



COMMUNITY BANKERS' BANK

News Release

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

Midlothian, Virginia, February 5, 2024: CBB Financial Corp. reported net income of \$19 thousand for the three-month period ended December 31, 2023, compared to net income of \$24 thousand for the three-month period ended September 30, 2023. Net income of \$134,000 was recorded for the twelve-month period ended December 31, 2023, compared to net income of \$561,000 for the twelve-month period ended December 31, 2022. CBB and CBBFC report on a consolidated basis.

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

- a. Net loan balances are up 7% year over year.
- b. The increase in rates put pressure on funding costs, resulting in lower net interest income and margin.
- c. Lower non-interest income is the primary reason for lower year-over-year income. The higher interest rates negatively impacted our net servicing fees collected due to higher earnings credit rates provided to our clients.
- d. Other non-interest income continues to improve as our alliance partnerships help our client banks create efficiencies and improve productivity.

In 2023, the Company transitioned 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 a historical loss rate, current economic condition factors, and forecasted future economic factors. The model leverages Call Report information and institution-specific details to estimate credit losses.

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 13.04% at December 31, 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, "Given all of the variables, we are certainly pleased with Community Bankers' Bank's 2023 performance. Again, in 2023, loan growth was especially positive due to a continued focus on expanding the universe of 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. We ask our shareholders to think of CBB **first** for investment bond transactions, check printing contract renewals, and core contract negotiations. With our alliance partners, CBB immediately has the skill sets to assist our banks with these opportunities." Mr. Shook continued, "To that end, our focus is on building out those services. Growing cash settlement, lending, and alliance partnerships will be our go-forward strategy as we look forward to 2024 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 | Sept 30 | December 31 | December 31 |
| | 2023 | 2023 | 2023 | 2022 |
| Description | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
| Earnings Summary | | | | |
| Interest income | \$ 1,798 | \$ 1,801 | \$ 6,882 | \$ 5,070 |
| Interest expense | 830 | 849 | 2,922 | 887 |
| Net interest income | 968 | 952 | 3,960 | 4,183 |
| Provision for loan losses | 0 | (10) | (122) | (40) |
| Noninterest income | 556 | 545 | 2,281 | 2,674 |
| Noninterest expense | 1,508 | 1,486 | 6,228 | 6,231 |
| Income before income taxes | 16 | 21 | 135 | 666 |
| Income tax expense | (3) | (3) | 1 | 105 |
| Net income | <u>\$ 19</u> | <u>\$ 24</u> | <u>\$ 134</u> | <u>\$ 561</u> |

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

Financial Highlights
(Dollars in thousands)

| | December 31 | | Sept 30 | | December 31 |
|-------------------------------------|--------------------|--|-------------------|--|--------------------|
| | 2023 | | 2023 | | 2022 |
| Description | (Unaudited) | | (Unaudited) | | (Unaudited) |
| Ending Balances: | | | | | |
| Assets | | | | | |
| Cash and due from banks | \$ 11,248 | | \$ 8,014 | | \$ 9,012 |
| Fed funds sold | 0 | | 7,474 | | 14,400 |
| Investment portfolio | 21,064 | | 22,492 | | 24,430 |
| Loans, net of allowance | 111,987 | | 106,509 | | 104,303 |
| Other assets | 9,842 | | 10,556 | | 9,922 |
| Total assets | \$ 154,141 | | \$ 155,045 | | \$ 162,067 |
| Liabilities and Equity | | | | | |
| Noninterest-bearing deposits | \$ 50,416 | | \$ 49,646 | | \$ 59,553 |
| Interest-bearing deposits | 60,692 | | 62,735 | | 54,616 |
| Fed funds purchased | 13,732 | | 13,000 | | 20,000 |
| FHLB borrowings | 9,000 | | 10,000 | | 8,000 |
| Other liabilities | 2,112 | | 2,110 | | 2,137 |
| Total liabilities | 135,952 | | 137,491 | | 144,306 |
| Stockholders' equity | 18,189 | | 17,554 | | 17,761 |
| Total liabilities and equity | \$ 154,141 | | \$ 155,045 | | \$ 162,067 |

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 | September 30 | December 31 | December 31 |
| | 2023 | 2023 | 2023 | 2022 |
| Description | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
| Average Balances: | | | | |
| Assets | | | | |
| Cash and due from banks | \$ 8,770 | \$ 8,962 | \$ 8,732 | \$ 13,275 |
| Fed funds sold | 2,049 | 1,285 | 3,009 | 5,388 |
| Investment portfolio | 21,283 | 22,928 | 23,073 | 25,905 |
| Loans, net of allowance | 107,549 | 109,298 | 105,263 | 95,336 |
| Other assets | 10,469 | 10,332 | 10,237 | 9,713 |
| Total assets | \$ 150,120 | \$ 152,805 | \$ 150,314 | \$ 149,617 |
| Liabilities and Equity | | | | |
| Noninterest-bearing deposits | \$ 51,591 | \$ 50,397 | \$ 53,090 | \$ 65,950 |
| Interest-bearing deposits | 61,724 | 60,048 | 57,976 | 46,939 |
| Fed funds purchased | 8,093 | 12,452 | 10,295 | 8,215 |
| FHLB borrowings | 9,098 | 10,000 | 9,110 | 8,107 |
| Other liabilities | 2,061 | 2,073 | 2,065 | 1,977 |
| Total liabilities | 132,567 | 134,970 | 132,536 | 131,188 |
| Stockholders' equity | 17,553 | 17,835 | 17,778 | 18,429 |
| Total liabilities and equity | \$ 150,120 | \$ 152,805 | \$ 150,314 | \$ 149,617 |

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

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

| | December 31 | September 30 | December 31 |
|-----------------------------------|-------------|--------------|-------------|
| | 2023 | 2023 | 2022 |
| | (Unaudited) | (Unaudited) | (Unaudited) |
| CBBFC Common Share Data: | | | |
| Number of shares outstanding | 25,460 | 25,460 | 25,460 |
| Book Value per Share | \$ 714 | \$ 689 | \$ 698 |
| Bank Level Capital Ratios: | | | |
| Community Bank Leverage Ratio | 13.04% | 12.82% | 12.99% |
| Asset Quality: | | | |
| Nonaccrual Loans | \$ - | \$ - | \$ - |
| Foreclosed Real Estate (OREO) | - | - | - |
| Total Non-performing assets | \$ - | \$ - | \$ - |
