



COMMUNITY BANKERS

B A N K

Resourceful. Responsive. Reliable.

CB Solutions

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The Excess Balance Account: Your Ally in a Low Interest Rate Environment

Q: Are higher yields available on your bank's overnight Fed Funds Investments?

A: Community Bankers' Bank ("CBB") offers its clients access to daily yields which exceed market rates by a substantial margin through an Excess Balance Account ("EBA"). An EBA is a limited-purpose account at the Federal Reserve Bank for maintaining the cash balances of institutions that are eligible to earn interest. This account is managed by CBB as agent on behalf of your bank. Community Bankers' Bank is the only bankers' bank with an EBA serviced by the Federal Reserve Bank of Richmond.

The benefits of enrolling in CBB's EBA program include:

- **A higher yield on overnight Fed Funds investments**—By combining CBB's EBA Program with our existing Agency Fed Funds Program, you will receive a higher average yield on your overnight funds.
- **Improved capital ratios**—A zero percent risk-weighting is assigned to the portion of your overnight investments that is placed at the Fed in a CBB EBA account.
- **Greater risk diversification**— Your overnight fed funds investment risk is presently diversified by allocating funds to a large number of banks. A participating bank's balance in the CBB EBA represents a direct liability of the Federal Reserve Bank, thereby further diversifying investment risk.
- **Reduction of Correspondent Concentration Risk Exposure**—A quarterly analysis report is issued by CBB to better enable your bank to monitor potential correspondent concentrations. By participating in the EBA program, your bank's concentration exposure is greatly improved.
- **Daily Interest Credit**—Interest is paid daily to CBB client banks. Statements showing your daily EBA investment and interest are delivered through CBLink, our proprietary online communication system.
- **Next Day Availability of Funds**—Funds invested in an EBA have the same next day availability as your current overnight Fed Funds investments.

Financial institutions may designate only one agent bank for this service. Only participants in the CBB Agency Fed Funds/EBA program will realize these enhanced earnings, reduced risk exposure, and capital ratio benefits.

For more information, contact your Customer Relationship Manager.

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