



COMMUNITY BANKERS' BANK

News Release

Community Bankers' Bank & CBB Financial Corp. Announce Third Quarter 2023 Operating Results

Midlothian, Virginia, November 17, 2023: CBB Financial Corp. reported net income of \$24,000 for the three-month period ended September 30, 2023, compared to net income of \$46,000 for the three-month period ended June 30, 2023. Net income of \$115,000 was recorded for the nine-month period ended September 30, 2023, compared to net income of \$525,000 for the nine-month period ended September 30, 2022. CBB and CBBFC report on a consolidated basis.

The Company continues 2023 with solid financial performance despite the challenges of the rapid rise in interest rates and macroeconomic turbulence within the banking industry:

- a. Loan demand picked up, resulting in strong growth in net loan balances in the Third Quarter of 2023. Loans year over year are up 8%.
- b. Net Interest Income is flat year over year. Net Interest Margin has decreased due to rising funding costs.
- c. Lower non-interest income is the primary reason for lower year-over-year income. The higher interest rates negatively impact our net servicing fees collected due to higher earnings credit rates provided to our clients.
- d. We continue to have solid income from alliance partnerships that are helping our clients improve their productivity.

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 12.83% at September 30, 2023, compared to 12.99% at December 31, 2022.

Gary R. Shook, President and Chief Executive Officer of CBB Financial Corp. and Community Bankers' Bank, commented, "We are very pleased with CBB's loan growth, which remains strong for 2023. Moreover, we are purchasing and selling loans from diverse geographical markets throughout the Fifth Federal Reserve District and contiguous markets. Income from our Alliance Partners has been especially strong for 2023, which we anticipate carrying over into 2024. While our 2023 earnings remain muted due to the high cost of funds and increased earnings credits, we see income normalizing as we push through 2024. As shareholders of a bank-owned cooperative,

we ask that you look to CBB first for our value added services, such as Bond Purchases and Sales, Core Contracts and Check Printing contract negotiations. CBB is fully up to speed to handle your settlement of instant payments and can answer all of your FedNow Service questions. As always, I ask our Bankers to invite the CBB team in as we make the rounds through our markets."

For further information, please contact:

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

Financial Highlights
(Dollars in thousands)

	Three Months	Three Months	Nine Months	Nine Months
	Ended	Ended	Ended	Ended
	September 30	June 30	September 30	September 30
	2023	2023	2023	2022
Description	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Earnings Summary				
Interest income	\$ 1,801	\$ 1,673	\$ 5,083	\$ 3,498
Interest expense	849	666	2,091	464
Net interest income	952	1,007	2,992	3,034
Provision for loan losses	(10)	0	(122)	(40)
Noninterest income	545	603	1,725	2,199
Noninterest expense	1,486	1,560	4,721	4,643
Income before income taxes	21	50	118	630
Income tax expense	(3)	4	3	105
Net income	<u>\$ 24</u>	<u>\$ 46</u>	<u>\$ 115</u>	<u>\$ 525</u>

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Financial Highlights
(Dollars in thousands)

	September 30	December 31	September 30
	2023	2022	2022
Description	(Unaudited)	(Unaudited)	(Unaudited)
Ending Balances:			
Assets			
Cash and due from banks	\$ 8,014	\$ 9,012	\$ 7,770
Fed funds sold	7,474	14,400	11,308
Investment portfolio	22,492	24,430	24,906
Loans, net of allowance	106,509	104,303	98,431
Other assets	10,556	9,922	10,251
Total assets	\$ 155,045	\$ 162,067	\$ 152,666
Liabilities and Equity			
Noninterest-bearing deposits	\$ 49,646	\$ 59,553	\$ 64,279
Interest-bearing deposits	62,735	54,616	46,783
Fed funds purchased	13,000	20,000	14,000
FHLB borrowings	10,000	8,000	8,000
Other liabilities	2,110	2,137	2,052
Total liabilities	137,491	144,306	135,114
Stockholders' equity	17,554	17,761	17,552
Total liabilities and equity	\$ 155,045	\$ 162,067	\$ 152,666

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Financial Highlights
(Dollars in thousands)

	Three Months Ended September 30 2023	Three Months Ended June 30 2023	Nine Months Ended September 30 2023	Nine Months Ended September 30 2022
Description	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Average Balances:				
Assets				
Cash and due from banks	\$ 8,962	\$ 8,409	\$ 8,719	\$ 14,988
Fed funds sold	1,285	3,716	3,333	5,110
Investment portfolio	22,928	23,670	23,676	26,263
Loans, net of allowance	109,298	101,444	104,492	93,670
Other assets	10,332	10,131	10,158	9,554
Total assets	\$ 152,805	\$ 147,370	\$ 150,378	\$ 149,585
Liabilities and Equity				
Noninterest-bearing deposits	\$ 50,397	\$ 52,993	\$ 53,596	\$ 67,206
Interest-bearing deposits	60,048	54,382	56,668	46,366
Fed funds purchased	12,452	10,646	11,038	7,119
FHLB borrowings	10,000	9,319	9,114	8,143
Other liabilities	2,072	2,052	2,066	1,972
Total liabilities	134,969	129,392	132,482	130,806
Stockholders' equity	17,836	17,978	17,896	18,779
Total liabilities and equity	\$ 152,805	\$ 147,370	\$ 150,378	\$ 149,585

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Summary Consolidated Financial Data

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

	September 30		December		September 30
	2023		2022		2022
	(Unaudited)		(Unaudited)		(Unaudited)
CBBFC Common Share Data:					
Number of shares outstanding	25,460		25,460		25,460
Book Value per Share	\$ 689		\$ 698		\$ 689
Bank Level Capital Ratios:					
Community Bank Leverage Ratio	12.82%		12.99%		13.36%
Asset Quality:					
Nonaccrual Loans	\$ -		\$ -		\$ -
Foreclosed Real Estate (OREO)	-		-		-
Total Non-performing assets	<u>\$ -</u>		<u>\$ -</u>		<u>\$ -</u>
