

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

ADA, OH / October 28, 2019 / Liberty Bancshares, Inc. (OTCQX: LBSI), parent company of Liberty National Bank, announced unaudited earnings for the nine months ended September 30, 2019 of \$2.84 million or \$3.21 earnings per share (EPS) – a 19% decrease compared to the EPS for the first nine months of 2018. The first nine month earnings compares favorable in total dollars to 2018 earnings of \$2.58 million. The reduction in EPS was a result of 250,176 additional shares issued in the 2018 capital raise. This year to date (YTD) September 2019 performance translates to a return on average assets (ROAA) of 1.09%, an improvement over the first nine months in 2018.

Book value has risen by 7% to \$54.76 per share as of September 30, 2019 compared to \$51.20 per share at December 31, 2018. The Liberty Bancshares, Inc. stock closed at \$50.55 per share on October 25, 2019.

Total assets increased \$3.7 million to \$342.7 million at September 30, 2019, compared to December 31, 2018 assets of \$339.0 million. Loans receivable, net of allowances for loan losses, decreased \$3.2 million to \$261.4 million at September 30, 2019 from \$264.6 million at December 31, 2018. Total deposits increased \$9.9 million to \$286.1 million at September 30, 2019 from \$276.2 million at December 31, 2018.

Net interest income before provision expense for the nine months ended September 30, 2019 was \$10.1 million compared to \$9.2 million for the same period 2018, an increase of \$886,000. While interest income increased by \$1.8 million, the cost of funds increased by \$882,000. Heightened competition for deposits contributed to the increase in cost of funds.

Total non-interest income declined by \$52,000 for the nine months ending September 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 \$600,000 to \$7.3 million compared to the first nine months ended September 30, 2018. This increase in non-interest expense is again due in large part to elevated salary and employee benefits expense for the first nine months 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.

Safe 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)

	9/30/19	12/31/18	9/30/18
Assets			
Cash and due from banks	\$ 16,628	\$ 9,415	\$ 18,025
Securities available for sale, at fair value	45,589	46,297	45,534
Securities held to maturity	2,327	2,319	2,316
Loans receivable, net	261,402	264,562	244,388
Premises and equipment, net	5,111	4,961	5,009
Federal Reserve and Federal Home Loan Bank stock	1,520	1,520	1,520
Bank owned life insurance	6,062	5,946	5,910
Accrued interest receivable	1,339	1,241	1,424
Goodwill	1,456	1,456	1,456
Other assets	1,225	1,296	1,515
Total assets	\$ 342,659	\$ 339,013	\$ 327,097
Liabilities			
Deposits			
Noninterest-bearing dem and	\$ 77,483	\$ 69,787	\$ 68,241
Interest-bearing dem and	25,286	21,101	22,773
Savings	88,821	106,289	117,173
Time certificates of deposit	94,544	79,040	67,289
Total deposits	286,134	276,217	275,476
Federal Home Loan Bank advances	5,000	15,000	5,000
Deferred compensation	1,748	1,607	1,562
Accrued interest payable and other liabilities	1,149	1,069	814
Total liabilities	294,031	293,893	282,853
Shareholders' Equity			
Preferred stock, no par value	-	-	-
Common stock, \$1.25 par value	1,130	1,130	1,130
Paid-in capital	17,455	17,364	17,384
Other paid-in capital - stock warrants	660	660	660
Retained earnings	34,279	32,027	31,497
Unearned ESOP compensation	(74)	(90)	(96)
Treasury stock, at cost	(4,988)	(5,232)	(5,232)
Accumulated other comprehensive income (loss)	166	(739)	(1,099)
Total shareholders' equity	48,628	45,120	44,244
Total liabilities and shareholders' equity	\$ 342,659	\$ 339,013	\$ 327,097
Book Value per Total Shares Outstanding	\$ 54.76	\$ 51.20	\$ 50.20
Tangible Book Value per Share	\$ 53.12	\$ 49.55	\$ 48.55

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



Consolidated Statements of Income (unaudited)

(\$ in thousands)

	For the nine months ended		For the 3 months ended	
	9/30/19	9/30/18	9/30/19	9/30/18
Interest income				
Loans, including fees	\$ 10,904	\$ 9,396	\$ 3,696	\$ 3,231
Securities				
Taxable	645	575	203	202
Tax-exempt	207	222	68	74
Other	448	244	166	99
Total interest income	12,204	10,438	4,133	3,606
Interest expense				
Deposits	2,015	1,153	793	440
Borrowings	91	71	23	23
Total interest expense	2,106	1,224	816	463
Net interest income	10,099	9,213	3,317	3,143
Provision for loan losses	330	450	55	150
Net interest income after provision	9,769	8,763	3,262	2,993
Noninterest income				
Service charges on deposit accounts	545	540	195	190
Gain on sale of loans, net	229	172	102	52
Other income	266	379	92	79
Total noninterest income	1,039	1,091	390	321
Noninterest expense				
Salaries and employee benefits	4,122	3,677	1,451	1,288
Occupancy expense	526	498	169	168
Furniture and equipment expense	468	450	198	143
Data processing	457	405	147	134
State franchise tax	288	207	95	70
Deposit insurance premiums	6	119	(26)	26
Other expenses	1,441	1,352	462	498
Total noninterest expense	7,307	6,707	2,497	2,325
Income before income tax	3,500	3,148	1,155	989
Provision for income taxes	661	565	217	186
Net income	\$ 2,839	\$ 2,583	\$ 939	\$ 802
Earnings per share	\$ 3.21	\$ 3.94	\$ 1.06	\$ 1.24

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