



## FOR RELEASE:

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## LUMBEE GUARANTY BANK REPORTS 2<sup>nd</sup> QUARTER 2021 EARNINGS

*Company reports strong quarterly and year-to-date earnings and stable asset quality*

- \$1.027 million net income for the quarter-ended June 30, 2021
- Noninterest income up 13%
- Nonperforming assets trending downward

**PEMBROKE, NC** . . . For the quarter ended June 30, 2021, Lumbee Guaranty Bank (“Lumbee” or “Bank”), reported net income of \$1,027,000, or earnings per share of \$0.30, compared to net income of \$345,000, or earnings per share of \$0.10, for the same period in 2020. For the six-month period ended as of the same date, Lumbee reported net income of \$2.089 million in 2021, or earnings per share of \$0.62, compared to net income of \$1.067 million for the six months ended June 30, 2020, or earnings per share of \$0.31. The primary causes of the increase in net income compared to prior periods were increased net interest income and a reversal of loan loss provision due to improving asset quality.

As of June 30, 2021, Lumbee reported assets of \$454.6 million, an increase of nearly 20% over assets of \$380.1 million as of June 30, 2020. Loans were down 9% to \$195.7 million, compared to loans of \$215.2 million reported June 30, 2020. Investments rose to \$205.1 million from \$103.2 million at the year-ago date, an increase of almost 99%. Deposits grew to \$403.5 million at quarter-end, an increase of over 23% over June 30, 2020 deposits of \$326.6 million. Capital levels remained strong, as shareholders equity totaled \$43.8 million, or 9.63% of assets at June 30, 2021, versus \$42.7 million, or 11.23% of assets at the year-ago date.

Net interest income totaled \$3.41 million in the second quarter of 2021, up 19% from \$2.86 million in the year-ago quarter. The improvement was due to recognition of fees on loans originated through the Paycheck Protection Program (PPP) and lower interest expense due to repricing of deposits and liquidation of a \$5 million Federal Home Loan Bank advance. Noninterest income was up 13% to \$509 thousand in 2021’s second quarter from \$449 thousand in the year-ago quarter, mainly due to increased deposit service charges as account activity continues to return to pre-pandemic levels and due to other noninterest income from mortgage origination activities.

Management’s continued focus on cost containment yielded a slight 1% decrease in noninterest expense versus the year-ago quarter, falling to \$5.55 million for the six-month period ended June 30, 2021 from \$5.60 million for same period in 2020. Noninterest expense was \$2.89 million in the second quarter of 2021, up 1% from \$2.79 million in 2021’s first quarter

Nonperforming assets (NPAs) continued to trend downward and were \$4.2 million, or 0.93% of total assets, at June 30, 2021, as compared to \$4.3 million, or 0.98% of total assets, at March 31, 2021, and down 10% from \$4.7 million, or 1.23% of total assets, at the year-ago date. Lumbee’s low loan losses and declining NPAs allowed the Bank to reverse \$100,000 of its allowance for loan losses, which augmented net income in the second quarter of 2021 and for the year. The Bank’s capital position remains strong, as all capital ratios exceed the regulatory minimums to be considered “Well Capitalized”.

“The second quarter of 2021 yielded solid earnings for our Bank and capped off an active first six months of the year.” said Kyle R. Chavis, Chief Executive Officer of Lumbee. “Our lending staff worked with our customers to complete the forgiveness process with our first rounds of PPP lending while originating nearly 250 additional PPP loans for over \$8.5 million. We have been able to control costs and maintain asset quality. Our liquidity is robust, as deposits continue to increase, and as loan demand recovers, we are actively seeking opportunities to lend money in the communities we serve.”

Chavis continued, “As our primary goal, we continue to be focused on deploying capital into these communities via lending and helping small businesses and consumers realize their financial goals. None of this is possible without the dedication of our employees, who continue to work daily to meet the needs of our customers”

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 June 30, 2021, 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) June 30,****2021**      **2020**  
(Dollars in thousands)**Assets**

Cash and due from banks	<b>\$5,612</b>	\$5,586
Interest-earning deposits with banks	<b>25,777</b>	34,235
Total cash and cash equivalents	<b>31,389</b>	39,821
Net Investments	<b>205,094</b>	103,236
Loans receivable	<b>195,683</b>	215,219
Allowance for loan losses	<b>2,280</b>	2,177
Net loans receivable	<b>193,403</b>	213,042
Bank premises & equipment, net	<b>8,745</b>	9,084
Other assets	<b>15,970</b>	14,873
Total assets	<b>\$454,601</b>	\$380,056

**Liabilities and Shareholders' Equity**

## Deposits:

Demand deposits, Money market & NOW	<b>\$283,150</b>	\$211,881
Savings	<b>37,871</b>	30,634
Time deposits	<b>82,436</b>	84,069
Total deposits	<b>403,457</b>	326,584
Securities Sold under Agreement to Repurchase	<b>1,844</b>	1,060
Other borrowed money	<b>98</b>	5,129
Accrued interest payable and other liabilities	<b>5,421</b>	4,608
Total liabilities	<b>410,820</b>	337,381
Total shareholders' equity	<b>43,781</b>	42,675
Total liabilities and shareholders' equity	<b>\$454,601</b>	\$380,056

Book value per share      **\$12.96**      \$12.55

**LUMBEE GUARANTY BANK****Statement of Operations (unaudited) Six Months Ended,  
June 30,****2021**      2020(Dollars in thousands,  
except per share data)

Interest Income	<b>7,200</b>	6,793
Interest Expense	<b>397</b>	823
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Net Interest Income	<b>6,803</b>	5,970
Provision for loan losses	<b>-100</b>	175
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Net Interest Income after provision	<b>6,903</b>	5,795
Service charges on deposit accounts	<b>571</b>	598
Other	<b>530</b>	383
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Total noninterest Income	<b>1,101</b>	981
Realized gains/(loss) on AFS securities	<b>-18</b>	0
Personnel costs	<b>3,218</b>	3,177
Occupancy and equipment	<b>756</b>	769
Data processing fees	<b>596</b>	620
Other	<b>978</b>	1,030
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Total noninterest expense	<b>5,548</b>	5,596
Net Income before income taxes	<b>2,438</b>	1,180
Income taxes	<b>349</b>	113
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<b>Net Income</b>	<b>2,089</b>	1,067
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Net income per common share	<b>\$0.62</b>	\$0.31

**LUMBEE GUARANTY BANK****Statement of Operations (unaudited) Three Months Ended,  
June 30,****2021**      2020(Dollars in thousands,  
except per share data)

Interest Income	<b>3,589</b>	3,245
Interest Expense	<b>178</b>	389
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Net Interest Income	<b>3,411</b>	2,856
Provision for loan losses	<b>-100</b>	175
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Net Interest Income after provision	<b>3,511</b>	2,681
Service charges on deposit accounts	<b>282</b>	265
Other	<b>227</b>	184
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Total noninterest Income	<b>509</b>	449
Realized gains/(loss) on AFS securities	<b>-18</b>	0
Personnel costs	<b>1,616</b>	1,614
Occupancy and equipment	<b>384</b>	374
Data processing fees	<b>286</b>	297
Other	<b>528</b>	500
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Total noninterest expense	<b>2,814</b>	2,785
Net Income before income taxes	<b>1,188</b>	345
Income taxes	<b>161</b>	0
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<b>Net Income</b>	<b>1,027</b>	345
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Net income per common share	<b>\$0.30</b>	\$0.10