PRELIMINARY DRAFT – OPEN FOR REVIEW AND DISCUSSION ONLY

Trust Fund of State Bankers Association Master Defined Contribution Plan and Trust

Financial Report

December 31, 2023

BROWN EDWARDS
certified public accountants

Trust Fund of State Bankers Association
Master Defined Contribution Plan and Trust

Contents

Financial Statements

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Independent Auditor's Report

To the Virginia Bankers Association Audit Committee of the Board of Directors
Trust Fund of State Bankers Association
Master Defined Contribution Plan and Trust
Glen Allen, Virginia

Opinion

We have audited the accompanying financial statements of Trust Fund of State Bankers Association Master Defined Contribution Plan and Trust (the "Trust Fund"), which comprise the statement of net assets and trust balance as of December 31, 2023, and the related statement of changes in net assets and trust balance for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets and trust balance of the Trust Fund as of December 31, 2023, and the changes in its net assets and trust balance for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Trust Fund of State Bankers Association Master Defined Contribution Plan and Trust and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Trust Fund of State Bankers Association Master Defined Contribution Plan and Trust's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Management is also responsible for maintaining a current trust fund instrument, including all trust fund amendments, administering the trust fund, and determining that the trust fund's transactions that are presented and disclosed in the financial statements are in conformity with the trust fund's provisions.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust Fund of State Bankers Association Master Defined Contribution Plan and Trust's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Trust Fund of State Bankers Association Master Defined Contribution Plan and Trust's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matter - Form of Financial Statements

The accompanying financial statements are those of the Trust Fund of State Bankers Association Master Defined Contribution Plan and Trust, which are established under the Trust Fund of State Bankers Association Master Defined Contribution Plan and Trust and its health and welfare plans (the "Plans"); these financial statements do not purport to present the financial status of the Plans and do not contain certain information on benefit obligations and other disclosures necessary for a fair presentation of the financial status of the Plans in accordance with accounting principles generally accepted in the United States of America. Further, these financial statements do not purport to satisfy the Department of Labor's

Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 relating to the financial statements of employee benefit plans.

Other Matter - Auditor's Report on the 2022 Financial Statements

The December 31, 2022 financial statements of the Trust Fund of State Bankers Association Master Defined Contribution Plan and Trust were audited by predecessor auditors. Their report, dated June 13, 2023, expressed an unmodified opinion on those statements.

CERTIFIED PUBLIC ACCOUNTANTS

Harrisonburg, Virginia
___________, 2024

Financial Statements

Trust Fund of State Bankers Association Master Defined Contribution Plan and Trust

Statements of Net Assets and Trust Balance

December 31, 2023 and 2022

	2023	2022
ASSETS		
Cash	$ 785,490	$ 578,474
Investments, at fair value (Note 3)	402,973,597	306,418,361
	403,759,087	306,996,835
Receivables		
Notes receivable from participants	3,985,235	3,365,301
Total assets	$ 407,744,322	$ 310,362,136
NET ASSETS		
Total net assets and trust balance	$ 407,744,322	$ 310,362,136

Trust Fund of State Bankers Association Master Defined Contribution Plan and Trust

Statements of Changes in Net Assets and Trust Balance

Years Ended December 31, 2023 and 2022

	2023	2022
ADDITIONS TO (DEDUCTIONS FROM) NET ASSETS AND TRUST BALANCE ATTRIBUTED TO:		
Investment income (loss)		
Net appreciation (depreciation) in fair value of investments	$ 50,507,627 ✓	$ (58,164,131)
Interest and dividends	3,451,679 ✓	5,339,852
Total investment income (loss)	53,959,306	(52,824,279)
Interest income on notes receivable from participants	207,670 ✓	134,066
Contributions		
Participants	20,280,464 ✓	17,442,773
Employer	12,586,777 ✓	11,934,886
Other additions		
Tranfers from other plans	49,239,139 ✓	29,883,641
Rollovers from other custodians	2,502,738 ✓	2,251,490
Total additions	138,776,094	8,822,577
DEDUCTIONS FROM NET ASSETS ATTRIBUTED TO:		
Benefits paid to participants	39,906,796 ✓	24,453,047
Investment fees	1,487,112 ✓	1,292,700
Plan terminations and tranfers to other plans	-	7,366,580
Total deductions	41,393,908	33,112,327
Net increase (decrease)	97,382,186	(24,289,750)
NET ASSETS AND TRUST BALANCE		
Beginning of year	310,362,136 ✓	334,651,886
End of year	✓ $ 407,744,322	$ 310,362,136

Note 1 – Trust Fund Description

Trust Fund of State Bankers Association Master Defined Contribution Plan and Trust ("Trust Fund") is sponsored by the Virginia Bankers Association Benefits Corporation ("Benefits Corporation"). Benefits Corporation is a wholly-owned subsidiary of the Virginia Bankers Association ("VBA"), the trade association for the banking industry in Virginia. The Trust Fund holds the assets of defined contribution plans ("Plans") for members ("Employers") of the VBA or other state bankers association, each of which have adopted the Benefits Corporation's prototype plan. Under the terms of the prototype plan, the Trust Fund was established to receive the contributions from the Employers and their employees (also referred to herein as participants). The accounting records of the Trust Fund are maintained separately from those of the VBA, the Benefits Corporation and from all other Trusts sponsored by the Benefits Corporation.

SageView Advisory Group is the 3(38) Fiduciary ("Fiduciary"). Voya Institutional Trust Company ("Voya") serves as Directed Trustee and Custodian. Voya is also the recordkeeper and administrator.

Contributions to the Trust Fund are determined in accordance with the options selected by Employers under the Adoption Agreement of the Master Prototype. Employee contributions are made under the 401(k) features of the Plans. All payments from the Trust Fund are made in accordance with the written instructions and directions of the administrator of each Employer's Plan.

Terms of the individual Plans vary from Employer to Employer and comply with the Employee Retirement Income Security Act of 1974 (ERISA). Each individual Employer has various options regarding the form of its Plan relating to eligibility, contributions, forfeitures, vesting provisions, benefits, interfund transfers, and terminations, among others. Various Employers have elected to allow participants to obtain loans from their individual account balances. Certain Employers have elected to allow participants to invest in the applicable Employer's common stock ("Employer Stock Fund"). Employers and participants should refer to individual plan documents for specific Plan provisions.

Note 2 – Significant Accounting Policies

Basis of Accounting

The financial statements of the Trust Fund are prepared using the accrual method of accounting in conformity with accounting principles generally accepted in the United States of America ("GAAP") as determined by the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC").

General

The accompanying financial statements are those of the Trust Fund and do not purport to present the aggregate financial status of the Plans. Furthermore, the financial statements are not designed to be in compliance with the U.S. Department of Labor's (DOL) Rules and Regulations for Reporting and Disclosures under the Employee Retirement Income Security Act of 1974 (ERISA) relating to the financial statements of employee benefit plans. Individual Employers may be required to have separate audits performed of their respective Plans to comply with required reporting and disclosure requirements.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results may differ from those estimates.

Cash and Cash Equivalents

The Trust Fund considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Investment Valuation and Income Recognition

The Trust Fund's investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The cash investments and participant loans are valued at cost, which approximates market. Interest is recorded when earned. Dividends are recorded on the ex-dividend date. Purchases and sales of securities and units in mutual funds are recorded as of the trade date. Net realized and unrealized appreciation (depreciation) includes the Trust Fund's gains and losses on investments bought and sold as well as held during the period. See Note 3 for discussion of fair value measurements.

Due to limitations in Voya's reporting system, income earnings from realized gains and losses and unrealized gains and losses are not recorded separate from asset transactions. Therefore, realized gains and losses and unrealized gains and losses are combined into one account reported as net appreciation (depreciation) in fair value of investments on the statement of changes in net assets and trust balance.

Risks and Uncertainties

The Trust Fund invests in pooled bond and equity funds, common stock and collective trust funds. Investments are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect account balances and the amounts reported in the Statements of Net Assets and Trust Balance.

Contributions

Contributions are recognized based on the provisions of the Plans. The amounts are recorded when received.

Notes from participants

Participants of the Plans may borrow from their accounts based on the provisions of the Plans. The notes are secured by the balance in the participant's account and bear interest at a reasonable rate.

Transfers from Other Plans

During 2023 and 2022, two and three Employers joined the Plan, respectively. This is shown as Transfers from other plans on the Statement of Changes in Nets Assets and Trust Balance. ✓

Last year's report says 3

Rollovers from Other Custodians

Participants of the Plans may rollover their balances from other custodians based on the provisions of the Plans. Rollovers are recorded when received.

Benefits Paid to Participants

Benefit payments to participants are recognized when paid.

Administrative Expenses

The Trust Fund and participating Employers pay administrative expenses. Fees paid by the Trust Fund consist of administrative, management and Trustee fees not reimbursed by Employers.

Plan Terminations and Transfers to Other Plans

During 2022, one participating Employer terminated with the Plan, with net assets associated with this Plan transferred out during 2022. The transfers are shown as Plan termination and transfers to other plans on the 2022 Statement of Changes in Nets Assets and Trust Balance. During 2023, no participating Employers terminated their plans.

Subsequent Events

Evaluation of subsequent events was considered through _________, 2024, the date the financial statements were available to be issued.

Note 3 – Fair Value Measurements

The Trust Fund's investments are reported at fair value in the accompanying statements of net assets and trust balance. The methods used to measure fair value may produce an amount that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Plan believes its valuation methods are appropriate and consistent with those of other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value at the reporting date.

The fair value measurement accounting literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority; Level 2 inputs consist of observable inputs other than quoted prices for identical assets; and Level 3 inputs consist of unobservable inputs and have the lowest priority. The Trust Fund uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Plan measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value.

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2023 and 2022. Classification within the fair value hierarchy table is based on the lowest level of any input that is significant to the fair value measurement.

PRELIMINARY DRAFT – OPEN FOR REVIEW AND DISCUSSION ONLY

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Master Defined Contribution Plan and Trust
Notes to Financial Statements
December 31, 2023

	Fair Value Measurements at Reporting Date Using:	
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)
December 31, 2023		
Pooled bond funds:		
Intermediate	$ 13,886,827 ✓	$ 13,886,827
Pooled equity funds:		
Large U.S. equity	45,130,110 ✓	45,130,110
Small/mid U.S. equity	49,533,074 ✓	49,533,074
International equity	13,346,942 ✓	13,346,942
Other	2,273,744 ✓	2,273,744
Common stock, financial services industry	3,468,557 ✓	3,468,557
Total assets in the fair value hierarchy	127,639,254	127,639,255
Investments measured at NAV [(a)]	275,334,343 ✓	
Investments at fair value	**$ 402,973,597**	
December 31, 2022		
Pooled bond funds:		
Intermediate	$ 8,033,763 ✓	$ 8,033,763
Pooled equity funds:		
Large U.S. equity	41,706,683 ✓	41,706,683
Small/mid U.S. equity	16,490,424 ✓	16,490,424
International equity	8,049,592 ✓	8,049,592
Other	1,604,696 ✓	1,604,696
Common stock, financial services industry	3,653,109 ✓	3,653,109
Total assets in the fair value hierarchy	79,538,267	79,538,267
Investments measured at NAV [(a)]	226,880,094 ✓	
Investments at fair value	**$ 306,418,361** ✓	

[(a)] In accordance with Subtopic 820-10, certain investments that were measured at net asset value per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the statements of net assets available for benefits.

Level 1 Fair Value Measurements

The fair values of pooled bond funds, pooled equity funds and common stocks are valued at the closing price reported on the active market on which the individual securities are traded.

Trust Fund of State Bankers Association
Master Defined Contribution Plan and Trust
Notes to Financial Statements
December 31, 2023

Investments Measured Using the Net Asset Value per Share Practical Expedient

The following table summarizes investments for which fair value is measured using the NAV per share practical expedient as of December 31, 2023 and 2022.

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
December 31, 2023				
Common collective trust – stable value	$ 29,017,462	None	Daily	12 months
Other common collective trust funds	$ 246,316,881	None	Daily	None
December 31, 2022				
Common collective trust – stable value	$ 31,599,391	None	Daily	12 months
Other common collective trust funds	$ 195,280,703	None	Daily	None

Note 4 – Related Party Transactions

Various affiliates of the VBA participate in the Trust Fund. Contributions received by the Trust Fund from affiliates of the VBA were as follows for the years ended December 31:

	2023	2022
Virginia Bankers Association	$ 422,984	$ 377,500
Virginia Title Center, L.L.C.	169,403	154,288
Bankers Title, L.L.C.	73,448	54,851
Bankers Title Shenandoah, L.L.C.	49,491	47,473
West Virginia Bankers Title, L.L.C.	39,582	40,993
Bankers Insurance, L.L.C.	-	2,887,014
Total	**$ 754,908**	**$ 3,562,119**

The Trust Fund paid the Benefits Corporation $751,001 and $616,144 in fees for 2023 and 2022, respectively. The Trust Fund paid Voya and Voya Institutional Trust Company $636,112 and $578,597 for 2023 and 2022, respectively, for custodian directed trustee, administrative, and recording expenses. The Trust Fund paid SageView Advisory Group, the 3(38) Fiduciary, $100,000 and $97,959 in fees for 2023 and 2022, respectively.

Note 5 – Income Tax Status

The Trust Fund has received a letter from the Internal Revenue Service (IRS) dated June 30, 2020 stating that its master prototype plan is qualified and tax exempt under the applicable sections of the *Internal Revenue Code (IRC)*. The master prototype has been amended since the date of the IRS letter. However, the Trust Fund is currently being operated in compliance with the applicable requirements of the *IRC*.

The Trust Fund is exempt from federal income taxes under Section 501(c)(9) of the IRC; accordingly the accompanying financial statements do not reflect a provision or liability for federal and state income taxes. The Trust Fund has determined that it does not have any material unrecognized tax benefits or obligations as of December 31, 2023 and 2022. The Trust Fund is not required to file a tax return.