

Citizens Bancorp of Virginia, Inc.

PRESS RELEASE - FOR IMMEDIATE DISTRIBUTION

Dated: April 14, 2023

Strong First Quarter 2023 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 a 66% increase in earnings for the first quarter of 2023 compared to the same period in 2022. Earnings were \$2.288 million, or \$1.08 per share, for the period ended March 31, 2023 compared to \$1.377 million or \$.65 per share, for the same period in 2022. The Company's return on assets for the first quarter of 2023 was 1.65%, versus .98% reported for the same period in 2022.

Earnings Highlights

The Company reported an increase of \$1.711 million, or 49.9%, in net interest income for the first 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 \$100 thousand from \$730 thousand in 2022 to \$630 thousand for the first 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 \$255 thousand to \$2.905 million in the first quarter of 2023 from \$2.650 million in 2022, primarily as a result of increased salary and employee benefit expense. The Company's net interest margin for the first quarter of 2023 was 3.83% versus 2.59% in the first quarter of 2022, as the Bank continues to benefit from a higher rate environment while remaining disciplined on managing funding costs.

Balance Sheet

At March 31, 2023 total Company assets were \$575.4 million, an increase of \$1.4 million from December 31, 2022. Gross loans ended the period at \$233.3 million, an increase of \$9 million from December 31, 2022. Total deposits increased \$1.4 million to \$513.9 million from \$512.5 at year end 2022. Interest-bearing and noninterest-bearing deposits increased from \$382.6 million to \$383.6 million and \$129.9 million to \$130.3 million, respectively. Total stockholders' equity increased from \$49.8 million on December 31, 2022 to \$53.9 million on March 31, 2023.

Capital Strength

The Company's Community Bank Leverage Ratio was approximately 12.15%. This ratio significantly exceeds the current regulatory standards for well-capitalized status.

Liquidity

Recent events within the banking industry have resulted in an increased focus on all banks' liquidity and the ability to meet unexpected deposit outflows. Over the last several years government stimulus has added trillions of dollars to the economy resulting in unusual growth in bank deposits. Management has always believed it likely that a portion of this deposit growth would be temporary and thus has maintained increased levels of liquidity. Management strongly believes that its current liquidity position is more than sufficient to meet its needs.

Credit Quality

The Bank's loan portfolio has continued to perform well and remains stable. At March 31, 2023 Other Real Estate Owned (OREO) decreased to \$714 thousand, or by 36%, from December 31, 2022. Nonaccruing loans as a percentage of loans at March 31, 2023 remained flat at a very low .01%.

The Company's President and CEO Joseph D. Borgerding commented, "Management is pleased to report that Citizens Bank & Trust Company had record first quarter earnings for 2023, exceeding last year's first quarter earnings by 66%, or \$911 thousand, primarily as a result of higher interest income on securities, loans, and overnight investments. In light of recent events in the banking sector, customers and shareholders should be reassured that Management continues to take a conservative approach in maintaining strong levels of capital and liquidity. Additionally, this year marks the Bank's 150th Anniversary, and we are extremely proud of our legacy of serving our customers and communities since 1873."

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) March 31, 2023	December 31, 2022
Cash and due from banks	\$ 8,816	\$ 8,708
Interest-bearing deposits in banks	320	316
Federal funds sold	66,755	73,728
Securities available for sale, at fair market value	236,415	235,567
Restricted securities, at cost	443	440
Loans, net of allowance for loan losses of \$2,793 in 2023 and \$2,240 in 2022	230,468	222,060
Premises and equipment, net	8,110	8,190
Accrued interest receivable	2,145	2,097
Other assets	5,051	5,707
Bank-owned life insurance	16,191	16,076
Other real estate owned, net of valuation allowance of \$15 in 2023 and \$58 in 2022	714	1,116
	\$ 575,428	\$ 574,005
Liabilities and Stockholders' Equity		
Liabilities		
Deposits:		
Noninterest-bearing	\$ 130,336	\$ 129,924
Interest-bearing	383,558	382,553
Total deposits	513,894	512,477
Other borrowings	2,962	8,500
Accrued interest payable	340	215
Accrued expenses and other liabilities	4,338	2,970
Total liabilities	521,534	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, 2,124,613 for 2023 and 2,125,613 for 2022	1,062	1,063
Additional paid-in capital	-	-
Retained earnings	67,970	66,718
Accumulated other comprehensive loss	(15,138)	(17,938)
Total stockholders' equity	53,894	49,843
Total liabilities and stockholders' equity	\$ 575,428	\$ 574,005

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

	Three Months Ended	
	March 31,	
	(Unaudited)	
	2023	2022
Interest and Dividend Income		
Loans, including fees	\$ 3,244	\$ 3,016
Investment securities:		
Taxable	1,538	549
Tax-exempt	69	41
Federal funds sold	688	67
Other	9	6
Total interest and dividend income	5,548	3,679
Interest Expense		
Deposits	408	248
Borrowings	2	4
Total interest expense	410	252
Net interest income	5,138	3,427
Provision for (recovery of) loan losses	15	(200)
Net interest income after provision for loan losses	5,123	3,627
Noninterest Income		
Service charges on deposit accounts	164	163
Net loss on disposition of land, premises and equipment	(11)	-
Net gain on calls of securities	-	1
Net gain on sales of loans	12	67
Income from bank-owned life insurance	116	96
Interchange income, net	252	223
Other	97	180
Total noninterest income	630	730
Noninterest Expense		
Salaries and employee benefits	1,825	1,682
Net occupancy expense	181	166
Equipment expense	125	134
FDIC deposit insurance	65	41
Net gain on sale of other real estate owned	(60)	(78)
OREO expenses, net of rental income	10	22
Other	759	683
Total noninterest expense	2,905	2,650
Income before income taxes	2,848	1,707
Income taxes	560	330
Net income	\$ 2,288	\$ 1,377
Earnings per share, basic & diluted	\$ 1.08	\$ 0.65

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

(Dollars in thousands, except per share data)

	Three Months Ended				
	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022
Per Share Data:					
Earnings per weighted average share	\$1.08	\$1.28	\$1.03	\$0.87	\$0.65
Weighted average shares outstanding	2,125,102	2,126,102	2,127,757	2,128,560	2,130,378
Actual shares outstanding	2,124,613	2,125,613	2,126,238	2,128,263	2,129,613
Book value per share at period end	\$ 25.37	\$ 23.45	\$ 21.71	\$ 24.64	\$ 25.72
Dividend per share	\$ 0.26	\$ 0.26	\$ 0.26	\$ 0.25	\$ 0.25
Performance Ratios:					
Return on average assets	1.65%	1.87%	1.49%	1.28%	0.98%
Net interest margin, (FTE) ¹	3.83%	3.75%	3.31%	2.81%	2.59%
Efficiency ratio ²	50.21%	49.48%	51.72%	54.31%	63.59%
Capital and Other Ratios:					
(Ratios are period end, unless stated otherwise)					
Tier 1 leverage ratio	12.15%	11.70%	11.19%	10.92%	10.94%
Allowance for loan losses to total loans	1.20%	1.00%	1.04%	1.14%	1.23%
Nonaccruing loans to total loans	0.01%	0.00%	0.01%	0.01%	0.02%
Net charge-offs (net recoveries) to average loans (annualized)	-0.03%	0.03%	-0.03%	-0.01%	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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