

Citizens Bancorp of Virginia, Inc.

PRESS RELEASE - FOR IMMEDIATE DISTRIBUTION

Dated: July 19, 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 six months of 2023. The Company reported earnings of \$4.553 million, or \$2.14 per share, for the first six months of 2023, compared to \$3.236 million, or \$1.52 per share, for the first six months of 2022. The Company reported earnings of \$2.265 million, or \$1.07 per share, for the quarter ended June 30, 2023 compared to \$1.859 million or \$.87 per share, for the same period in 2022. The Company's return on assets for the second quarter of 2023 was 1.62%, versus 1.28% in 2022. As a result of this strong performance, the Board of Directors voted to increase the quarterly dividend from \$0.26 to \$0.27 per share.

Earnings Highlights

The Company reported an increase of \$1.258 million, or 32.3%, in net interest income for the second 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 decreased by \$200 thousand from \$838 thousand in 2022 to \$638 thousand for the second quarter of 2023 primarily from the decline in gains on the sale of secondary market loans and a decline in other noninterest income.

Noninterest expense increased \$387 thousand to \$2.960 million in the second quarter of 2023 from \$2.573 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 second 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 second quarter of 2023 was 3.81% versus 2.81% in the second quarter of 2022, as the Company continues to benefit from a higher rate environment while remaining disciplined on managing funding costs.

Balance Sheet

At June 30, 2023 total Company assets were \$554.1 million, a decrease of \$19.9 million from December 31, 2022. Gross loans ended the period at \$242.0 million, an increase of \$17.7 million from December 31, 2022. Total deposits decreased \$17.9 million to \$494.6 million from \$512.5 million at year end 2022. Interest-bearing and noninterest-bearing deposits decreased from \$382.5 million to \$369.6 million and \$129.9 million to \$124.9 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 \$53.3 million on June 30, 2023.

Capital Strength

The Company's Community Bank Leverage Ratio was approximately 12.50%. 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 June 30, 2023 Other Real Estate Owned (OREO) decreased to \$683 thousand, or by 38.8%, from December 31, 2022. Nonaccruing loans as a percentage of loans at June 30, 2023 remained flat at a very low .02%.

The Company's President and CEO Joseph D. Borgerding commented, "Management is pleased to report that Citizens Bank & Trust Company had strong second quarter earnings for 2023, exceeding last year's second quarter earnings by 21%, or \$406 thousand, primarily as a result of higher interest income on securities, loans, and overnight investments. Management continues to be pleased with quality loan growth year to date of \$17.7 million, or 7.91%. Given the Bank's strong capital position and consistent earnings, the Board of Directors approved an increase in the quarterly dividend from \$0.26 to \$0.27 per share, or from \$1.04 to \$1.08 on an annual basis."

"Over the past six years, the Board of Directors and Executive Management have diligently worked to implement an executive succession plan to ensure a seamless transition of bank leadership. Having reached the final stages of the process with a strong management team in place and poised to move the Bank forward, I plan to retire at the end of the year and look forward to having more time for family, friends and hobbies. Leading such a highly respected institution has been my honor and I am proud that we have consistently delivered strong performance while maintaining an unwavering commitment to our customers, communities, employees, and shareholders."

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) June 30, 2023	December 31, 2022
Cash and due from banks	\$ 6,905	\$ 8,708
Interest-bearing deposits in banks	329	316
Federal funds sold	44,146	73,728
Securities available for sale, at fair market value	230,157	235,567
Restricted securities, at cost	443	440
Loans, net of allowance for loan losses of \$2,798 in 2023 and \$2,240 in 2022	239,251	222,060
Premises and equipment, net	8,008	8,190
Accrued interest receivable	2,044	2,097
Other assets	5,805	5,707
Bank-owned life insurance	16,308	16,076
Other real estate owned, net of valuation allowance of \$0 in 2023 and \$58 in 2022	683	1,116
Total assets	\$ 554,079	\$ 574,005
Liabilities and Stockholders' Equity		
Liabilities		
Deposits:		
Noninterest-bearing	\$ 124,934	\$ 129,924
Interest-bearing	369,623	382,553
Total deposits	494,557	512,477
Other borrowings	1,417	8,500
Accrued interest payable	558	215
Accrued expenses and other liabilities	4,198	2,970
Total liabilities	500,730	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	69,642	66,718
Accumulated other comprehensive loss	(17,355)	(17,938)
Total stockholders' equity	53,349	49,843
Total liabilities and stockholders' equity	\$ 554,079	\$ 574,005

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

	Three Months Ended June 30, (Unaudited)		Six Months Ended June 30, (Unaudited)	
	2023	2022	2023	2022
Interest and Dividend Income				
Loans, including fees	\$ 3,444	\$ 2,935	\$ 6,688	\$ 5,951
Investment securities:				
Taxable	1,516	860	3,054	1,409
Tax-exempt	68	42	137	83
Federal funds sold	673	297	1,361	364
Other	9	5	18	11
Total interest and dividend income	5,710	4,139	11,258	7,818
Interest Expense				
Deposits	562	247	970	495
Borrowings	1	3	3	7
Total interest expense	563	250	973	502
Net interest income	5,147	3,889	10,285	7,316
Provision for (recovery of) loan losses	7	(160)	22	(360)
Net interest income after provision for loan losses	5,140	4,049	10,263	7,676
Noninterest Income				
Service charges on deposit accounts	149	164	313	327
Net loss on disposition of land, premises and equipment	-	-	(11)	-
Net gain on calls of securities	-	-	-	1
Net gain on sales of loans	7	53	19	120
Income from bank-owned life insurance	117	111	233	207
Interchange income, net	249	286	501	509
Other	116	224	213	404
Total noninterest income	638	838	1,268	1,568
Noninterest Expense				
Salaries and employee benefits	1,847	1,749	3,672	3,431
Net occupancy expense	171	159	352	325
Equipment expense	128	126	253	260
FDIC deposit insurance	65	38	130	79
Net gain on sale of other real estate owned	(12)	(223)	(72)	(301)
OREO expenses, net of rental income	7	27	17	49
Other	754	697	1,513	1,380
Total noninterest expense	2,960	2,573	5,865	5,223
Income before income taxes	2,818	2,314	5,666	4,021
Income taxes	553	455	1,113	785
Net income	\$ 2,265	\$ 1,859	\$ 4,553	\$ 3,236
Earnings per share, basic & diluted	\$ 1.07	\$ 0.87	\$ 2.14	\$ 1.52

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

(Dollars in thousands, except per share data)

	Three Months Ended				
	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022
Per Share Data:					
Earnings per weighted average share	\$1.07	\$1.08	\$1.28	\$1.03	\$0.87
Weighted average shares outstanding	2,124,234	2,125,102	2,126,102	2,127,757	2,128,560
Actual shares outstanding	2,123,863	2,124,613	2,125,613	2,126,238	2,128,263
Book value per share at period end	\$ 25.12	\$ 25.37	\$ 23.45	\$ 21.71	\$ 24.64
Dividend per share	\$ 0.27	\$ 0.26	\$ 0.26	\$ 0.26	\$ 0.25
Performance Ratios:					
Return on average assets	1.62%	1.65%	1.87%	1.49%	1.28%
Net interest margin, (FTE) ¹	3.81%	3.83%	3.75%	3.31%	2.81%
Efficiency ratio ²	51.01%	50.21%	49.48%	51.72%	54.31%
Capital and Other Ratios:					
(Ratios are period end, unless stated otherwise)					
Tier 1 leverage ratio	12.50%	12.15%	11.70%	11.19%	10.92%
Allowance for loan losses to total loans	1.16%	1.20%	1.00%	1.04%	1.14%
Nonaccruing loans to total loans	0.02%	0.01%	0.00%	0.01%	0.01%
Net charge-offs (net recoveries) to average loans (annualized)	0.01%	-0.03%	0.03%	-0.03%	-0.01%

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.

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