



## FOR RELEASE:

November 9, 2021

Kyle R. Chavis, Chief Executive Officer  
Lumbee Guaranty Bank

(910) 521-9707; [kylechavis@lumbeeguarantybank.com](mailto:kylechavis@lumbeeguarantybank.com); [www.lumbeeguarantybank.com](http://www.lumbeeguarantybank.com)

## LUMBEE GUARANTY BANK REPORTS 3<sup>rd</sup> QUARTER 2021 EARNINGS

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

- \$1.01 million in net income for the quarter-ended September 30, 2021.
- Nearly 18% asset growth, driven by a 21% increase in deposits.
- Improving asset quality led to a credit for loan losses.

**PEMBROKE, NC** . . . For the quarter ended September 30, 2021, Lumbee Guaranty Bank (“Lumbee” or “Bank”), reported net income of \$1,009,000, or earnings per share of \$0.30, compared to net income of \$547,000, or earnings per share of \$0.16, for the same period in 2020. For the nine-month period ended as of the same date, Lumbee reported net income of \$3.098 million in 2021, or earnings per share of \$0.92, compared to net income of \$1.614 million for the nine months ended September 30, 2020, or earnings per share of \$0.48. The primary causes of the increase in net income compared to prior periods were an increase in interest income, a decrease in interest expense, and a credit for loan losses, compared to a provision during the same period in 2020.

As of September 30, 2021, Lumbee reported assets of \$481.3 million, an increase of 17.61% from assets of \$409.3 million as of September 30, 2020. Due to receipt of forgiveness from the Small Business Administration of Paycheck Protection Program (PPP) loans, loans were down 14.70% to \$187.7 million, compared to loans of \$220.0 million reported September 30, 2020. Deposits grew to \$430.4 million at quarter-end, an increase of 20.96% over September 30, 2020 deposits of \$355.8 million. Capital levels remained healthy, as shareholders equity totaled \$44.3 million, or 9.21% of assets at September 30, 2021, versus \$43.2 million, or 10.55% of assets at the year-ago date.

Net interest income totaled \$3.41 million in the third quarter of 2021, up 14.45% from \$2.98 million in the year-ago quarter. The growth was due to higher average earning assets, specifically in the Bank’s investment portfolio, along with reallocating lower-yielding PPP loans to higher-yielding investments and loans. Additionally, the drop in interest expense from \$354 thousand for the third quarter of 2020 to \$169 thousand in 2021 contributed to the improvement in net interest income.

As asset quality continues to improve, the Bank was able to recognize a credit of \$100 thousand in the quarter ending September 30, 2021, compared with a \$125 thousand provision in 2020’s third quarter. Nonperforming assets (“NPAs”) at September 30, 2021, (including nonaccruing loans, loans more than 90 days past due and still accruing, and OREO) were \$2.6 million, or 0.55% of total assets, which was down 38.09% from \$4.2 million, or 0.93% of total assets, at June 30, 2021, and down 44.68% from \$4.7 million, or 1.13% of total assets, at September 30, 2020. The allowance for loan losses was \$2.2 million, or 1.16% of gross loans, at September 30, 2021, versus \$2.3 million, or 1.05% of gross loans, at the year-ago date.

Noninterest income rose slightly, by 5.78% from \$502 thousand in the quarter ending September 30, 2020 to \$531 thousand at quarter-end. Noninterest expense was \$2.90 million in the third quarter of 2021, up 5.78% from \$2.76 million in the year-ago quarter.

“We are pleased with the financial results of the third quarter, as business activities and loan demand continue to normalize in the markets we serve” said Kyle R. Chavis, Chief Executive Officer of Lumbee. “As our lending staff works to wrap up the PPP forgiveness process, we are able to refocus our efforts on conventional lending to small business and consumers and on delivering high-quality financial products and services to all our customers. Cost control remains a priority, and we expect

loan losses to remain low as our asset quality continues to improve.” Chavis continued, “Our talented and dedicated employees make it possible to us to meet the needs of our customers and deliver solid financial results to our shareholders.”

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.

###

*The information as of and for the quarter ended September 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) September 30,****2021**      2020  
(Dollars in thousands)**Assets**

Cash and due from banks	<b>\$5,736</b>	\$5,666
Interest-earning deposits with banks	<b>44,243</b>	38,553
Total cash and cash equivalents	<b>49,979</b>	44,219
Net Investments	<b>220,858</b>	123,208
Loans receivable	<b>187,698</b>	220,037
Allowance for loan losses	<b>2,180</b>	2,301
Net loans receivable	<b>185,518</b>	217,736
Bank premises & equipment, net	<b>8,575</b>	8,977
Other assets	<b>16,385</b>	15,114
Total assets	<b>\$481,315</b>	\$409,254

**Liabilities and Shareholders' Equity**

## Deposits:

Demand deposits, Money market & NOW	<b>\$308,640</b>	\$240,181
Savings	<b>38,564</b>	31,463
Time deposits	<b>83,149</b>	84,150
Total deposits	<b>430,353</b>	355,794
Securities Sold under Agreement to Repurchase	<b>1,299</b>	1,008
Other borrowed money	<b>89</b>	5,121
Accrued interest payable and other liabilities	<b>5,250</b>	4,144
Total liabilities	<b>436,991</b>	366,067
Total shareholders' equity	<b>44,324</b>	43,187
Total liabilities and shareholders' equity	<b>\$481,315</b>	\$409,254

Book value per share      **\$13.15**      \$12.74

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

Interest Income	<b>10,782</b>	10,129
Interest Expense	<b>566</b>	1,177
	<hr/>	
Net Interest Income	<b>10,216</b>	8,952
Provision for loan losses	<b>-200</b>	300
	<hr/>	
Net Interest Income after provision	<b>10,416</b>	8,652
Service charges on deposit accounts	<b>876</b>	889
Other	<b>756</b>	594
	<hr/>	
Total noninterest Income	<b>1,632</b>	1,483
Realized gains/(loss) on AFS securities	<b>-14</b>	0
Personnel costs	<b>4,833</b>	4,756
Occupancy and equipment	<b>1,139</b>	1,142
Data processing fees	<b>947</b>	909
Other	<b>1,532</b>	1,544
	<hr/>	
Total noninterest expense	<b>8,451</b>	8,351
Net Income before income taxes	<b>3,583</b>	1,784
Income taxes	<b>485</b>	170
	<hr/>	
<b>Net Income</b>	<b>3,098</b>	1,614
	<hr/>	
Net income per common share	<b>\$0.92</b>	\$0.48

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

Interest Income	<b>3,582</b>	3,336
Interest Expense	<b>169</b>	354
	<hr/>	
Net Interest Income	<b>3,413</b>	2,982
Provision for loan losses	<b>-100</b>	125
	<hr/>	
Net Interest Income after provision	<b>3,513</b>	2,857
Service charges on deposit accounts	<b>305</b>	291
Other	<b>226</b>	211
	<hr/>	
Total noninterest Income	<b>531</b>	502
Realized gains/(loss) on AFS securities	<b>4</b>	0
Personnel costs	<b>1,615</b>	1,579
Occupancy and equipment	<b>383</b>	373
Data processing fees	<b>351</b>	289
Other	<b>554</b>	514
	<hr/>	
Total noninterest expense	<b>2,903</b>	2,755
Net Income before income taxes	<b>1,145</b>	604
Income taxes	<b>136</b>	57
	<hr/>	
<b>Net Income</b>	<b>1,009</b>	547
	<hr/> <hr/>	
Net income per common share	<b>\$0.30</b>	\$0.16