



FOR RELEASE:

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LUMBEE GUARANTY BANK REPORTS 1st QUARTER 2020 EARNINGS

Company reports consistent earnings, continued loan growth and strong capital levels

- \$722 thousand in net income for the quarter-ended March 31, 2020
- Over 7% loan growth
- Bank is considered “Well-Capitalized” by regulators

PEMBROKE, NC . . . For the quarter ended March 31, 2020, Lumbee Guaranty Bank (“Lumbee” or “Bank”), reported net income of \$722,000, or earnings per share of \$0.21, compared to net income of \$820,000, or earnings per share of \$0.24, for the same period in 2019. As of the quarter-end, Lumbee reported assets of \$341.8 million, a slight increase of 0.3% over assets of \$340.9 million as of March 31, 2019. Loans were up 7.5% to \$197.3 million, compared to loans of \$182.5 million reported March 31, 2019. Deposits fell to \$288.5 million at March 31, 2020, a decrease of 1.8% from March 31, 2019 deposits of \$293.8 million. Capital levels remained healthy, as shareholders equity totaled \$42.6 million, or 12.46% of assets at March 31, 2020, versus \$39.0 million, or 11.44% of assets at the year-ago date.

In the first quarter of 2020, noninterest income grew 4.5% to \$532,000 from \$509,000 in the year-ago quarter, as both income from deposit service charges and other noninterest income rose. Noninterest expense grew a modest 2.6% to \$2.81 million the quarter ending March 31, 2020 from \$2.74 million in the year-ago quarter; however, it was down from \$2.85 million in the fourth quarter of 2019. At March 31, 2020, the Bank reported nonperforming assets (including nonaccruing loans, loans more than 90 days past due and still accruing, and OREO) of \$4.6 million, or 1.35% of total assets, down from \$4.7 million, or 1.35% of total assets, at the end of 2019, and down 16% from \$5.5 million, or 1.62% of total assets, at the year-ago date.

“The first quarter was a busy one.” said Kyle R. Chavis, Chief Executive Officer of Lumbee. “We were able to open our Hay Street branch in Fayetteville, and we achieved solid loan growth across our three-county primary market area. As we began to feel the effects of COVID-19 in mid-March, we shifted our focus to protecting the health and safety of our customers and employees while continuing to provide needed financial services to the communities of southeastern NC.” Chavis further stated, “Our robust capital position and strong liquidity levels will enable us to continue to meet the needs of our customers during this unprecedented health crisis. Our team is committed to making a difference in the lives of our friends and neighbors in the communities that we serve.”

Lumbee Guaranty Bank is a community bank headquartered in Pembroke, NC and serves Robeson, Cumberland, and Hoke Counties. Established in 1971, the Bank offers a full array of financial services through its network of fourteen strategically located branch offices over the three-county area. The Bank’s common stock is traded on the OTC-QX under the stock symbol LUMB.

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The information as of and for the quarter ended March 31, 2020, as presented is unaudited. This news release contains forward-looking statements. Actual results may differ materially from those projected, for various reasons, including our ability to manage growth, our limited operating history, substantial changes in financial markets, regulatory changes, changes in interest rates, loss of deposits and loan demand to other savings and financial institutions, and changes in real estate values and the real estate market.

LUMBEE GUARANTY BANK**Balance Sheets (unaudited) March 31,****2020****2019**

(Dollars in thousands)

Assets

Cash and due from banks	\$7,490	\$4,364
Interest-earning deposits with banks	12,861	27,717
Total cash and cash equivalents	20,351	32,081
Net Investments	102,342	104,710
Loans receivable	197,265	182,511
Allowance for loan losses	2,056	2,185
Net loans receivable	195,209	180,326
Bank premises & equipment, net	9,123	8,650
Other assets	14,746	15,105
Total assets	\$341,771	\$340,872

Liabilities and Shareholders' Equity

Deposits:

Demand deposits, Money market & NOW	\$175,781	\$180,618
Savings	27,614	26,240
Time deposits	85,097	86,956
Total deposits	288,492	293,814
Securities Sold under Agreement to Repurchase	906	977
Other borrowed money	5137	2,930
Accrued interest payable and other liabilities	4,634	4,125
Total liabilities	299,169	301,846
Total shareholders' equity	42,602	39,026
Total liabilities and shareholders' equity	\$341,771	\$340,872

Book value per share	\$12.49	\$11.42
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LUMBEE GUARANTY BANK**Statement of Operations (unaudited) Three Months Ended,
March 31,**

	2020	2019
	(Dollars in thousands, except per share data)	
Interest Income	3,548	3,598
Interest Expense	434	405
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Net Interest Income	3,114	3,193
Provision for loan losses	0	0
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Net Interest Income after provision	3,114	3,193
Service charges on deposit accounts	333	320
Other	199	189
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Total noninterest Income	532	509
Personnel costs	1,563	1,581
Occupancy and equipment	395	302
Data processing fees	323	317
Other	530	540
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Total noninterest expense	2,811	2,740
Net Income before income taxes	835	962
Income taxes	113	142
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Net Income	722	820
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Net income per common share	\$0.21	\$0.24