

Citizens Bancorp of Virginia, Inc.

PRESS RELEASE - FOR IMMEDIATE DISTRIBUTION

Dated: October 20, 2023

Record Earnings Reported by Citizens Bancorp of Virginia, Inc.

Blackstone, Virginia Citizens Bancorp of Virginia, Inc. (the "Company") (OTCBB: CZBT), the parent company of Citizens Bank and Trust Company (the "Bank"), reported record earnings for the first nine months of 2023. The Company reported earnings of \$6.966 million, or \$3.28 per share, for the first nine months of 2023, compared to \$5.435 million, or \$2.55 per share, for the first nine months of 2022. The Company reported earnings of \$2.413 million, or \$1.14 per share, for the quarter ended September 30, 2023 compared to \$2.199 million or \$1.03 per share, for the same period in 2022. The Company's return on assets for the third quarter of 2023 was 1.74%, versus 1.49% in 2022.

Earnings Highlights

The Company reported an increase of \$443 thousand, or 9.6%, in net interest income for the third quarter of 2023 compared to the same quarter in 2022. Interest income increased in all asset categories due to the significant increase in rates. Noninterest income increased by \$241 thousand from \$740 thousand in 2022 to \$981 thousand for the third quarter of 2023.

Noninterest expense increased \$319 thousand to \$3.096 million in the third quarter of 2023 from \$2.777 million in 2022. The majority of this increase was due to decreased gains on the sale of Other Real Estate Owned (OREO) compared to 2022. The Company strategically sold a substantial portion of its OREO properties in 2022 due to the strong real estate market. In addition, salaries and employee benefits expense increased for the third quarter of 2023 compared to the same time period of 2022 due to filled workforce vacancies and normal merit based salary increases.

The Company's net interest margin for the third quarter of 2023 was 3.78% versus 3.31% in the third quarter of 2022, as the Company continues to benefit from a higher rate environment while remaining disciplined on managing funding costs.

Balance Sheet

At September 30, 2023 total Company assets were \$548.0 million, a decrease of \$26.0 million from December 31, 2022. Gross loans ended the period at \$243.7 million, an increase of \$19.4 million from December 31, 2022. Total deposits decreased \$24.4 million to \$488.1 million from \$512.5 million at year end 2022. Interest-bearing and noninterest-bearing deposits decreased from \$382.5 million to \$367.1 million and \$129.9 million to \$120.9 million, respectively. Management anticipated a reduction in deposits as a result of dwindling stimulus funds and slowing economic conditions and has positioned the balance sheet to absorb the decline. Total stockholders' equity increased from \$49.8 million on December 31, 2022 to \$51.7 million on September 30, 2023.

Capital Strength

The Company's Community Bank Leverage Ratio was approximately 13.08%. This ratio significantly exceeds the current regulatory standards for well-capitalized status.

Credit Quality

The Bank's loan portfolio continues to perform well and remains stable. At September 30, 2023 Other Real Estate Owned (OREO) decreased to \$656 thousand, or by 41.2%, from December 31, 2022. Nonaccruing loans as a percentage of loans at September 30, 2023 remained flat at .01%.

The Company's President and CEO Joseph D. Borgerding commented, "Management is pleased to report that Citizens Bank & Trust Company had record earnings of \$6.966 million for the first nine months of 2023, which is an increase of 28% from last year. Higher interest income on all assets has contributed to the Bank's strong earnings. Management continues to be pleased with quality loan growth year to date of \$19.4 million, or 8.65%."

About Citizens Bancorp of Virginia, Inc. and Citizens Bank and Trust Company

Citizens Bank and Trust Company was founded in 1873 and is the second oldest independent bank in Virginia. The Bank has eleven locations in the Counties of Amelia, Chesterfield, Nottoway, Mecklenburg, Powhatan and Prince Edward and one location in the City of Colonial Heights, Virginia. The Bank also operates a loan production office in Goochland, Virginia. Citizens Bancorp of Virginia, Inc. is the parent company of the Bank and is headquartered in Blackstone, Virginia. The Company's stock trades on the OTC Bulletin Board under the symbol "CZBT". Additional information on the Company and the Bank is also available at its website: www.cbtva.com.

Cautionary Statement about Forward-Looking Statements

We caution you that certain statements in this release may constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Although we believe that our expectations with respect to these forward-looking statements are based upon reasonable assumptions within the bounds of our business operations, there can be no assurance that the actual results, performance or achievements of the Company will not differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements. For more details on factors that could affect expectations, see the Company's Annual Report for the year ended December 31, 2022.

CITIZENS BANCORP OF VIRGINIA, INC. AND SUBSIDIARY
Consolidated Balance Sheets
(Dollars in thousands, except share data)

Assets	(Unaudited) September 30, 2023	December 31, 2022
	2023	2022
Cash and due from banks	\$ 6,687	\$ 8,708
Interest-bearing deposits in banks	223	316
Federal funds sold	45,080	73,728
Securities available for sale, at fair market value	221,476	235,567
Restricted securities, at cost	558	440
Loans, net of allowance for loan losses of \$2,821 in 2023 and \$2,240 in 2022	240,888	222,060
Premises and equipment, net	7,870	8,190
Accrued interest receivable	2,218	2,097
Other assets	6,724	5,707
Bank-owned life insurance	15,621	16,076
Other real estate owned, net of valuation allowance of \$0 in 2023 and \$58 in 2022	656	1,116
	\$ 548,001	\$ 574,005
Liabilities and Stockholders' Equity		
Liabilities		
Deposits:		
Noninterest-bearing	\$ 120,948	\$ 129,924
Interest-bearing	367,145	382,553
Total deposits	488,093	512,477
Other borrowings	2,546	8,500
Accrued interest payable	968	215
Accrued expenses and other liabilities	4,721	2,970
Total liabilities	496,328	524,162
Stockholders' Equity		
Preferred stock, \$0.50 par value; authorized 1,000,000 shares; none outstanding	-	-
Common stock, \$0.50 par value; authorized 10,000,000 shares; issued and outstanding, 2,123,863 for 2023 and 2,125,613 for 2022	1,062	1,063
Additional paid-in capital	-	-
Retained earnings	71,482	66,718
Accumulated other comprehensive loss	(20,871)	(17,938)
Total stockholders' equity	51,673	49,843
Total liabilities and stockholders' equity	\$ 548,001	\$ 574,005

CITIZENS BANCORP OF VIRGINIA, INC. AND SUBSIDIARY
Consolidated Statements of Income
(Dollars in thousands, except per share data)

	Three Months Ended September 30, (Unaudited)		Nine Months Ended September 30, (Unaudited)	
	2023	2022	2023	2022
Interest and Dividend Income				
Loans, including fees	\$ 3,653	\$ 2,960	\$ 10,341	\$ 8,911
Investment securities:				
Taxable	1,498	1,193	4,552	2,602
Tax-exempt	67	47	204	130
Federal funds sold	584	661	1,945	1,025
Other	9	3	27	14
Total interest and dividend income	5,811	4,864	17,069	12,682
Interest Expense				
Deposits	750	246	1,720	741
Borrowings	1	1	4	8
Total interest expense	751	247	1,724	749
Net interest income	5,060	4,617	15,345	11,933
Provision for (recovery of) loan losses	23	(160)	45	(520)
Net interest income after provision for loan losses	5,037	4,777	15,300	12,453
Noninterest Income				
Service charges on deposit accounts	172	179	485	506
Net loss on disposition of land, premises and equipment	-	-	(11)	-
Net gain on calls of securities	-	-	-	1
Net gain on sales of loans	27	19	46	139
Income from bank-owned life insurance	436	117	669	324
Interchange income, net	224	236	725	745
Other	122	189	335	593
Total noninterest income	981	740	2,249	2,308
Noninterest Expense				
Salaries and employee benefits	1,925	1,904	5,597	5,335
Net occupancy expense	179	172	531	497
Equipment expense	125	133	378	393
FDIC deposit insurance	63	46	193	125
Net gain on sale of other real estate owned	(13)	(242)	(85)	(543)
OREO expenses, net of rental income	5	22	22	71
Other	812	742	2,325	2,122
Total noninterest expense	3,096	2,777	8,961	8,000
Income before income taxes	2,922	2,740	8,588	6,761
Income taxes	509	541	1,622	1,326
Net income	\$ 2,413	\$ 2,199	\$ 6,966	\$ 5,435
Earnings per share, basic & diluted	\$ 1.14	\$ 1.03	\$ 3.28	\$ 2.55

CITIZENS BANCORP OF VIRGINIA, INC. AND SUBSIDIARY
Consolidated Regulatory Capital Ratios
And Performance Ratios

(Dollars in thousands, except per share data)

	Three Months Ended				
	September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022
Per Share Data:					
Earnings per weighted average share	\$1.14	\$1.07	\$1.08	\$1.28	\$1.03
Weighted average shares outstanding	2,123,863	2,124,234	2,125,102	2,126,102	2,127,757
Actual shares outstanding	2,123,863	2,123,863	2,124,613	2,125,613	2,126,238
Book value per share at period end	\$ 24.33	\$ 25.12	\$ 25.37	\$ 23.45	\$ 21.71
Dividend per share	\$ 0.27	\$ 0.27	\$ 0.26	\$ 0.26	\$ 0.26
Performance Ratios:					
Return on average assets	1.74%	1.62%	1.65%	1.87%	1.49%
Net interest margin, (FTE) ¹	3.78%	3.81%	3.83%	3.75%	3.31%
Efficiency ratio ²	51.10%	51.01%	50.21%	49.48%	51.72%
Capital and Other Ratios:					
(Ratios are period end, unless stated otherwise)					
Tier 1 leverage ratio	13.08%	12.50%	12.15%	11.70%	11.19%
Allowance for loan losses to total loans	1.16%	1.16%	1.20%	1.00%	1.04%
Nonaccruing loans to total loans	0.01%	0.02%	0.01%	0.00%	0.01%
Net charge-offs (net recoveries) to average loans (annualized)	0.00%	0.01%	-0.03%	0.03%	-0.03%

¹ The net interest margin is reported on a fully taxable equivalent basis.

² Computed by dividing noninterest expense by the sum of net interest income (on a fully taxable equivalent basis) and noninterest income.

CONTACT: Lisa H. Whitehead
SVP and Controller
Voice: 434-292-8100 or E-mail: Lisa.Whitehead@cbtva.com
