

CBM Bancorp, Inc.
Reports Results
For the Quarter Ended September 30, 2021

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CBM Bancorp, Inc.

Baltimore, M.D., November 5, 2021 - CBM Bancorp, Inc. (the "Company") (OTCPink:CBMB), the holding company for Chesapeake Bank of Maryland, reported net income of \$208,000, or \$0.06 per basic and \$0.06 per dilutive common share for the three months ended September 30, 2021 as compared to net income of \$251,000, or \$0.07 per basic and \$0.07 per dilutive common share for the three months ended September 30, 2020.

Net income for the nine months ended September 30, 2021 was \$434,000, or \$0.13 per basic and \$0.13 per dilutive common share, as compared to net income of \$555,000, or \$0.15 per basic and \$0.15 per dilutive common share for the nine months ended September 30, 2020.

Balance Sheet

Total assets increased by \$15.8 million, or 6.7%, to \$250.6 million at September 30, 2021 from \$234.8 million at December 31, 2020, primarily due to an increase in interest-bearing deposits in other banks of \$14.6 million, or 31.1%.

Total deposits increased by \$18.8 million, or 10.7%, to \$193.6 million at September 30, 2021 from \$174.8 million at December 31, 2020 due to an increase of \$7.2 million, or 22.0% in non-interest bearing deposits to \$39.9 million at September 30, 2021 from \$32.7 million at December 31, 2020 and an increase of \$11.6 million, or 8.1%, to \$153.7 million at September 30, 2021 from \$142.1 million at December 31, 2020.

Total stockholders' equity decreased by \$4.6 million, or 8.6%, to \$48.9 million at September 30, 2021 from \$53.6 million at December 31, 2020 primarily due to a cash dividend of \$1.7 million paid to stockholders in March 2021, a cash dividend of \$0.50 per share declared by the Board of Directors on September 15, 2021 and payable to stockholders on October 8, 2021, in the amount of \$1.6 million and repurchases of common stock in the amount of \$2.4 million.

Income Statement

Net income of \$208,000 was reported for the three months ended September 30, 2021, compared to net income of \$251,000 for the three months ended September 30, 2020. The decrease in net income of \$43,000, or 17.1%, was the result of a decrease in net interest income of \$34,000, a decrease in non-interest income of \$202,000, offset by a decrease in the provision for loan losses of \$75,000, a decrease in non-interest expense of \$93,000 and a decrease in income tax expense of \$25,000.

Net income of \$434,000 was reported for the nine months ended September 30, 2021, compared to net income of \$555,000 for the nine months ended September 30, 2020. The decrease in net income was the result of a decrease in net interest income of \$452,000, a decrease in non-interest income of \$37,000, an increase in non-interest expenses of \$179,000, offset by a decrease in the provision for loan and lease losses of \$500,000 and a decrease in income tax expense of \$47,000.

Net interest income after provision for loan losses increased \$41,000, or 2.4% and was consistent at \$1.7 million for the three months ended September 30, 2021 and for the three months ended September 30, 2020. Net interest income after provision for loan losses was \$5.2 million for the nine months ended September 30, 2021, compared to \$5.1 million for the nine months ended September 30, 2020, resulting in an increase of \$48,000, or 0.90%. The increases in net interest income after provision were the result of decreases in the provision for loan losses offset by decreases in net interest income.

The provision for loan losses decreased \$75,000 due to a reversal of provision of \$50,000 for the three months ended September 30, 2021 compared to a provision of \$25,000 for the three months ended September 30, 2020 and decreased \$500,000 due to a reversal of provision of \$150,000 for the nine months ended September 30, 2021 from a provision of \$350,000 for the nine months ended September 30, 2020. The decrease in provision for loan losses was due to a decrease in the qualitative factors across the entire loan portfolio during the three and nine months ended September 30, 2021. During the three and nine months ended September 30, 2020, the Company increased the qualitative factors, including current economic conditions, adequacy of underlying collateral, and the financial strength of our borrowers due to the uncertainty that existed related to the COVID-19 pandemic. The impact of those qualitative factors was cautiously evaluated given the ongoing impacts of the COVID-19 pandemic on economic activity and a reduction in those qualitative factors reflects improvements in those economic conditions. The Company did not record any charge-offs for three and nine months ended September 30, 2021. The Company had net charge-offs of \$2,000 for the nine months ended September 30, 2020. Non-performing loans totaled \$265,000 at September 30, 2021 compared to \$188,000 at December 31, 2020. The Company's nonperforming loans to total loans was 0.17% at September 30, 2021 compared to 0.12% at December 30, 2020. The Company has provided for losses that are both probable and reasonably estimable at September 30, 2021.

Non-interest income decreased \$202,000 to \$251,000 for the three months ended September 30, 2021 compared to \$453,000 for the three months ended September 30, 2020 as a result of a decrease in gain on sale of loans. Non-interest income decreased \$37,000, or 3.6%, primarily due to a decrease in gain on sale of investments offset by an increase in gain on sale of loans to remain at \$1.0 million for the nine months ended September 30, 2021 and for the nine months ended September 30, 2020.

Non-interest expense decreased \$93,000, or 5.2%, to \$1.7 million for the three months ended September 30, 2021 from \$1.8 million for the three months ended September 30, 2020 primarily as a result of a decrease in salaries, director fees and employee benefits. Non-interest expense increased \$179,000, or 3.3%, to \$5.6 million for the nine months ended September 30, 2021 from \$5.4 million for the nine months ended September 30, 2020 primarily due to an increase in provision for costs and losses on foreclosed real estate due to the sale of foreclosed real estate during the nine months ended September 30, 2021 resulting in a loss of \$173,000.

Joseph Solomon, President of the Company, stated: “Our third quarter results were achieved through a strong effort from all of our dedicated employees. We remain focused on ensuring a strong organization for our stockholders, our employees and our customers. Our regulatory capital ratios and our asset quality metrics continue to exceed industry standards.”

Chesapeake Bank currently serves the Baltimore, Maryland metropolitan area through four banking offices, with two locations in Baltimore County, one location in Anne Arundel County and one location in Harford County.

This press release contains statements that are forward looking, as that term is defined by the Private Securities Litigation Reform Act of 1995 or the Securities and Exchange Commission in its rules, regulations and releases. The Company intends that such forward-looking statements be subject to the safe harbors created thereby.

This press release and future press releases, as well as other information regarding the Company, can be viewed at our Company’s website at www.chesapeakebank.com

CBM Bancorp, Inc.
Consolidated Statements of Financial Condition
September 30, 2021 (Unaudited) and December 31, 2020

	September 30, 2021	December 31, 2020
Assets	(Unaudited)	
Cash and due from banks	\$ 1,159,453	\$ 799,120
Interest-bearing deposits in other banks	61,382,431	46,808,842
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Cash and cash equivalents	62,541,884	47,607,962
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Time deposits in other banks	5,951,888	6,447,853
Securities available for sale, at fair value	21,333,727	16,543,524
Federal Home Loan Bank stock, at cost	329,900	410,900
Loans held for sale	1,249,087	6,073,782
Loans, net of unearned fees	152,006,566	150,305,998
Allowance for loan losses	(1,577,216)	(1,727,216)
Net loans	150,429,350	148,578,782
Accrued interest receivable	577,505	605,333
Bank-owned life insurance	4,921,250	4,831,457
Premises and equipment, net	1,665,504	1,753,608
Foreclosed real estate	-	775,000
Deferred income taxes	541,492	856,005
Prepaid expenses and other assets	1,036,492	319,397
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Total assets	<u>\$ 250,578,079</u>	<u>\$ 234,803,603</u>
Liabilities and Stockholders' Equity		
Liabilities		
Noninterest-bearing deposits	\$ 39,848,973	\$ 32,650,939
Interest-bearing deposits	153,711,916	142,129,183
Total deposits	193,560,889	174,780,122
Advances by borrowers for taxes and insurance	579,607	431,089
Federal Home Loan Bank advances	5,000,000	5,000,000
Accounts payable and other liabilities	2,496,478	1,029,677
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Total liabilities	201,636,974	181,240,888
Stockholders' Equity		
Preferred stock, \$.01 par value; authorized 1,000,000 shares; none issued	-	-
Common stock, \$.01 par value; authorized 24,000,000 shares; issued and outstanding 3,521,814 shares at September 30, 2021 and 3,690,633 shares at December 31, 2020	35,218	36,906
Additional paid in capital	32,560,234	34,735,278
Retained earnings	19,520,929	22,397,154
Unearned common stock held by:		
Employee Stock Ownership Plan	(2,116,000)	(2,369,920)
2019 Equity Incentive Plan	(1,459,134)	(1,908,570)
Accumulated other comprehensive income	399,858	671,867
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Total stockholders' equity	48,941,105	53,562,715
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Total liabilities and stockholders' equity	<u>\$ 250,578,079</u>	<u>\$ 234,803,603</u>

CBM Bancorp, Inc.
Consolidated Statements of Operations (Unaudited)
Three and Nine Months Ended September 30, 2021 and 2020

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2021	2020	2021	2020
Interest and dividend income				
Interest and fees on loans	\$ 1,805,617	\$ 1,882,330	\$ 5,435,241	\$ 5,827,693
Interest and dividends on investments	179,117	220,289	524,173	794,116
Total interest income	1,984,734	2,102,619	5,959,414	6,621,809
Interest expense				
Interest on deposits	275,172	351,986	883,770	1,076,092
Interest on borrowings	12,075	17,776	35,831	53,937
Total interest expense	287,247	369,762	919,601	1,130,029
Net interest income	1,697,487	1,732,857	5,039,813	5,491,780
(Reversal of) provision for loan losses	(50,000)	25,000	(150,000)	350,000
Net interest income after (reversal of) provision for loan losses	1,747,487	1,707,857	5,189,813	5,141,780
Non-interest income				
Service fees on deposit accounts	27,678	23,569	80,867	81,774
Income from bank-owned life insurance	53,380	51,471	89,793	89,117
Gain on sale of loans held for sale	134,664	341,450	721,225	628,268
Gain on sale of investment securities	-	-	-	143,223
Other non-interest income	35,448	36,340	110,391	96,789
Total non-interest income	251,170	452,830	1,002,276	1,039,171
Non-interest expense				
Salaries, director fees and employee benefits	1,095,062	1,164,394	3,491,466	3,510,758
Premises and equipment	114,933	109,045	340,156	320,426
Data processing	150,820	143,430	447,310	427,848
Professional fees	147,536	141,519	411,341	389,172
FDIC premiums and regulatory assessments	28,594	24,662	86,777	57,836
Marketing	3,943	19,887	59,317	49,204
Provision for losses and costs on foreclosed real estate	-	3,820	181,974	81,810
Other operating expenses	160,070	187,536	530,231	532,097
Total non-interest expense	1,700,958	1,794,293	5,548,572	5,369,151
Income before income taxes	297,699	366,394	643,517	811,800
Income tax expense	90,000	115,552	209,811	256,579
Net income	\$ 207,699	\$ 250,842	\$ 433,706	\$ 555,221
Earnings per common share				
Basic	\$ 0.06	\$ 0.07	\$ 0.13	\$ 0.15
Diluted	\$ 0.06	\$ 0.07	\$ 0.13	\$ 0.15