

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

ADA, OH / May 10, 2019 / Liberty Bancshares, Inc. (OTCQX: LBSI), parent company of Liberty National Bank, announced unaudited earnings for the three months ended March 31, 2019 of \$869,000 or \$0.98 earnings per share (EPS) – an 8.4% decrease compared to the first quarter 2018 EPS. First quarter earnings compares favorable in total dollars to 2018 earnings of \$675,000. The reduction in EPS was a result of 250,176 additional shares issued in the 2018 capital raise. This year to date (YTD) March 2019 performance translates to a return on average assets (ROAA) of 0.98%, compared to the same period of 2018 of 0.84%.

Book value has risen by 2.7% to \$52.60 per share at March 2019, compared to \$51.20 per share at December 31, 2018. The Liberty Bancshares, Inc. stock closed at \$52.00 per share on April 30, 2019.

Total assets increased \$15.0 million to \$354.0 million at March 31, 2019, compared to December 31, 2018 assets of \$339.0 million. Loans receivable, net of allowances for loan losses, decreased \$6.9 million to \$257.7 million at March 31, 2019 from \$264.6 million at December 31, 2018. Total deposits increased \$24.2 million to \$300.4 million at March 31, 2019 from \$276.2 million at December 31, 2018.

Net interest income before provision expense for the three months ended March 31, 2019 was \$3.4 million compared to \$2.9 million for the same period 2018, an increase of \$452,000. While interest income increased by \$691,000, the cost of funds increased by \$239,000. The higher costs for funds was a result of increased competition for local deposits along with using more wholesale funding.

Total non-interest income for the period ending March 31, 2019, was \$291,000, an increase of \$5,000 over the same period in 2018.

Year-to-date 2019 non-interest expense increased \$189,000 to \$2.4 million compared to the first three months ended March 31, 2018. This increase in non-interest expense is due in large part to elevated salary and employee benefits expense for the first quarter of 2019 due to increased 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)

| | 3/31/2019 | 12/31/2018 |
|--|-----------------------|-----------------------|
| Assets | | |
| Cash and due from banks | \$ 30,184,587 | \$ 9,415,511 |
| Securities available for sale, at fair value | 47,072,263 | 46,296,579 |
| Securities held to maturity | 2,321,750 | 2,319,137 |
| Loans receivable, net | 257,704,700 | 264,561,631 |
| Premises and equipment, net | 5,138,342 | 4,961,035 |
| Federal Reserve and Federal Home Loan Bank stock | 1,519,600 | 1,519,600 |
| Bank owned life insurance | 5,980,962 | 5,946,557 |
| Accrued interest receivable | 1,407,754 | 1,241,241 |
| Goodwill | 1,455,869 | 1,455,869 |
| Other assets | 1,261,835 | 1,295,690 |
| Total assets | <u>\$ 354,047,662</u> | <u>\$ 339,012,850</u> |
| Liabilities | | |
| Deposits | | |
| Noninterest-bearing demand | \$ 75,024,029 | \$ 69,786,455 |
| Interest-bearing demand | 24,295,318 | 21,101,445 |
| Savings | 119,889,659 | 106,288,473 |
| Time certificates of deposit | 81,238,373 | 79,040,454 |
| Total deposits | <u>300,447,379</u> | <u>276,216,827</u> |
| Federal Home Loan Bank advances | 5,000,000 | 15,000,000 |
| Deferred compensation | 1,657,498 | 1,607,102 |
| Accrued interest payable and other liabilities | 420,700 | 1,069,001 |
| Total liabilities | <u>307,525,577</u> | <u>293,892,930</u> |
| Shareholders' Equity | | |
| Preferred stock, no par value | - | - |
| Common stock, \$1.25 par value | 1,129,533 | 1,129,533 |
| Paid-in capital | 17,406,532 | 17,364,097 |
| Other paid-in capital - stock warrants | 660,001 | 660,001 |
| Retained earnings | 32,911,024 | 32,027,478 |
| Unearned ESOP compensation | (85,865) | (89,895) |
| Treasury stock, at cost | (5,118,228) | (5,232,231) |
| Accumulated other comprehensive income (loss) | (380,912) | (739,063) |
| Total shareholders' equity | <u>46,522,085</u> | <u>45,119,920</u> |
| Total liabilities and shareholders' equity | <u>\$ 354,047,662</u> | <u>\$ 339,012,850</u> |
| Book Value per Total Shares Outstanding | \$ 52.60 | 51.20 |

Consolidated Statements of Income (unaudited)

| | For the three months ended | |
|--|-----------------------------------|------------------|
| | 3/31/2019 | 3/31/2018 |
| Interest income | | |
| Loans, including fees | \$ 3,508,391 | \$ 2,931,066 |
| Securities | | |
| Taxable | 222,664 | 177,843 |
| Tax-exempt | 70,142 | 74,202 |
| Other | 163,964 | 91,075 |
| Total interest income | 3,965,161 | 3,274,186 |
| Interest expense | | |
| Deposits | 549,682 | 320,401 |
| Borrowings | 35,128 | 25,241 |
| Total interest expense | 584,810 | 345,642 |
| Net interest income | 3,380,351 | 2,928,544 |
| Provision for loan losses | 165,000 | 150,000 |
| Net interest income after provision for loan losses | 3,215,351 | 2,778,544 |
| Noninterest income | | |
| Service charges on deposit accounts | 169,793 | 166,511 |
| Gain on sale of loans, net | 40,239 | 33,261 |
| Other income | 85,816 | 91,354 |
| Total noninterest income | 295,848 | 291,126 |
| Noninterest expense | | |
| Salaries and employee benefits | 1,431,800 | 1,281,899 |
| Occupancy expense | 182,592 | 148,134 |
| Furniture and equipment expense | 138,154 | 154,510 |
| Data processing | 156,587 | 134,384 |
| State franchise tax | 94,888 | 70,029 |
| Deposit insurance premiums | 7,911 | 38,994 |
| Other expenses | 433,522 | 428,888 |
| Total noninterest expense | 2,445,454 | 2,256,838 |
| Income before income tax | 1,065,745 | 812,832 |
| Provision for income taxes | 196,302 | 137,691 |
| Net income | \$ 869,443 | \$ 675,141 |
| Earnings per share | \$ 0.98 | \$ 1.07 |