



FOR RELEASE:

Kyle R. Chavis, Chief Executive Officer
Lumbee Guaranty Bank

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

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LUMBEE GUARANTY BANK REPORTS 4th QUARTER 2019 EARNINGS

Bank reports steady earnings, controlled growth, and low loan losses

- \$3.00 million in net income for 2019
- Annual growth of 5% for loans, 2% for assets and deposits, and 8% for shareholders' equity
- Low loan charge-offs compared to other banks

PEMBROKE, NC . . . For the year ended December 31, 2019, Lumbee Guaranty Bank (“Lumbee” or “Bank”), reported net income of \$3.0 million, or earnings per share of \$0.88, compared to net income of \$3.1 million, or earnings per share of \$0.91, for the year ended December 31, 2018. Net income declined by 3.20%, while earnings per share decreased by 3.30%. For the three-month period ended as of the same date, Lumbee reported net income of \$726,000, compared to net income of \$753,000 for the three months ended December 31, 2018.

As of December 31, 2019, Lumbee reported assets of \$343.8 million, an increase of 2.40% over assets of \$335.7 million as of December 31, 2018. Loans were up over 4.71% to \$192.0 million, compared to loans of \$183.4 million reported December 31, 2018. Deposits grew to \$296.1 million at year-end, an increase of 2.32% over December 31, 2018 deposits of \$289.4 million. Capital levels remained strong, as shareholders equity totaled \$40.9 million, or 11.9% of assets at December 31, 2019, versus \$38.0 million, or 11.3% of assets at the year-ago date. For the three-month period ended December 31, 2019, assets fell by \$2.4 million, loans grew by \$1.7 million, and deposits decreased by \$3.4 million.

Loan losses for 2019 were 0.02% of average loans, compared to 0.03% for all banks in NC. Lumbee’s strong performance in this area allowed the Bank to reverse \$100,000 of its allowance for loan losses, which augmented net income. in the fourth quarter of 2019 and for the year. The Bank’s capital position remains very strong, as all capital ratios exceed the regulatory minimums to be considered “Well Capitalized”. Finally, nonperforming assets decreased by 20% from the fourth quarter of 2019.

“Declining interest rates in 2019 presented challenges to our Bank, as our interest margin was compressed.” said Kyle R. Chavis, Chief Executive Officer of Lumbee. “As we managed through the lower rate environment, we also incurred over \$110,000 in one-time expenses related to the Bank’s deregistration from the SEC and reclassification of certain shares of our common stock. Despite those headwinds, we were able to grow our loan portfolio and enjoy historically low loss rates as well. With the cost savings from deregistration and the pending opening of a new office in Fayetteville, we are well-positioned to continue to create shareholder value and serve our markets in southeastern NC.”

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 thirteen 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 December 31, 2019, 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, 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**Statement of Operations (unaudited) Twelve Months Ended,
December 31,**

	2019	2018
	(Dollars in thousands, except per share data)	
Interest Income	14,436	13,436
Interest Expense	1,754	1,054
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Net Interest Income	12,652	12,382
Provision for loan losses	(100)	167
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Net Interest Income after provision	12,752	12,215
Service charges on deposit accounts	1,350	1,408
Other	686	726
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Total noninterest Income	2,036	2,133
Realized gains on AFS securities	25	-
Personnel costs	6,327	6,168
Occupancy and equipment	1,273	1,268
Data processing fees	1,400	1,157
Other	2,322	2,137
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Total noninterest expense	11,322	10,730
Net Income before income taxes	3,491	3,619
Income taxes	487	516
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Net Income	3,004	3,103
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Net income per common share	\$ 0.88	\$ 0.91

LUMBEE GUARANTY BANK**Statement of Operations (unaudited) Three Months Ended,
December 31,**

	2019	2018
	(Dollars in thousands, except per share data)	
Interest Income	3,547	3,567
Interest Expense	471	366
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Net Interest Income	3,076	3,201
Provision for loan losses	(100)	68
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Net Interest Income after provision	3,176	3,133
Service charges on deposit accounts	340	339
Other	157	162
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Total noninterest Income	497	501
Personnel costs	1,613	1,536
Occupancy and equipment	302	317
Data processing fees	364	294
Other	573	583
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Total noninterest expense	2,852	2,730
Net Income before income taxes	846	904
Income taxes	120	151
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Net Income	726	753
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