



## FOR RELEASE:

February 14, 2022

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## LUMBEE GUARANTY BANK REPORTS 4<sup>th</sup> QUARTER 2021 EARNINGS

*Company reports strong quarterly earnings, record annual earnings and improving asset quality*

- \$925 thousand in net income for the quarter-ended December 31, 2021.
- 13.4% asset growth, driven by a 16.4% increase in deposits.
- Improving asset quality led to a credit for loan losses.

**PEMBROKE, NC . . .** For the quarter ended December 31, 2021, Lumbee Guaranty Bank (“Lumbee” or “Bank”), reported net income of \$925,000, or earnings per share of \$0.28, compared to net income of \$853,000, or earnings per share of \$0.25, for the same period in 2020. For the twelve-month period ended as of the same date, Lumbee reported net income of \$4.023 million in 2021, or earnings per share of \$1.20, compared to net income of \$2.468 million for the twelve months ended December 31, 2020, or earnings per share of \$0.73. 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 December 31, 2021, Lumbee reported assets of \$473.3 million, an increase of 13.44% from assets of \$417.2 million as of December 31, 2020. Due to receipt of forgiveness from the Small Business Administration of Paycheck Protection Program (PPP) loans, loans were down 15.10% to \$180.7 million, compared to loans of \$212.9 million reported December 31, 2020. Deposits grew to \$421.6 million at year-end, an increase of 16.43% over December 31, 2020 deposits of \$362.1 million. Capital levels remained healthy, as shareholders’ equity totaled \$43.3 million, or 9.14% of assets at December 31, 2021, versus \$43.0 million, or 10.29% of assets at the year-ago date.

Net interest income totaled \$3.62 million in the fourth quarter of 2021, up 13.25% from \$3.20 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 \$295 thousand for the fourth quarter of 2020 to \$156 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 \$125 thousand in the quarter ending December 31, 2021, compared to no provision in 2020’s fourth quarter. Nonperforming assets (“NPAs”) at December 31, 2021, (including nonaccruing loans, loans more than 90 days past due and still accruing, and OREO) were \$2.1 million, or 0.44% of total assets, which was down 19.23% from \$2.6 million, or 0.55% of total assets, at September 30, 2021, and down 52.27% from \$4.4 million, or 1.06% of total assets, at December 31, 2020. The allowance for loan losses was \$2.04 million, or 1.13% of gross loans, at December 31, 2021, versus \$2.4 million, or 1.05% of gross loans, at the year-ago date.

Noninterest income increased by 22.11% from \$475 thousand in the quarter ending December 31, 2020 to \$580 thousand at quarter-end due to increased service charges on deposit accounts. Noninterest expense was \$3.12 million in the fourth quarter of 2021, up 16.28% from \$2.68 million in the year-ago quarter. The increased expenses were due to a combination of increased personnel costs, accelerating payment of certain prepaid items, and higher data processing fees.

“As we celebrated the Bank’s 50<sup>th</sup> anniversary in 2021, I can think of no better way to commemorate this occasion than by posting record earnings” said Kyle R. Chavis, Chief Executive Officer of Lumbee. “Being able to recognize fees from the Paycheck Protection Program loans we originated in 2020 and 2021 contributed to our strong earnings. However, excluding PPP fees and other nonrecurring items, our pretax income was still up 12%. With our management of expenses, our improving asset quality, and our continued strong deposit growth, I am pleased with our financial results for 2021.” Chavis continued,

“Our earnings and growth are the results of a capable and committed workforce who love to serve our customers. We look forward to continuing to deliver stable returns for our shareholders in 2022.”

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 December 31, 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) December 31,****2021**      2020  
(Dollars in thousands)**Assets**

Cash and due from banks	<b>\$5,561</b>	\$5,482
Interest-earning deposits with banks	<b>36,324</b>	39,314
Total cash and cash equivalents	<b>41,885</b>	44,796
Net Investments	<b>227,691</b>	136,778
Loans receivable	<b>180,743</b>	212,897
Allowance for loan losses	<b>2,042</b>	2,361
Net loans receivable	<b>178,701</b>	210,536
Bank premises & equipment, net	<b>8,435</b>	8,922
Other assets	<b>16,554</b>	16,162
Total assets	<b>\$473,266</b>	\$417,194

**Liabilities and Shareholders' Equity**

## Deposits:

Demand deposits, Money market & NOW	<b>\$297,832</b>	\$245,599
Savings	<b>40,078</b>	34,165
Time deposits	<b>83,665</b>	82,324
Total deposits	<b>421,575</b>	362,088
Securities Sold under Agreement to Repurchase	<b>2,338</b>	1,631
Other borrowed money	<b>81</b>	5,114
Accrued interest payable and other liabilities	<b>6,024</b>	5,413
Total liabilities	<b>430,018</b>	374,246
Total shareholders' equity	<b>43,248</b>	42,948
Total liabilities and shareholders' equity	<b>\$473,266</b>	\$417,194

Book value per share      **\$12.87**      \$12.69

**LUMBEE GUARANTY BANK****Statement of Operations (unaudited) Twelve Months  
Ended, December 31,****2021**      2020(Dollars in thousands,  
except per share data)

Interest Income	<b>14,561</b>	13,623
Interest Expense	<b>722</b>	1,472
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Net Interest Income	<b>13,839</b>	12,151
Provision for loan losses	<b>-325</b>	300
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Net Interest Income after provision	<b>14,164</b>	11,851
Service charges on deposit accounts	<b>1,232</b>	1,192
Other	<b>980</b>	766
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Total noninterest Income	<b>2,212</b>	1,958
Realized gains/(loss) on AFS securities	<b>-197</b>	0
Personnel costs	<b>6,525</b>	6,184
Occupancy and equipment	<b>1,564</b>	1,532
Data processing fees	<b>1,258</b>	1,206
Other	<b>2,225</b>	2,112
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Total noninterest expense	<b>11,572</b>	11,034
Net Income before income taxes	<b>4,607</b>	2,775
Income taxes	<b>584</b>	307
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<b>Net Income</b>	<b>4,023</b>	2,468
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Net income per common share	<b>\$1.20</b>	\$0.73

**LUMBEE GUARANTY BANK****Statement of Operations (unaudited) Three Months Ended,  
December 31,****2021**      2020(Dollars in thousands,  
except per share data)

Interest Income	<b>3,779</b>	3,494
Interest Expense	<b>156</b>	295
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Net Interest Income	<b>3,623</b>	3,199
Provision for loan losses	<b>-125</b>	0
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Net Interest Income after provision	<b>3,748</b>	3,199
Service charges on deposit accounts	<b>356</b>	303
Other	<b>224</b>	172
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Total noninterest Income	<b>580</b>	475
Realized gains/(loss) on AFS securities	<b>-183</b>	0
Personnel costs	<b>1,692</b>	1,428
Occupancy and equipment	<b>425</b>	390
Data processing fees	<b>311</b>	298
Other	<b>693</b>	568
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Total noninterest expense	<b>3,121</b>	2,684
Net Income before income taxes	<b>1,024</b>	990
Income taxes	<b>99</b>	137
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<b>Net Income</b>	<b>925</b>	853
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Net income per common share	<b>\$0.28</b>	\$0.25