



FOR RELEASE:

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LUMBEE GUARANTY BANK REPORTS 2nd QUARTER 2022 EARNINGS

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

- \$1.24 million in net income for the quarter-ended June 30, 2022.
- 6.0% asset growth, driven by an 8.5% increase in deposits.
- Continued improvement in asset quality.

PEMBROKE, NC . . . For the quarter ended June 30, 2022, Lumbee Guaranty Bank (“Lumbee” or “Bank”), reported net income of \$1,236,000, or earnings per share of \$0.37, compared to net income of \$1,027,000, or earnings per share of \$0.30, for the same period in 2021. For the six-month period ended as of the same date, Lumbee reported net income of \$2.293 million in 2022, or earnings per share of \$0.69, compared to net income of \$2.089 million for the six months ended June 30, 2021, or earnings per share of \$0.62. The primary causes of the increase in net income compared to prior periods were an increase in deposit service charges on accounts and an increase in other non-interest income due to a Bank Enterprise Award (BEA) grant from the Community Development Financial Institutions Fund.

As of June 30, 2022, Lumbee reported assets of \$481.9 million, an increase of 6.0% over assets of \$454.6 million as of June 30, 2021. Loans decreased 8.0% to \$180.1 million, compared to loans of \$195.7 million reported June 30, 2021. Investments rose to \$234.5 million from \$205.1 million at the year-ago date, an increase of 14.3%. Deposits grew to \$437.7 million at June 30, 2022, an increase of 8.5% from June 30, 2021 deposits of \$403.5 million. Capital levels remained solid, as shareholders equity totaled \$35.3 million, or 7.3% of assets at June 30, 2022, versus \$43.8 million, or 9.6% of assets at the year-ago date.

Net interest income totaled \$3.51 million in the second quarter of 2022, up 2.8% from \$3.41 million in the year-ago quarter. The stability of the interest income was due to a decrease in Paycheck Protection Program fees in 2021 offset by an increase in interest on investments during the second quarter of 2022. Noninterest income was up 58.7% to \$808 thousand in 2022’s second quarter from \$509 thousand in the year-ago quarter, due to increased deposit service charges and the BEA grant previously mentioned. Noninterest expense was \$2.91 million in the second quarter of 2022, up 3.4% from \$2.81 million in the year-ago quarter. The increased expenses were due to a combination of increased data processing costs and other expenses.

Nonperforming assets (“NPAs”) at June 30, 2022, (including nonaccruing loans, loans more than 90 days past due and still accruing, and OREO) were \$1.4 million, or 0.30% of total assets, which was down 66% from \$4.2 million, or 0.93% of total assets, at June 30, 2021, and down 30% from \$2.1 million, or 0.42% of total assets, at March 31, 2022. The allowance for loan losses was \$2.0 million, or 1.09% of gross loans, at June 30, 2022, versus \$2.3 million, or 1.17% of gross loans, at the year-ago date.

“Our Bank had strong financial results in the second quarter, with earnings exceeding projections again” said Kyle R. Chavis, Chief Executive Officer of Lumbee. “We were able to grow our loan portfolio by \$4.3 million during the quarter, and we continued to attract new deposit customers by focusing on providing value and excellent service.

I am particularly proud that our bank was awarded and received a Bank Enterprise Award grant from the Community Development Financial Institutions Fund of the U.S. Treasury. This grant is recognition of the small business lending we have always done in the communities we serve.” Chavis continued, “As interest rates rise and economic conditions change, we will continue to strive to meet the financial needs of the citizens of southeastern North Carolina and to demonstrate the value of doing business with a community bank.”

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, 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) June 30,****2022** 2021
(Dollars in thousands)**Assets**

Cash and due from banks	\$5,841	\$5,612
Interest-earning deposits with banks	34,656	25,777
Total cash and cash equivalents	40,497	31,389
Net Investments	234,498	205,094
Loans receivable	180,050	195,683
Allowance for loan losses	1,963	2,280
Net loans receivable	178,087	193,403
Bank premises & equipment, net	8,357	8,745
Other assets	20,414	15,970
Total assets	\$481,853	\$454,601

Liabilities and Shareholders' Equity

Deposits:

Demand deposits, Money market & NOW	\$312,683	\$283,150
Savings	43,868	37,871
Time deposits	81,170	82,436
Total deposits	437,721	403,457
Securities Sold under Agreement to Repurchase	2,264	1,844
Other borrowed money	64	98
Accrued interest payable and other liabilities	6,505	5,421
Total liabilities	446,554	410,820
Total shareholders' equity	35,299	43,781
Total liabilities and shareholders' equity	\$481,853	\$454,601

Book value per share **\$10.57** \$12.96

LUMBEE GUARANTY BANK**Statement of Operations (unaudited) Six Months Ended,
June 30,****2022** 2021(Dollars in thousands,
except per share data)

Interest Income	7,054	7,200
Interest Expense	281	397
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Net Interest Income	6,773	6,803
Provision for loan losses	-88	-100
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Net Interest Income after provision	6,861	6,903
Service charges on deposit accounts	752	571
Other	669	530
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Total noninterest Income	1,421	1,101
Realized gains/(loss) on AFS securities	0	-18
Personnel costs	3,225	3,218
Occupancy and equipment	767	756
Data processing fees	619	596
Other	1,081	978
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Total noninterest expense	5,692	5,548
Net Income before income taxes	2,590	2,438
Income taxes	297	349
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Net Income	2,293	2,089
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Net income per common share	\$0.69	\$0.62

LUMBEE GUARANTY BANK**Statement of Operations (unaudited) Three Months Ended,
June 30,****2022** 2021(Dollars in thousands,
except per share data)

Interest Income	3,645	3,589
Interest Expense	137	178
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Net Interest Income	3,508	3,411
Provision for loan losses	0	-100
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Net Interest Income after provision	3,508	3,511
Service charges on deposit accounts	381	282
Other	427	227
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Total noninterest Income	808	509
Realized gains/(loss) on AFS securities	0	-18
Personnel costs	1,594	1,616
Occupancy and equipment	392	384
Data processing fees	322	286
Other	602	528
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Total noninterest expense	2,910	2,814
Net Income before income taxes	1,406	1,188
Income taxes	170	161
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Net Income	1,236	1,027
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Net income per common share	\$0.37	\$0.30