \$6.8 million compared to \$6.1 million for the same period 2018, an increase of \$711,000. While interest income increased by \$1.24 million, the cost of funds increased by \$529,000. Heightened competition for deposits contributed to increase in cost of funds.

Total non-interest income declined by \$122,000 for the period ending June 30, 2019 compared to the same period in 2018. The additional non-interest income in 2018 was the result of a death benefit received from a Bank-Owned Life Insurance Policy.

Non-interest expense YTD 2019 increased by \$429,000 to \$4.8 million compared to the first six months ended June 30, 2018. This increase in non-interest expense is again due in large part to elevated salary and employee benefits expense for the first half of 2019 due to increase staffing to support growth.

Liberty Bancshares, Inc. is a registered Ohio bank holding company and the parent of Liberty National Bank which operates six offices in central and northwest Ohio. The administrative office for Liberty Bancshares, Inc. is located at 118 South Main Street, Ada, Ohio 45810. Liberty National Bank is headquartered at 100 East Franklin Street, Kenton, Ohio 43326. The Bank was founded in 1893, provides full-service commercial, small business, and consumer banking services along with other financial products and services. Liberty National Bank is a member of the Federal Reserve, a member of the FDIC and an Equal Housing Lender.

## Harbor Statement

This release contains forward-looking statements that reflect management's current views of future events and operations. These forward-looking statements are based on information currently available to the Company as of the date of this release. It is important to note that these forward-looking statements are not guarantees of future performance and involve risks and uncertainties, including, but not limited to, the ability of the Company to implement its strategy and expand its lending operations.

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## Consolidated Balance Sheets (unaudited)

(\$ in thousands)

	6/30/19	12/31/18	6/30/18
<b>Assets</b>			
Cash and due from banks	\$ 32,035	\$ 9,415	\$ 23,766
Securities available for sale, at fair value	46,668	46,297	45,390
Securities held to maturity	2,324	2,319	2,313
Loans receivable, net	260,597	264,562	241,732
Premises and equipment, net	5,187	4,961	5,052
Federal Reserve and Federal Home Loan Bank stock	1,520	1,520	1,520
Bank owned life insurance	6,025	5,946	5,873
Accrued interest receivable	1,267	1,241	977
Goodwill	1,456	1,456	1,456
Other assets	2,151	1,296	1,609
Total assets	<u>\$ 359,230</u>	<u>\$ 339,013</u>	<u>\$ 329,688</u>
<b>Liabilities</b>			
Deposits			
Noninterest-bearing demand	\$ 76,413	\$ 69,787	\$ 70,757
Interest-bearing demand	23,982	21,101	23,858
Savings	90,549	106,289	125,611
Time certificates of deposit	112,218	79,040	67,213
Total deposits	303,162	276,217	287,439
Federal Home Loan Bank advances	5,000	15,000	5,000
Deferred compensation	1,704	1,607	1,518
Accrued interest payable and other liabilities	1,896	1,069	1,470
Total liabilities	<u>311,762</u>	<u>293,893</u>	<u>295,427</u>
<b>Shareholders' Equity</b>			
Preferred stock, no par value	-	-	-
Common stock, \$1.25 par value	1,130	1,130	1,035
Paid-in capital	17,407	17,364	8,885
Other paid-in capital - stock warrants	660	660	-
Retained earnings	33,340	32,027	30,695
Unearned ESOP compensation	(80)	(90)	(102)
Treasury stock, at cost	(5,118)	(5,232)	(5,333)
Accumulated other comprehensive income (loss)	129	(739)	(919)
Total shareholders' equity	<u>47,468</u>	<u>45,120</u>	<u>34,261</u>
Total liabilities and shareholders' equity	<u>\$ 359,230</u>	<u>\$ 339,013</u>	<u>\$ 329,688</u>
Book Value per Total Shares Outstanding	\$ 53.67	\$ 51.20	\$ 53.70
Tangible Book Value per Share	\$ 52.02	\$ 49.55	\$ 51.42

Liberty Bancshares, Inc. is a bank holding company headquartered in Kenton, Ohio and the sole shareholder of Liberty National Bank, a nationally chartered community bank founded in 1893.

Contact Investor Relations at (419) 558-4300 [jdearth@myliberty.bank](mailto:jdearth@myliberty.bank)



## Consolidated Statements of Income (unaudited)

(\$ in thousands)

	For the 6 months ended		For the 3 months ended	
	6/30/19	6/30/18	6/30/19	6/30/18
<b>Interest income</b>				
Loans, including fees	\$ 7,208	\$ 6,165	\$ 3,700	\$ 3,234
Securities				
Taxable	442	373	219	196
Tax-exempt	139	148	69	74
Other	282	145	118	53
Total interest income	8,071	6,831	4,106	3,557
<b>Interest expense</b>				
Deposits	1,222	713	672	392
Borrowings	68	48	33	23
Total interest expense	1,290	761	705	415
<b>Net interest income</b>	6,781	6,070	3,401	3,142
<b>Provision for loan losses</b>	275	300	110	150
<b>Net interest income after provision</b>	6,506	5,770	3,291	2,992
<b>Noninterest income</b>				
Service charges on deposit accounts	350	350	180	183
Gain on sale of loans, net	127	120	87	87
Other income	172	301	86	209
Total noninterest income	649	771	353	479
<b>Noninterest expense</b>				
Salaries and employee benefits	2,670	2,389	1,239	1,107
Occupancy expense	357	329	174	181
Furniture and equipment expense	270	307	132	153
Data processing	310	271	154	136
State franchise tax	192	138	97	68
Deposit insurance premiums	31	93	23	54
Other expenses	980	854	546	425
Total noninterest expense	4,810	4,381	2,365	2,124
<b>Income before income tax</b>	2,345	2,160	1,279	1,347
<b>Provision for income taxes</b>	444	379	248	241
<b>Net income</b>	\$ 1,901	\$ 1,781	\$ 1,031	\$ 1,106
<b>Earnings per share</b>	\$ 2.15	\$ 2.79	\$ 1.17	\$ 1.71

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