



COMMUNITY BANKERS' BANK

News Release

Community Bankers' Bank & CBB Financial Corp. Announce Fourth Quarter 2022 Operating Results

Midlothian, Virginia, February 13, 2023: CBB Financial Corp. reported net income of \$36,000 for the three-month period ended December 31, 2022, compared to net income of \$236,000 for the three-month period ended December 31, 2021. Net income of \$561,000 was recorded for the twelve-month period ended December 31, 2022, compared to net income of \$748,000 for the twelve-month period ended December 31, 2021. CBB and CBBFC report on a consolidated basis.

The Company reported strong financial performance through growing loans, managing interest expense, controlling expenses and a continued focus on non-interest revenue.

- a. Net loan balances are up 10% year over year.
- b. Recent increase in rates is initially helping improve asset yields and net interest margin. However, upcoming funding maturities are expected to put pressure on net interest margin going forward.
- c. The rising interest rates also affect earnings credit rates, resulting in lower net service fee income. This lower net service fee income and decrease in investment sale income is the primary reason for the decrease in non-interest income.
- d. Other non-interest income continues to improve as our alliance partnerships help our client banks create efficiencies and improve productivity.

In the first quarter of 2023, the Company will transition from its existing Allowance for Loan and Lease Loss ("ALLL") procedures to the Current Expected Credit Loss ("CECL") standard, using the Scaled CECL Allowance for Losses Estimator ("SCALE model") provided by the Federal Reserve. The SCALE model includes all required components of CECL; the use of historical loss rates, current economic condition factors, and forecasted future economic factors. The model leverages Call Report information and institution-specific details to estimate credit losses. Throughout 2022, the Company was running SCALE in parallel with its existing ALLL procedures.

The Bank continues to maintain a strong capital position that exceeds all regulatory requirements to be classified as "well capitalized," with a Community Bank Leverage Ratio of 12.99% at December 31, 2022, compared to 12.20% at December 31, 2021.

Gary R. Shook, President and Chief Executive Officer of CBB Financial Corp and Community Bankers' Bank, commented, "We are pleased with Community Bankers' Bank's 2022 performance. Loan growth was especially positive due to expanding our skill sets and the banks we work with. As a bank-owned cooperative, we exist to provide our shareholders and clients with services and products to enhance operating efficiencies. To that end, our focus is to continue building out those services. Growing Cash Settlement, Lending, and Alliance Partnerships will be our go-forward strategy as we look forward to 2023 and beyond."

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CBB Financial Corp & Community Bankers' Bank
Summary Consolidated Financial Data

Financial Highlights
(Dollars in thousands)

	Three Months	Three Months	Twelve Months	Twelve Months
	Ended	Ended	Ended	Ended
	December 31	December 31	December 31	December 31
	2022	2021	2022	2021
Description	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Earnings Summary				
Interest income	\$ 1,572	\$ 1,119	\$ 5,070	\$ 4,410
Interest expense	424	128	887	695
Net interest income	1,148	991	4,183	3,715
Provision for loan losses	0	0	(40)	(30)
Noninterest income	474	863	2,674	3,274
Noninterest expense	1,587	1,575	6,231	6,125
Income before income taxes	35	279	666	894
Income tax expense	(1)	43	105	146
Net income	<u>\$ 36</u>	<u>\$ 236</u>	<u>\$ 561</u>	<u>\$ 748</u>

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(Dollars in thousands)

	December 31,	December 31,	December 31,
	2022	2021	2020
Description	(Unaudited)	(Unaudited)	(Unaudited)
Ending Balances:			
Assets			
Cash and due from banks	\$ 9,012	\$ 15,365	\$ 36,055
Fed funds sold	14,400	11,006	2,827
Investment portfolio	24,430	26,819	23,721
Loans, net of allowance	104,303	94,351	96,981
Other assets	9,922	9,203	9,466
Total assets	\$ 162,067	\$ 156,744	\$ 169,050
Liabilities and Equity			
Noninterest-bearing deposits	\$ 59,553	\$ 69,619	\$ 73,841
Interest-bearing deposits	54,616	50,215	52,371
Fed funds purchased	20,000	6,000	6,000
FHLB borrowings	8,000	9,000	14,500
Other liabilities	2,137	2,195	2,764
Total liabilities	144,306	137,029	149,476
Stockholders' equity	17,761	19,715	19,574
Total liabilities and equity	\$ 162,067	\$ 156,744	\$ 169,050

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Financial Highlights
(Dollars in thousands)

	Three Months	Three Months	Twelve Months	Twelve Months
	Ended	Ended	Ended	Ended
	December 31	December 31	December 31	December 31
	2022	2021	2022	2021
Description	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Average Balances:				
Assets				
Cash and due from banks	\$ 8,193	\$ 21,540	\$ 13,275	\$ 32,312
Fed funds sold	6,211	4,592	5,388	2,991
Investment portfolio	24,842	28,064	25,905	27,839
Loans, net of allowance	100,279	94,990	95,336	92,842
Other assets	10,185	9,280	9,713	9,507
Total assets	<u>\$ 149,710</u>	<u>\$ 158,466</u>	<u>\$ 149,617</u>	<u>\$ 165,491</u>
Liabilities and Equity				
Noninterest-bearing deposits	\$ 62,225	\$ 70,028	\$ 65,950	\$ 70,821
Interest-bearing deposits	48,523	51,437	46,939	53,552
Fed funds purchased	11,467	6,009	8,215	7,868
FHLB borrowings	8,000	9,000	8,107	11,142
Other liabilities	1,991	2,351	1,977	2,562
Total liabilities	132,206	138,825	131,188	145,945
Stockholders' equity	17,504	19,641	18,429	19,546
Total liabilities and equity	<u>\$ 149,710</u>	<u>\$ 158,466</u>	<u>\$ 149,617</u>	<u>\$ 165,491</u>

CBB Financial Corp & Community Bankers' Bank
Summary Consolidated Financial Data

Financial Highlights
(Dollars in thousands)
(Except per share data)

	December 31	December 31	Dec. 31,
	2022	2021	2020
	(Unaudited)	(Unaudited)	(Unaudited)
CBBFC Common Share Data:			
Number of shares outstanding	25,460	25,460	25,460
Book Value per Share	\$ 698	\$ 774	\$ 769
Bank Level Capital Ratios:			
Community Bank Leverage Ratio	12.99%	12.20%	11.24%
Asset Quality:			
Nonaccrual Loans	\$ -	\$ -	\$ -
Foreclosed Real Estate (OREO)	-	-	-
Total Non-performing assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
