



FOR RELEASE:

November 8, 2022

Kyle R. Chavis, Chief Executive Officer

Lumbee Guaranty Bank

(910) 521-9707; kylechavis@lumbeeguarantybank.com; www.lumbeeguarantybank.com

LUMBEE GUARANTY BANK REPORTS 3rd QUARTER 2022 EARNINGS

Company beats earnings projections. Reports sustained asset growth and sound capital levels.

- \$1.4 million in net income for the quarter-ended September 30, 2022.
- Year-over-year asset growth of 4.1%, driven by an 6.6% increase in deposits.
- Asset quality remains satisfactory.

PEMBROKE, NC . . . For the quarter ended September 30, 2022, Lumbee Guaranty Bank (“Lumbee” or “Bank”), reported net income of \$1,405,000, or earnings per share of \$0.42, compared to net income of \$1,009,000, or earnings per share of \$0.30, for the same period in 2021. For the nine-month period ended as of the same date, Lumbee reported net income of \$3.698 million in 2022, or earnings per share of \$1.11, compared to net income of \$3.098 million for the nine months ended September 30, 2021, or earnings per share of \$0.92. The primary causes of the increase in net income compared to prior periods were an increase in net interest income, an increase in deposit service charges, and a decrease in noninterest expense.

As of September 30, 2022, Lumbee reported assets of \$501.0 million, an increase of 4.1% over assets of \$481.3 million as of September 30, 2021. Loans decreased 0.8% to \$186.3 million, compared to loans of \$187.7 million reported September 30, 2021. Investments rose to \$235.2 million from \$220.9 million at the year-ago date, an increase of 6.5%. Deposits grew to \$458.5 million at September 30, 2022, an increase of 6.6% from September 30, 2021 deposits of \$430.4 million. Shareholders’ equity totaled \$33.7 million, or 6.7% of assets at September 30, 2022, versus \$44.3 million, or 9.2% of assets at the year-ago date. The decrease in shareholders’ equity is due to unrealized losses in the Bank’s securities portfolio. The Bank’s Community Bank Leverage Ratio of 9.89% meets the “Well-capitalized” ratio requirements of the Federal Deposit Insurance Corporation.

Net interest income totaled \$3.85 million in the third quarter of 2022, up 12.8% from \$3.41 million in the year-ago quarter. The increase in net interest income was due to higher interest margins and an increase in the Bank’s securities portfolio. Noninterest income was up 13.6% to \$603 thousand in 2022’s third quarter from \$531 thousand in the year-ago quarter, due to increased deposit service charges. Noninterest expense was \$2.83 million in the third quarter of 2022, down 2.6% from \$2.90 million in the year-ago quarter. The decreased expenses were due to a combination of decrease in personnel costs and other expenses.

Nonperforming assets (“NPAs”) at September 30, 2022, (including nonaccruing loans, loans more than 90 days past due and still accruing, and OREO) were \$1.4 million, or 0.29% of total assets, which was down 45% from \$2.6 million, or 0.55% of total assets, at September 30, 2021, and unchanged from \$1.4 million, or 0.30% of total assets, at June 30, 2022. The allowance for loan losses was \$2.0 million, or 1.06% of gross loans, at September 30, 2022, versus \$2.2 million, or 1.16% of gross loans, at the year-ago date.

“In the third quarter, we were able to continue our positive trends for this year” said Kyle R. Chavis, Chief Executive Officer of Lumbee. “With loan growth of over \$6 million and deposit growth of nearly \$20 million during the quarter, our Bank crossed the \$500 million asset threshold as of September 30, 2022. This is a milestone for us and

a testament to the consistent hard work of our employees and the loyalty of our shareholders and Directors over the years.” Chavis continued, “We expect another record year of earnings for the Bank in 2022, as we seek to increase value for our shareholders and serve the communities of southeastern North Carolina. Our approach to changing and uncertain economic conditions will continued to be measured, with a focus on safety and soundness, an emphasis on excellent customer service, and a concentrated effort to provide value for 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.

###

The information as of and for the quarter ended September 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) September 30,****2022** **2021**
(Dollars in thousands)**Assets**

Cash and due from banks	\$6,726	\$5,736
Interest-earning deposits with banks	44,187	44,243
Total cash and cash equivalents	50,913	49,979
Net Investments	235,167	220,858
Loans receivable	186,283	187,698
Allowance for loan losses	1,973	2,180
Net loans receivable	184,310	185,518
Bank premises & equipment, net	8,280	8,575
Other assets	22,311	16,385
Total assets	\$500,981	\$481,315

Liabilities and Shareholders' Equity

Deposits:

Demand deposits, Money market & NOW	\$333,286	\$308,640
Savings	45,404	38,564
Time deposits	79,857	83,149
Total deposits	458,547	430,353
Securities Sold under Agreement to Repurchase	2,361	1,299
Other borrowed money	56	89
Accrued interest payable and other liabilities	6,362	5,250
Total liabilities	467,326	436,991
Total shareholders' equity	33,655	44,324
Total liabilities and shareholders' equity	\$500,981	\$481,315

Book value per share **\$10.08** \$13.15

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

Interest Income	11,047	10,782
Interest Expense	425	566
	<hr/>	
Net Interest Income	10,622	10,216
Provision for loan losses	-88	-200
	<hr/>	
Net Interest Income after provision	10,710	10,416
Service charges on deposit accounts	1,149	876
Other	875	756
	<hr/>	
Total noninterest Income	2,024	1,632
Realized gains/(loss) on AFS securities	0	-14
Personnel costs	4,776	4,833
Occupancy and equipment	1,163	1,139
Data processing fees	971	947
Other	1,610	1,532
	<hr/>	
Total noninterest expense	8,520	8,451
Net Income before income taxes	4,214	3,583
Income taxes	516	485
	<hr/>	
Net Income	3,698	3,098
	<hr/> <hr/>	
Net income per common share	\$1.11	\$0.92

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

Interest Income	3,993	3,582
Interest Expense	144	169
	<hr/>	
Net Interest Income	3,849	3,413
Provision for loan losses	0	-100
	<hr/>	
Net Interest Income after provision	3,849	3,513
Service charges on deposit accounts	397	305
Other	206	226
	<hr/>	
Total noninterest Income	603	531
Realized gains/(loss) on AFS securities	0	4
Personnel costs	1,551	1,615
Occupancy and equipment	396	383
Data processing fees	352	351
Other	529	554
	<hr/>	
Total noninterest expense	2,828	2,903
Net Income before income taxes	1,624	1,145
Income taxes	219	136
	<hr/>	
Net Income	1,405	1,009
	<hr/> <hr/>	
Net income per common share	\$0.42	\$0.30