



**FOR RELEASE:**

**May 9, 2022**

Kyle R. Chavis, Chief Executive Officer  
Lumbee Guaranty Bank

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**LUMBEE GUARANTY BANK REPORTS 1<sup>st</sup> QUARTER 2022 EARNINGS**

*Company reports consistent quarterly earnings, asset growth, and continued improvement in asset quality*

- \$1.06 million in net income for the quarter-ended March 31, 2022.
- 11.4% asset growth, driven by a 13.4% increase in deposits.
- Improving asset quality led to a credit for loan losses.

**PEMBROKE, NC** . . . For the quarter ended March 31, 2022, Lumbee Guaranty Bank (“Lumbee” or “Bank”), reported net income of \$1,057,000, or earnings per share of \$0.32, compared to net income of \$1,062,000, or earnings per share of \$0.31, for the same period in 2021. As of the quarter-end, Lumbee reported assets of \$486.4 million, an increase of 11.4% over assets of \$436.4 million as of March 31, 2021. Loans decreased 12.0% to \$175.7 million, compared to loans of \$199.6 million reported March 31, 2021. Deposits grew to \$438.6 million at March 31, 2022, an increase of 13.4% from March 31, 2021 deposits of \$386.6 million. Capital levels remained strong, as shareholders’ equity totaled \$38.8 million, or 8.0% of assets at March 31, 2022, versus \$42.7 million, or 9.8% of assets at the year-ago date. The decrease in shareholders’ equity was due to unrealized losses in the available-for-sale securities portfolio.

Net interest income remained steady with \$3.35 million in the first quarter of 2022, down 1.15% from \$3.39 million in the year-ago quarter. The stability of the interest income was due to a decrease in Paycheck Protection Program fees offset by an increase in interest on investments during the first quarter of 2022.

As asset quality continues to improve, the Bank was able to recognize a credit of \$88 thousand in the quarter ending March 31, 2022, compared to no provision in 2021’s first quarter. Nonperforming assets (“NPAs”) at March 31, 2022, (including nonaccruing loans, loans more than 90 days past due and still accruing, and OREO) were \$2.06 million, or 0.42% of total assets, which was down 0.96% from \$2.1 million, or 0.44% of total assets, at December 31, 2021, and down 52.09% from \$4.3 million, or 0.98% of total assets, at March 31, 2021. The allowance for loan losses was \$1.96 million, or 1.11% of gross loans, at March 31, 2022, versus \$2.36 million, or 1.17% of gross loans, at the year-ago date.

Noninterest income increased by 3.55% from \$592 thousand in the quarter ending March 31, 2021 to \$613 thousand at quarter-end due to increased service charges on deposit accounts. Noninterest expense was \$2.78 million in the first quarter of 2022, up 1.76% from \$2.73 million in the year-ago quarter. The increased expenses were due to a combination of increased personnel costs and other expenses.

“Our Bank had a solid performance the first quarter of 2022” said Kyle R. Chavis, Chief Executive Officer of Lumbee. “Core earnings beat projections, with pretax income (excluding non-recurring items) showing an 18% increase. We continue to benefit from the growth in our earning assets and improving asset quality.” Chavis continued, “Management continues to monitor the rising interest rate environment, as well as inflationary pressures, and we will maintain our focus on meeting the financial needs of the markets 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, 2022, 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,****2022**      2021  
(Dollars in thousands)**Assets**

Cash and due from banks	<b>\$6,031</b>	\$5,364
Interest-earning deposits with banks	<b>40,250</b>	38,824
Total cash and cash equivalents	<b>46,281</b>	44,188
Net Investments	<b>238,863</b>	170,112
Loans receivable	<b>175,725</b>	199,642
Allowance for loan losses	<b>1,964</b>	2,361
Net loans receivable	<b>173,761</b>	197,281
Bank premises & equipment, net	<b>8,420</b>	8,789
Other assets	<b>19,025</b>	16,064
Total assets	<b>\$486,351</b>	\$436,434

**Liabilities and Shareholders' Equity**

## Deposits:

Demand deposits, Money market & NOW	<b>\$313,946</b>	\$269,575
Savings	<b>42,216</b>	35,787
Time deposits	<b>82,392</b>	81,219
Total deposits	<b>438,554</b>	386,581
Securities Sold under Agreement to Repurchase	<b>2,751</b>	1,650
Other borrowed money	<b>73</b>	106
Accrued interest payable and other liabilities	<b>6,184</b>	5,426
Total liabilities	<b>447,562</b>	393,763
Total shareholders' equity	<b>38,789</b>	42,671
Total liabilities and shareholders' equity	<b>\$486,351</b>	\$436,434

Book value per share      **\$11.59**      \$12.63

**LUMBEE GUARANTY BANK****Statement of Operations (unaudited) Three Months Ended,  
March 31,****2022**      2021(Dollars in thousands,  
except per share data)

Interest Income	<b>3,409</b>	3,611
Interest Expense	<b>144</b>	219
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Net Interest Income	<b>3,265</b>	3,392
Provision for loan losses	<b>-88</b>	0
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Net Interest Income after provision	<b>3,353</b>	3,392
Service charges on deposit accounts	<b>371</b>	289
Other	<b>242</b>	303
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Total noninterest Income	<b>613</b>	592
Personnel costs	<b>1,631</b>	1,602
Occupancy and equipment	<b>375</b>	372
Data processing fees	<b>297</b>	310
Other	<b>479</b>	450
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Total noninterest expense	<b>2,782</b>	2,734
Net Income before income taxes	<b>1,184</b>	1,250
Income taxes	<b>127</b>	188
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<b>Net Income</b>	<b>1,057</b>	1,062
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Net income per common share	<b>\$0.32</b>	\$0.31