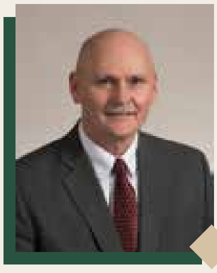
2022
ANNUAL REPORT

CITIZENS BANK & TRUST COMPANY

TABLE OF CONTENTS

SOLID GROWTH
IN LOANS AND DEPOSITS



It is a pleasure to report that Citizens Bank & Trust Company achieved record earnings of $8.162 million for 2022, exceeding last year by $2.535 million, or 45%. The Bank benefited from the rising rate environment through higher interest income on overnight investments and the securities portfolio as well as gains on the sale of Other Real Estate Owned (OREO) and the disposition of the Bank's minority interest in an affiliate. The Bank exceeded $8 million in earnings for the first time in the Bank's history. As a result of this performance the Board of Directors approved an increase in the quarterly dividend in the third quarter from $0.25 to $0.26 per share or from $1.00 to $1.04 per share on an annual basis.

In another positive development, the Board of Directors announced the promotion of Taylor Quicke to President of the Bank and Cetric Gayles to Executive Vice President and Chief Credit Officer. Both of these gentlemen are proven performers and strong leaders who are committed to protecting the values that have guided this Bank since 1873. The Board of Directors and Executive management continue to move forward with the Bank's succession plan as members of senior leadership near retirement.

The Bank experienced solid growth in loans and deposits in 2022, as loans grew by $11.5 million and deposits by $16.7 million. Amelia County and Powhatan County continue to be strong growth markets for the Bank. After strategic analysis of several prospective markets, it was determined that Goochland County had similar characteristics and would be ideal for a loan production office. The Bank's goal is to have a loan production office open by the end of the first quarter of 2023.

The Bank's loan portfolio has continued to perform well and remains stable with nonaccruing loans at less than .01% at year-end 2022 allowing the Bank to reduce the allowance for loan losses by $520 thousand. The strong real estate market has aided the disposition of OREO, decreasing balances by 47% to $1.1 million and generating gains on the sale of OREO of $631 thousand.

As we look ahead, 2023 will be a special year as the Bank celebrates its 150th anniversary. As I was researching our Bank history I came upon a quote from the President to shareholders in the 1886 annual report which states, "*We can have no solid and continued prosperity separate from the community in which we live. It behooves us to foster and encourage home enterprises and industries, and to extend our aid whenever and wherever we properly can.*" These words continue to ring true today and have been key to the long-term success of this institution.

It is always an honor to serve with such a dedicated and talented Board of Directors, management and staff who continue to produce consistent outstanding performance. I would like to thank the Board of Directors, management and staff for another record year which was only possible through the continued support of our shareholders, customers, and communities.

- Joseph D. Borgerding *(President & Chief Executive Officer)*

BOARD OF **DIRECTORS**

Dr. Anne Wells Carr ◆ Joseph D. Borgerding *(President & CEO)** ◆ Charles F. Parker, Jr. *(Chairman)* ◆ Jo Anne Scott Webb ◆ Jeffrey W. Siffert *(Vice Chairman)* ◆ William D. Coleburn ◆ Jerome A. Wilson, III ◆ David H. Gates ◆ E. Walter Newman, Jr. ◆ Timothy R. Tharpe ◆ Norman H. "Trey" Taylor, III

SENIOR **MANAGEMENT**

Joseph D. Borgerding *(Chief Executive Officer)** ◆ Lynn K. Shekleton *(Executive Vice President | Human Resources & Branch Administration)* ◆ Kristie L. Martin-Wallace *(Senior Vice President | Compliance | Credit Review | Risk Management)* ◆ C. Taylor Quicke *(President)** ◆ Geoffrey C. Warner *(Executive Vice President | Chief Financial Officer)* ◆ Cetric A. Gayles *(Executive Vice President | Chief Credit Officer)*

* *Joseph D. Bogerding serves as President and Chief Executive Officer of Citizens Bancorp of Virginia, Inc. and Chief Executive Officer of Citizens Bank & Trust Company. C. Taylor Quicke serves as President of Citizens Bank & Trust Company.*

DUO INSTRUMENTAL TO THE BANK'S SUCCESS

On October 1, 2022, the Bank announced the promotion of C. Taylor Quicke to the position of President and the promotion of Cetric A. Gayles to the position of Executive Vice President and Chief Credit Officer.

TAYLOR **QUICKE**

Joseph D. Borgerding, the Bank's CEO stated, "*Mr. Quicke and Mr. Gayles are strong leaders who have consistently demonstrated an unwavering commitment to the company and communities that we serve. They have been and will continue to be instrumental to the Bank's success.*"

Taylor joined the Bank in 2011 following graduation from Virginia Tech with a Bachelor of Science in Finance. He has served in various roles during his time with the Bank. He most recently served as the Bank's Senior Vice President and Senior Retail Credit Officer.

During his time with the Bank, Taylor has been an active industry advocate serving on several committees of the Virginia Bankers Association. He is a graduate of the Virginia Bankers School of Bank Management at UVA's Darden School of Business. Taylor is a native and current resident of Blackstone.

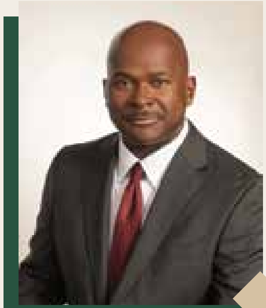
CETRIC **GAYLES**

Taylor states, "*I am humbled by the opportunity to help lead the Bank. The rich history and financial stability of Citizens Bank & Trust Company are the reason we are fortunate to be embarking on our 150th anniversary. We will continue to strive to serve our customers, employees, and shareholders in an exemplary manner.*"

Cetric joined the bank in 2005, and has served as the Senior Vice President and Senior Lender since 2011. He has twenty eight years of lending experience since graduating from Hampden-Sydney College with a Bachelor of Arts in Economics. He has provided invaluable strategic oversight to the credit and lending culture of the Bank. Cetric is a native of Lunenburg County and currently lives in Chesterfield.

Cetric states, "*I am truly grateful for this opportunity and looking forward to contributing to the continued success of this exceptional organization in my new role.*"

REMAINING FOCUSED ON SERVICE EXCELLENCE



Since 1873, Citizens Bank & Trust Company has been steadfast in its commitment to meeting the borrowing needs of local individuals and businesses.

With a deep understanding of the markets we serve, our lending professionals provide a distinctive experience through superior service, responsiveness, and flexibility. They are experts in developing comprehensive solutions tailored to fit unique credit needs and skillfully guiding clients through each step of the loan process.

As we look ahead to the celebration of our 150th anniversary, we remain focused on service excellence and delivering hometown lending solutions to the communities we serve.

- Cetric A. Gayles ***(Executive Vice President, Chief Credit Officer)***

LENDING TEAM

April S. Long
Blackstone Main Office

Brittany A. Madison
Powhatan Office

C. Taylor Quicke
Blackstone Main Office

Gloria F. Robertson
Blackstone Shopping Center

Kay F. Baughan
Crewe & Burkeville Offices

Kimberly N. Gerner
Colonial Heights Office

Krystle R. Connell
South Hill Office

Mary H. Bishop
Blackstone Main Office

Michael R. Lynn III
Blackstone & South Hill

James F. Keller
Powhatan Office

P. Ward Shelton
Chester Office

Rhonda E. Arnold
Farmville Offices

Robin E. Gough
Amelia Office

William J. Collins III
Blackstone & Farmville

Citizens Bancorp of Virginia, Inc.

Blackstone, Virginia

CONSOLIDATED FINANCIAL REPORT

DECEMBER 31, 2022 and 2021

(This page intentionally left blank)

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Stockholders
Citizens Bancorp of Virginia, Inc.
Blackstone, VA

Opinion

We have audited the consolidated financial statements of Citizens Bancorp of Virginia, Inc. and its Subsidiary, which comprise the consolidated balance sheets as of December 31, 2022 and 2021, the related consolidated statements of income, comprehensive (loss) income, changes in stockholders' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Corporation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 Corporation's ability to continue as a going concern for 12 months beyond the date of the financial statements.

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 GAAS 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 GAAS, 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 Corporation'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 Corporation'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 Information

Management is responsible for the other information included in the annual report. The other information comprises the President's Letter but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Yount, Hyde & Barbour, P.C.

Richmond, VA
March 15, 2023

CITIZENS BANCORP OF VIRGINIA, INC. AND SUBSIDIARY

Consolidated Balance Sheets
December 31, 2022 and 2021

Assets	**2022**	**2021**
Cash and due from banks	$ 8,707,911	$ 9,052,065
Interest-bearing deposits in banks	315,935	1,336,604
Federal funds sold	73,728,000	72,376,000
Securities available for sale, at fair value	235,567,115	246,574,309
Restricted securities, at cost	439,800	402,900
Loans, net of allowance for loan losses of $2,240,437 in 2022 and $2,761,458 in 2021	222,059,587	210,002,059
Premises and equipment, net	8,189,708	8,536,661
Accrued interest receivable	2,097,587	1,525,927
Bank-owned life insurance	16,075,528	13,634,910
Other real estate owned, net of valuation allowance of $57,994 in 2022 and $164,480 in 2021	1,116,461	2,103,026
Other assets	5,707,330	1,387,633
Total assets	$ 574,004,962	$ 566,932,094
Liabilities and Stockholders' Equity		
Liabilities		
Deposits:		
Noninterest-bearing	$ 129,924,082	$ 121,380,023
Interest-bearing	382,553,273	374,452,208
Total deposits	512,477,355	495,832,231
Other borrowings	8,500,381	7,547,259
Accrued interest payable	214,969	224,290
Accrued expenses and other liabilities	2,969,041	3,353,312
Total liabilities	524,161,746	506,957,092
Commitments and Contingencies		
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, 2,125,613 in 2022 and 2,130,888 in 2021	1,062,806	1,065,444
Retained earnings	66,718,809	60,856,458
Accumulated other comprehensive loss, net	(17,938,399)	(1,946,900)
Total stockholders' equity	49,843,216	59,975,002
Total liabilities and stockholders' equity	$ 574,004,962	$ 566,932,094

The accompanying notes are an integral part of these consolidated financial statements.

CITIZENS BANCORP OF VIRGINIA, INC. AND SUBSIDIARY

Consolidated Statements of Income

For the Years Ended December 31, 2022 and 2021

	2022	2021
Interest and Dividend Income		
Loans, including fees	$ 12,064,463	$ 13,294,082
Investment securities:		
Taxable	4,101,382	1,536,910
Tax-exempt	198,550	244,799
Federal funds sold	1,805,601	138,298
Other	21,995	43,971
Total interest and dividend income	18,191,991	15,258,060
Interest Expense		
Deposits	991,485	1,204,928
Borrowings	10,840	26,506
Total interest expense	1,002,325	1,231,434
Net interest income	17,189,666	14,026,626
Recovery of Provision for Loan Losses	(520,000)	(265,000)
Net interest income after recovery of provision for loan losses	17,709,666	14,291,626
Noninterest Income		
Service charges on deposit accounts	677,497	593,280
Net gain on disposition of land, premises and equipment	4,200	- -
Net loss on calls of securities	(261)	(4,987)
Gain on sales of loans	158,294	431,817
Income from bank-owned life insurance	440,618	380,083
Gain on sale of minority interest of equity investments	721,071	- -
Interchange income, net	984,311	968,864
Other	819,255	906,220
Total noninterest income	3,804,985	3,275,277
Noninterest Expense		
Salaries and employee benefits	7,721,783	6,615,692
Occupancy	671,096	720,035
Equipment	533,389	564,497
Data Processing	441,077	429,362
FDIC deposit insurance	164,771	130,903
Net gain on sale of other real estate owned	(630,711)	(235,719)
OREO expenses, net of rental income	65,534	42,156
Other	2,384,226	2,341,240
Total noninterest expense	11,351,165	10,608,166
Income before income taxes	10,163,486	6,958,737
Provision for income taxes	2,001,947	1,332,020
Net income	$ 8,161,539	$ 5,626,717
Earnings Per Share, basic and diluted	$ 3.83	$ 2.63

The accompanying notes are an integral part of these consolidated financial statements.

CITIZENS BANCORP OF VIRGINIA, INC. AND SUBSIDIARY

Consolidated Statements of Comprehensive (Loss) Income

For the Years Ended December 31, 2022 and 2021

	2022	2021
Net Income	$ 8,161,539	$ 5,626,717
Other comprehensive loss, net of tax:		
Unrealized losses on securities available for sale net of of taxes of $4,278,357 and $576,534	(16,094,773)	(2,168,868)
Less: reclassification adjustment for losses on calls of securities, net of taxes of $(55) and $(1,047)	206	3,940
Change in pension plan assets and benefit obligations, net of taxes of $(27,397) and $(165,328)	103,068	621,938
Total other comprehensive loss	(15,991,499)	(1,542,990)
Comprehensive (loss) income	$ (7,829,960)	$ 4,083,727

The accompanying notes are an integral part of these consolidated financial statements.

(Remainder of this page intentionally left blank)

CITIZENS BANCORP OF VIRGINIA, INC. AND SUBSIDIARY

Consolidated Statements of Changes in Stockholders' Equity
For the Years Ended December 31, 2022 and 2021

	Common Stock	Retained Earnings	Accumulated Other Comprehensive Loss, Net	Total
Balance at December 31, 2020	$ 1,071,830	$ 57,656,052	$ (403,910)	$ 58,323,972
Net income	- -	5,626,717	- -	5,626,717
Other comprehensive (loss), net of tax	- -	- -	(1,542,990)	(1,542,990)
Shares repurchased	(6,386)	(312,891)	- -	(319,277)
Cash dividends declared ($.99 per share)	- -	(2,113,420)	- -	(2,113,420)
Balance at December 31, 2021	1,065,444	60,856,458	(1,946,900)	59,975,002
Net income	- -	8,161,539	- -	8,161,539
Other comprehensive (loss), net of tax	- -	- -	(15,991,499)	(15,991,499)
Shares repurchased	(2,638)	(129,237)	- -	(131,875)
Cash dividends declared ($1.02 per share)	- -	(2,169,951)	- -	(2,169,951)
Balance at December 31, 2022	$ 1,062,806	$ 66,718,809	$ (17,938,399)	$ 49,843,216

The accompanying notes are an integral part of these consolidated financial statements.

(Remainder of this page intentionally left blank)

CITIZENS BANCORP OF VIRGINIA, INC. AND SUBSIDIARY

Consolidated Statements of Cash Flows
For the Years Ended December 31, 2022 and 2021

	2022	2021
Cash Flows from Operating Activities		
Net income	$ 8,161,539	$ 5,626,717
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	604,731	605,047
Depreciation on other real estate owned	11,091	26,518
Net gain on disposition of land, premises and equipment	(4,200)	- -
Recovery of provision for loan losses	(520,000)	(265,000)
Gain on sales of loans	(158,294)	(431,817)
Origination of loans held for sale	(10,855,146)	(27,684,292)
Proceeds from sales of loans	11,013,440	28,116,109
Net loss on calls of securities	261	4,987
Income from bank-owned life insurance	(440,618)	(380,083)
Net gain on sale of other real estate owned	(630,711)	(235,719)
Gain on sale of minority interest in equity investment	(721,071)	- -
Net (accretion) amortization of securities	(448,789)	306,689
Deferred tax expense (benefit)	308,069	(81,854)
Pension plan contribution	(1,400,000)	- -
Changes in assets and liabilities:		
(Increase) decrease in accrued interest receivable	(571,660)	234,713
Increase in other assets	(130,218)	(36,019)
Decrease in accrued interest payable	(9,321)	(96,972)
Increase in accrued expenses and other liabilities	856,087	629,165
Net cash provided by operating activities	5,065,190	6,338,189
Cash Flows from Investing Activities		
Activity in available for sale securities:		
Sales and calls	1,477,534	11,715,000
Maturities and prepayments	136,015,351	420,898,706
Purchases	(146,410,033)	(506,189,443)
(Purchase) redemption of restricted securities	(36,900)	124,000
Improvements of other real estate owned	- -	(11,466)
Net (increase) decrease in loans	(11,537,528)	22,107,702
Purchases of land, premises and equipment	(257,778)	(188,367)
Proceeds from sale of land, premises and equipment	4,200	- -
Purchase of bank-owned life insurance	(2,000,000)	- -
Proceeds from sale of minority investment in affiliate	764,536	- -
Proceeds from sale of other real estate owned	1,606,185	1,081,417
Net cash used in investing activities	(20,374,433)	(50,462,451)

The accompanying notes are an integral part of these consolidated financial statements.

CITIZENS BANCORP OF VIRGINIA, INC. AND SUBSIDIARY

Consolidated Statements of Cash Flows

For the Years Ended December 31, 2022 and 2021

(Continued)

	2022	2021
Cash Flows from Financing Activities		
Net increase in deposits	16,645,124	76,745,184
Net increase (decrease) in borrowings	953,122	(4,346,659)
Dividends paid	(2,169,951)	(2,113,420)
Repurchase of common stock	(131,875)	(319,277)
Net cash provided by financing activities	15,296,420	69,965,828
Net (decrease) increase in cash and cash equivalents	(12,823)	25,841,566
Cash and Cash Equivalents		
Beginning of year	82,764,669	56,923,103
End of year	$ 82,751,846	$ 82,764,669
Supplemental Disclosures of Cash Flow Information		
Cash paid during the year for:		
Interest	$ 1,011,646	$ 1,328,406
Income taxes	$ 1,558,378	$ 1,378,835
Supplemental Disclosures of Noncash Investing and Financing Activities		
Unrealized gain (loss) on available for sale securities	$ (20,372,869)	$ (2,740,415)
Minimum pension plan adjustment	$ 130,466	$ 787,266

The accompanying notes are an integral part of these consolidated financial statements.

Note 1. Summary of Significant Accounting Policies

Business

Citizens Bancorp of Virginia, Inc. (the Company) is a one-bank holding company and is the sole shareholder of its only subsidiary, Citizens Bank and Trust Company (the Bank). The Bank conducts the general business of a commercial bank. The Company is chartered under the laws of the Commonwealth of Virginia and is a member of the Federal Reserve System. The Bank's primary trade areas are in the Virginia counties of Nottoway, Amelia, Prince Edward, Brunswick, Buckingham, Charlotte, Chesterfield, Cumberland, Dinwiddie, Lunenburg, Mecklenburg, Powhatan and the cities of Colonial Heights, Richmond and Petersburg. The Bank offers traditional lending and deposit products to businesses and individuals.

Basis of Presentation and Consolidation

The consolidated financial statements include the accounts of Citizens Bancorp of Virginia, Inc. and its wholly-owned subsidiary, Citizens Bank and Trust Company. All significant intercompany balances and transactions have been eliminated in consolidation. The Consolidated Financial Statements have been prepared in conformity with U.S. Generally Accepted Accounting Principles and conform to predominant practices within the financial services industry.

Use of Estimates

In preparing consolidated financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the balance sheet and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates. Material estimates that are particularly susceptible to significant change in the near term relate to the determination of the allowance for loan losses, other real estate owned and the pension benefit obligation.

Cash and Due from Banks, Interest-bearing Deposits in Banks, and Federal Funds Sold

Cash and due from banks include cash and balances due from correspondent banks which are deposited in both noninterest-bearing and interest-bearing accounts and federal funds sold. All balances are readily available for use by the Company and its subsidiary.

The Company maintains deposits with correspondent banks in amounts that exceed federal deposit insurance coverage. Uninsured balances were approximately $3.8 million at December 31, 2022. Furthermore, federal funds sold are essentially uncollateralized loans to other financial institutions. Management regularly evaluates the credit risk associated with the counterparties to these transactions and believes that the Company is not exposed to any significant credit risks on cash and cash equivalents.

The Company was not required to have a reserve or clearing balance at the Federal Reserve at December 31, 2022 or December 31, 2021.

Note 1. Summary of Significant Accounting Policies (continued)

Securities

The Company classified all investment securities as available for sale as of December 31, 2022 and 2021. Securities classified as available for sale are recorded at fair value, with unrealized gains and losses excluded from earnings and reported in other comprehensive loss, net of taxes. Other-than-temporary impairment, deemed to be credit-related, is charged to earnings as realized losses.

Impairment of securities occurs when the fair value of a security is less than its amortized cost. For debt securities, impairment is considered other-than-temporary and recognized in its entirety in net income if either (1) the Company intends to sell the security or (2) it is more likely than not that the Company will be required to sell the security before recovery of its amortized cost basis. If, however, the Company does not intend to sell the security and it is not more-than-likely that the Company will be required to sell the security before recovery, management must determine what portion of the impairment is attributable to a credit loss, which occurs when the amortized cost of the security exceeds the present value of the cash flows expected to be collected from the security. If there is no credit loss, there is no other-than-temporary impairment. If there is a credit loss, other-than-temporary impairment exists, and the credit loss must be recognized in net income and the remaining portion of impairment must be recognized in other comprehensive loss.

Management evaluates securities for other-than-temporary impairment at least on a quarterly basis. Consideration is given to: (1) the length of time and the extent to which the fair value has been less than cost; (2) the financial condition and near-term prospects of the issuer; (3) the ability of the issuer to make principal and interest payments, and (4) changes in the regulatory, economic, or technological environment of the issuer. A decline in fair value of any security below cost that is deemed other-than-temporary and related to the creditworthiness of the issuer is charged to earnings, resulting in the establishment of a new cost basis for the security.

Purchase premiums and discounts are recognized in interest income using the interest method over the terms of the securities. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method.

Restricted Securities

The Company is required to maintain an investment in the capital stock of the Federal Reserve Bank, Community Bankers' Bank and the Federal Home Loan Bank of Atlanta. No ready market exists for this stock and it has no quoted market value. The Company's investment in these stocks is recorded at cost.

Loans

The recorded investment in loans represents the principal amount outstanding, net of deferred origination costs and fees, partial charge-offs, and nonaccrual interest applied to principal. The amortization of deferred origination costs together with loan origination fees are recognized as an adjustment of the related loan yield using the interest method. Interest on accruing loans is credited to operations based on the principal amount outstanding. Management has the intent and ability to hold the loans for the foreseeable future or until maturity or payoff.

Note 1. Summary of Significant Accounting Policies (continued)

A loan's past due status is based on the contractual due date of the most delinquent payment due. Loans are generally placed on nonaccrual status when the collection of principal or interest is 90 days or more past due, or earlier if collection is uncertain based on an evaluation of the net realizable value of the collateral and the financial strength of the borrower. Loans greater than 90 days past due may remain on accrual status if management determines it has adequate collateral to cover the principal and interest. For those loans that are carried on nonaccrual status, payments are first applied to principal outstanding. A loan may be returned to accrual status if the borrower has demonstrated a sustained period of repayment performance in accordance with the contractual terms of the loan and there is reasonable assurance the borrower will continue to make payments as agreed. These policies are applied consistently across the loan portfolio.

Loans are considered impaired when, based on current information and events, it is probable the Company will be unable to collect all amounts in accordance with the original contractual terms of the loan agreement, including scheduled principal and interest payments when due. Impairment is evaluated in total for smaller-balance loans and homogeneous loans: residential mortgage loans, home equity loans, and all consumer loans, unless such loans were restructured in a troubled debt restructuring. If a loan is impaired, a specific valuation allowance is allocated, if necessary, which represents the difference between the principal balance and either the present value of estimated future cash flows using the loan's effective rate or the fair value of collateral less cost to sell, if repayment is expected solely from the collateral. Interest payments on impaired loans are typically applied to principal unless collectability of the principal amount is reasonably assured. Impaired loans, or portions thereof, are charged off when deemed uncollectible.

Troubled Debt Restructurings (TDRs)

Troubled Debt Restructurings occur when the Company agrees to significantly modify the original terms of a loan due to the deterioration in the financial condition of the borrower. TDRs are considered impaired loans. Upon designation as a TDR, the Company evaluates the borrower's payment history, past due status and ability to make payments based on the revised terms of the loan. If a loan was accruing prior to being modified as a TDR and if the Company concludes that the borrower is able to make such payments, and there are no other factors or circumstances that would cause it to conclude otherwise, the loan will remain on an accruing status. If a loan was on nonaccrual status at the time of the TDR, the loan will remain on nonaccrual status following the modification and may be returned to accrual status based on the policy for returning loans to accrual status. The Company had $1.3 and $1.4 million in loans that had been modified to TDRs as of December 31, 2022 and 2021, respectively.

Loans Held for Sale

Loans originated and intended for sale in the secondary market are carried at the lower of aggregate cost or fair value. Mortgage loans held for sale are sold with the mortgage servicing rights released by the Company. The balances of mortgage loans held for sale were insignificant at December 31, 2022 and 2021.

The Company enters into commitments to originate certain mortgage loans whereby the interest rate on the loans is determined prior to funding (rate lock commitments). Rate lock commitments on mortgage loans that are intended to be sold are considered to be derivatives. The period of time between issuance of a loan commitment, loan closing and the sale of the loan generally ranges from thirty to ninety days. The Company protects itself from changes in interest rates through the use of best efforts forward delivery commitments, whereby the Company commits to sell a loan at the time the borrower commits to an interest rate with the intent that the buyer has assumed interest rate risk on the loan. As a result, the Company is not exposed to losses nor will it realize significant gains related to its rate lock commitments due to changes in interest rates. The correlation between the

Note 1. Summary of Significant Accounting Policies (continued)

rate lock commitments and the best efforts contracts is very high due to their similarity. Because of this high correlation, no gain or loss occurs on the rate lock commitments. The Company has no obligation to the investor should the loan not close with the borrower.

Allowance for Loan Losses

The allowance for loan losses is a valuation reserve for probable and estimable losses inherent in the loan portfolio. Credit losses arise primarily from the loan portfolio, but may also be derived from other credit-related sources, when drawn upon, such as commitments and standby letters of credit. Additions are made to the allowance through periodic provisions, which are charged to expense.

All losses of principal are charged against the allowance when incurred or when it is determined that the loan principal will either be entirely or partially uncollectible as a result of either cash payments and/or the liquidation of the loan's collateral. This methodology applies to all loan segments that are secured by collateral property. For commercial unsecured loans, the financial strength of the loan guarantors will be evaluated to determine what portion of the outstanding loan balance can be repaid. Any unrecoverable amount is charged-off. Unsecured consumer loans are generally charged-off after 90 days of non-payment. Subsequent recoveries, if any, are credited to the allowance.

The Company has established a process to assess the adequacy of the allowance for loan losses and to identify the risks in the loan portfolio. The allowance for possible loan losses includes allowance allocations calculated in accordance with Accounting Standards Codification ("ASC") Topic 310, "Receivables" and allowance allocations calculated in accordance with ASC Topic 450, "Contingencies." This process consists of the identification of specific reserves for identified problem commercial loans and TDR's regardless of type. The specific component relates to loans that are classified as either doubtful or substandard. For such loans that are also classified as impaired, an allowance is established when the discounted cash flows or collateral value less cost to sell or observable market price of the impaired loan is lower than the carrying value of that loan.

The calculation of the general reserve involves several steps and covers non-classified loans and special mention loans. A historical loss factor is applied to each loan classification. The historical loss factor is referred to as the Historical Net Charge-off Ratio (HNCR). The HNCR is calculated by using an average of net charge-offs, by loan segment, for a rolling 48 month period, and also includes any specific reserves that are assigned to any individually impaired loans as though these amounts were charged-off. The qualitative component of the allowance reflects subjective elements (economic conditions, portfolio growth rate, portfolio management, credit policy, and others).

An unallocated component is maintained to cover uncertainties that could affect management's estimate of probable losses. This methodology is applied to all segments of the portfolio and represents the margin of imprecision inherent in the underlying assumptions used in the methodologies for estimating specific and general losses in the portfolio.

While management uses the best information available to make its evaluation, future adjustments to the allowance may be necessary if there are significant changes in economic conditions. In addition, regulatory agencies, as an integral part of their examination process, periodically review the Company's allowance for loan losses and may require the Company to make additions to the allowance based on their judgment about information available to them at the time of their examinations. Additional information regarding the Company's policies and methodology used to estimate the allowance for probable loan losses is presented in Note 4 – Allowance for Loan Losses.

Note 1. Summary of Significant Accounting Policies (continued)

Premises and Equipment

Land is carried at cost. Premises and equipment are stated at cost less accumulated depreciation and amortization. Depreciation and amortization expense is computed by the straight-line method over the estimated useful lives of the assets. Estimated useful lives of the assets range from 3 to 39 years. Leasehold improvements are generally depreciated over the lesser of the lease term or the estimated useful lives of the improvements. Major improvements are capitalized while maintenance and repairs are charged to expense as incurred.

Other Real Estate Owned

Real estate acquired through, or in lieu of, foreclosure is held for sale and is recorded at fair value less cost to sell at the date of foreclosure establishing a new cost basis. Subsequent to foreclosure, valuations are periodically performed by management and the assets are carried at the lower of carrying value or fair value less cost to sell. Adjustments to carrying value, revenue and expenses related to holding foreclosed assets are recorded in earnings as they occur.

At the time of foreclosure some properties may already be occupied by a tenant. In such instances and other similar instances, management will decide to rent a property during the marketing period. Rental income collected is recorded as an offset to other real estate owned expenses. Depreciation expense, related to the value of the buildings and improvements, is recorded only for properties that are rented as these properties are not currently available for sale.

Bank-Owned Life Insurance

The Company has purchased life insurance policies on certain officers. Company owned life insurance is recorded at the amount that can be realized under the insurance contract at the balance sheet date, which is the cash surrender value adjusted for other charges or other amounts due that are probable at settlement.

Stock Repurchase Plan

The Board of Directors of the Company approved the establishment of the current Stock Repurchase Plan on July 18, 2007. The Plan went into effect on September 1, 2007. The Board of Directors unanimously adopted a resolution authorizing the Company to repurchase up to 80,000 shares of its Common Stock between July 1, 2022 and June 30, 2023, subject to a gross repurchase amount not to exceed $2 million. The Board of Directors reviews the results of the Plan monthly. The Plan has been continuously reapproved since its inception.

Income Taxes

Deferred income tax assets and liabilities are determined using the balance sheet method. Under this method, the net deferred tax asset or liability is determined based on the tax effects of the temporary differences between the book and tax bases of the various balance sheet assets and liabilities and gives current recognition to changes in tax rates and laws. Realization of deferred tax assets is dependent upon the generation of a sufficient level of future taxable income. Although realization is not assured, management believes it is more-likely-than-not that all of the deferred tax assets will be realized.

When tax returns are filed, it is highly certain that some positions taken would be sustained upon examination by the taxing authorities, while others are subject to uncertainty about the merits of the position taken or the amount of the position that would be ultimately sustained. The benefit of a tax position is recognized in the financial statements in the period during which, based on all available evidence, management believes it is more-likely-than-not that the position will be sustained upon examination, including the resolution of appeals or litigation processes, if any. Tax positions taken

Note 1. Summary of Significant Accounting Policies (continued)

are not offset or aggregated with other positions. Tax positions that meet the more-likely-than-not recognition threshold are measured as the largest amount of tax benefit that is more than 50 percent likely of being realized upon settlement with the applicable taxing authority. The portion of the benefits associated with tax positions taken that exceeds the amount measured as described above is reflected as a liability for unrecognized tax benefits in the accompanying consolidated balance sheets along with any associated interest and penalties that would be payable to the taxing authorities upon examination.

The Company files a consolidated Federal income tax return with the Bank. Federal income tax expense or benefit has been allocated to each on a separate return basis. The Commonwealth of Virginia has a Bank Franchise Tax in lieu of a state income tax. The Bank files a Bank Franchise Tax return and the expense is recorded as noninterest expense.

Defined Benefit Pension Plan

The Company provides a noncontributory defined benefit pension plan covering substantially all of the Company's employees who are eligible based on age and length of service. The Company funds pension costs in accordance with the funding provisions of the Employee Retirement Income Security Act. Additional information regarding the Company's pension plan is presented in Note 12 – Employee Benefit Plans.

Comprehensive (Loss)/Income

Along with net income, other components of the Company's comprehensive income include the after tax effect of changes in the net unrealized gain/loss on securities available for sale and changes in the net actuarial gain/loss of the defined benefit pension plan. Other comprehensive (loss) income is reported in the accompanying consolidated statements of changes in stockholders' equity and consolidated statements of comprehensive income.

Transfer of Financial Assets

Transfers of loans are accounted for as sales when control over the loans has been surrendered. Control over transferred loans is deemed to be surrendered when (1) the loans have been isolated from the Company, (2) the transferee obtains the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred loans and (3) the Company does not maintain effective control over the transferred loans through an agreement to repurchase them before their maturity.

Advertising

Advertising costs are expensed as incurred. Advertising expenses for the years ended December 31, 2022 and 2021 were $40,667 and $17,922, respectively.

Earnings Per Share

Basic and diluted earnings per share are calculated based on the weighted-average number of common shares and common stock equivalents outstanding. The Company has no dilutive or potentially dilutive common stock equivalents. For the years ended December 31, 2022 and 2021, the weighted-average common shares outstanding were 2,128,186 and 2,135,921, respectively.

Note 1. Summary of Significant Accounting Policies (continued)

Fair Value Measurements

ASC Topic 820, "Fair Value Measurements and Disclosures," defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and requires certain disclosures about fair value measurements. See Note 16 - Fair Value Measurements. In general, fair values of financial instruments are based upon quoted market prices, where available. If such quoted market prices are not available, fair value is based upon internally developed models that primarily use, as inputs, observable market-based parameters. Any such valuation adjustments are applied consistently over time.

Reclassifications

Certain immaterial reclassifications have been made to prior period balances to conform to the current year presentations. Reclassifications had no impact on prior year net income or stockholders' equity.

Revenue Recognition

The Company records revenue based on ASU No.2016-20 "Revenue from Contracts with Customers" (Topic 606). Topic 606 does not apply to revenue associated with financial instruments, including revenue from loans and securities. The Company's services that fall within the scope of Topic 606 are presented within noninterest income and are recognized as revenue as the Company satisfies its obligation to the customer. A description of the Company's noninterest revenue streams is discussed below:

Service Charges on Deposit Accounts. The Company earns fees from its deposit customers for overdraft, monthly service fees, and other deposit account related fees. Overdraft fees are recognized when the overdraft occurs. The Company's performance obligation for monthly service fees is generally satisfied over the period in which the service is provided. Other deposit account related fees are largely transactional based and, therefore, the Company's performance obligation is satisfied, and related revenue recognized, at a point in time.

Interchange Income, Net. The Company earns interchange fees from debit cardholder transactions conducted through various payment networks. Interchange fees from cardholder transactions represent a percentage of the underlying transaction value and are recognized daily, concurrently with the transaction processing services.

Other Service Charges and Fees. The Company earns fees from its customers for transaction-based services. Services include, safe deposit box, debit/ATM card income, cashier's check, stop payment and wire transfer fees. In each case, these fees and service charges are recognized in income at the time or within the same period that the services are rendered.

Note 1. Summary of Significant Accounting Policies (continued)

Recent Accounting Pronouncements

During June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-13, “Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments.” The ASU, as amended, requires an entity to measure expected credit losses for financial assets carried at amortized cost based on historical experience, current conditions, and reasonable and supportable forecasts. Among other things, the ASU also amended the impairment model for available for sale securities and addressed purchased financial assets with deterioration. The Company adopted ASU 2016-13 as of January 1, 2023 in accordance with the required implementation date and recorded the impact of adoption to retained earnings, net of deferred income taxes, as required by the standard. The adjustment recorded at adoption was not significant to the overall allowance for credit losses or shareholders’ equity as compared to December 31, 2022 and consisted of adjustments to the allowance for credit losses on loans, as well as an adjustment to the Company’s reserve for unfunded loan commitments. Subsequent to adoption, the Company will record adjustments to its allowance(s) for credit losses and reserves for unfunded commitments through the provision for credit losses in the consolidated statements of income.

The Company is utilizing a third-party model to tabulate its estimate of current expected credit losses, using a weighted average remaining maturity (WARM) methodology. In accordance with ASC 326, the Company has segmented its loan portfolio based on similar risk characteristics that align with the Call Report codes. The Company primarily utilizes regression analysis to determine the best correlation of economic indicators, by loan segment, applied to a custom peer group, for its reasonable and supportable forecasting of current expected credit losses. To further adjust the allowance for credit losses for expected losses not already included within the quantitative component of the calculation, the Company may consider the following qualitative adjustment factors: (i) the experience, ability and effectiveness of the Company’s lending management and staff; (ii) the effectiveness of the Company’s loan policies, procedures and internal controls; (iii) changes in asset quality; (iv) changes in loan portfolio volume; (v) the composition and concentrations of credit; (vi) the impact of competition on loan pricing; (vii) the effectiveness of the internal loan review function; (viii) the impact of changes in international, national, regional and local economic and business conditions and developments that affect the collectability of the portfolio; and (ix) the impact of changes in the volume and severity of past due loans, the volume of nonaccrual loans, and the volume and severity of adversely classified or graded loans. The Company’s CECL implementation process was overseen by the Chief Executive Officer, President, Chief Financial Officer, Senior Credit Officer and Controller and included an assessment of data availability and gap analysis, data collection, consideration and analysis of multiple loss estimation methodologies, an assessment of relevant qualitative factors and correlation analysis of multiple potential loss drivers and their impact on the Company’s historical loss experience. During 2022, the Company calculated its current expected credit losses model in parallel to its incurred loss model in order to further refine the methodology and model. In addition, the Company utilized its internal audit department to perform a comprehensive model validation.

Effective November 25, 2019, the SEC adopted Staff Accounting Bulletin (SAB) 119. SAB 119 updated portions of SEC interpretative guidance to align with FASB ASC 326, “Financial Instruments – Credit Losses.” It covers topics including (1) measuring current expected credit losses; (2) development, governance, and documentation of a systematic methodology; (3) documenting the results of a systematic methodology; and (4) validating a systematic methodology.

Note 1. Summary of Significant Accounting Policies (continued)

In March 2022, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2022-02, “Financial Instruments-Credit Losses (Topic 326), Troubled Debt Restructurings and Vintage Disclosures.” ASU 2022-02 addresses areas identified by the FASB as part of its post-implementation review of the credit losses standard (ASU 2016-13) that introduced the CECL model. The amendments eliminate the accounting guidance for troubled debt restructurings by creditors that have adopted the CECL model and enhance the disclosure requirements for loan refinancings and restructurings made with borrowers experiencing financial difficulty. In addition, the amendments require a public business entity to disclose current-period gross write-offs for financing receivables and net investment in leases by year of origination in the vintage disclosures. The amendments in this ASU should be applied prospectively, except for the transition method related to the recognition and measurement of TDRs, an entity has the option to apply a modified retrospective transition method, resulting in a cumulative-effect adjustment to retained earnings in the period of adoption. For entities that have adopted ASU 2016-13, ASU 2022-02 is effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. For entities that have not yet adopted ASU 2016-13, the effective dates for ASU 2022-02 are the same as the effective dates in ASU 2016-13. Early adoption is permitted if an entity has adopted ASU 2016-13. An entity may elect to early adopt the amendments about TDRs and related disclosure enhancements separately from the amendments related to vintage disclosures. The Company is currently assessing the impact that ASU 2022-02 will have on its consolidated financial statements.

In October 2020, the FASB issued ASU 2020-08, “Codification Improvements to Subtopic 310-20, Receivables – Nonrefundable fees and Other Costs.” This ASU clarifies that an entity should reevaluate whether a callable debt security is within the scope of ASC paragraph 310-20-35-33 for each reporting period. ASU 2020-08 was effective for the Company on January 1, 2021. ASU 2020-08 had no material impact on the Company’s consolidated financial statements.

(Remainder of this page intentionally left blank)

Note 2. Securities

The amortized cost and fair value of securities available for sale, with gross unrealized gains and losses, follows:

	December 31, 2022			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized (Losses)	Fair Value
U.S. Government				
and federal agency	$ 133,814,890	$ 7,527	$ (7,843,757)	$ 125,978,660
State and municipal	24,885,774	109,369	(1,815,134)	23,180,009
Agency mortgage-backed	97,477,748	47,052	(11,116,354)	86,408,446
	$ 256,178,412	$ 163,948	$ (20,775,245)	$ 235,567,115

	December 31, 2021			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized (Losses)	Fair Value
U.S. Government				
and federal agency	$ 164,145,107	$ 98,199	$ (266,276)	$ 163,977,030
State and municipal	15,759,307	227,388	(129,121)	15,857,574
Agency mortgage-backed	66,908,323	762,964	(931,582)	66,739,705
	$ 246,812,737	$ 1,088,551	$ (1,326,979)	$ 246,574,309

Securities having carrying values of $55,193,950 and $44,329,044 at December 31, 2022 and 2021, respectively, were pledged to secure public deposits, repurchase agreements and for other purposes required by law.

U.S. Government and Federal Agency securities consist of debt obligations of the U.S. Government or of its designated agencies including Federal Farm Credit Bank (FFCB), Federal Home Loan Bank (FHLB), Federal Home Loan Mortgage Corporation (FHLMC), the Federal National Mortgage Association (FNMA), and the Small Business Investment Corporation (SBIC). At December 31, 2022, the Company held debt securities of the FHLB, FFCB, FHLMC and the SBIC.

State and municipal bonds consist of debt obligations of states, municipalities, and school districts throughout the United States. Management's evaluation of state and municipal debt securities, prior to the purchase, includes, but does not solely rely on, a review of the governmental entity's credit rating. A security purchase is made without any consideration to the rating enhancement which may come from the bond insurer. Management strives to purchase general obligation debt securities which can offer a reduced risk of default.

Note 2. Securities (continued)

Mortgage-backed securities consist of mortgage-backed pass-through securities that are issued by the Federal Agencies: Government National Mortgage Association, FHLMC and FNMA. This category also includes collateralized mortgage obligations, otherwise known as CMOs, which are issued by Federal Agencies such as FNMA and FHLMC.

Maturities may differ from contractual maturities in mortgage-backed securities because the mortgages underlying the securities may be called or prepaid without any penalties.

The table below provides the maturities for the investment portfolio as of December 31, 2022.

	Amortized Cost	Fair Value
Maturing within one year	$ 3,326,190	$ 3,280,051
Maturing after one year through five years	124,192,210	117,200,192
Maturing after five years through ten years	18,757,689	16,970,773
Maturing after ten years	12,424,575	11,707,653
Agency mortgage-backed securities	97,477,748	86,408,446
	$ 256,178,412	$ 235,567,115

Information pertaining to securities with gross unrealized losses at December 31, 2022 and 2021 aggregated by investment category and length of time that individual securities have been in a continuous loss position, follows:

	Less than 12 Months		12 Months or More	
2022	**Fair Value**	**Unrealized (Loss)**	**Fair Value**	**Unrealized (Loss)**
		(In thousands)		
U.S. Government and federal agency	$ 96,842	$ (4,663)	$ 27,248	$ (3,181)
State and municipal	11,849	(892)	5,323	(923)
Agency mortgage-backed	49,351	(3,842)	31,174	(7,274)
Total temporarily impaired securities	$ 158,042	$ (9,397)	$ 63,745	$ (11,378)

Note 2. Securities (continued)

2021	Less than 12 Months Fair Value	Less than 12 Months Unrealized (Loss)	12 Months or More Fair Value	12 Months or More Unrealized (Loss)
	(In thousands)			
U.S. Government and federal agency	$ 32,140	$ (266)	$ - -	$ - -
State and municipal	7,136	(129)	- -	- -
Agency mortgage-backed	38,604	(839)	2,559	(93)
Total temporarily impaired securities	$ 77,880	$ (1,234)	$ 2,559	$ (93)

The unrealized losses in the investment portfolio as of December 31, 2022 are considered temporary and are a result of general market fluctuations. The unrealized losses are from 370 securities. All securities are rated as investment grade and are backed by insurance, U.S. government agency guarantees, designated revenue streams, or the full faith and credit of municipalities throughout the United States. The Company's investment policy requires that a below investment grade security be monitored by Management but the investment policy does not require that the security be sold simply because it has fallen to below investment grade.

Market prices change daily and are affected by conditions beyond the control of the Company. Investment decisions are made by the management group of the Company and reflect the overall liquidity and strategic asset/liability objectives of the Company. Management analyzes the securities portfolio frequently and manages the portfolio to provide an overall positive impact to the Company's income statement and balance sheet. Management considers the reason for impairment, length of impairment, and the intent and ability to hold until the full value is recovered in determining if the impairment is temporary in nature. Based on this analysis, Management has determined these impairments to be temporary in nature. The Company does not intend and it is more-likely-than-not that the Company will not be required to sell these securities until they recover in value or reach maturity.

Management has positioned the investment portfolio to take advantage of not only the current investment environment, but also the investment opportunities that will exist as market interest rates rise. As a result of this strategy, it is possible to see an increase in the number of securities that are called by the issuer prior to maturity. For the years ended December 31, 2022 and 2021, proceeds from the sales and calls of securities amounted to $1,477,534 and $11,715,000, respectively. Gross realized gains for the years ended December 31, 2022 and December 31, 2021 were $548 and $4,117, respectively. Gross realized losses for the years ended December 31, 2022 and December 31, 2021 were $809 and $9,104, respectively.

Restricted securities consist of required investments in Federal Home Loan Bank stock, Federal Reserve Bank stock and Community Bankers' Bank stock. No ready market exists for these stocks, and there is no quoted market value; therefore, the stock is carried at cost.

Note 3. Loans

A summary of loan balances by class, net of unearned fees and costs of $(279) and $(332) as of December 31, 2022 and 2021:

	December 31, 2022	December 31, 2021
	(In thousands)	
Residential Real Estate		
1-4 family	$ 98,606	$ 90,628
Home equity	10,081	8,487
Commercial Real Estate		
Owner occupied	27,255	28,352
Non-owner occupied	26,484	22,054
Farmland	19,050	10,944
Construction	17,728	25,200
Total real estate	199,204	185,665
Commercial & industrial loans	14,314	16,129
Consumer loans	10,782	10,969
Gross loans	$ 224,300	$ 212,763

Loan Origination

The Company has certain lending policies and procedures in place that are designed to maximize loan income within an acceptable level of risk. Management reviews and the Board of Directors approves these policies and procedures on a regular basis. A reporting system supplements the review process by providing management and the Board with frequent reports related to loan production, loan quality, concentrations of credit, loan delinquencies and non-performing and potential problem loans. Diversification in the loan portfolio is a means of managing risk associated with fluctuations in economic conditions.

The Company has six loan portfolio level segments and eight loan class levels for reporting purposes. The six loan portfolio level segments include:

- Residential real estate loans are loans made to borrowers for the purchase of residential dwellings.
- Commercial real estate loans are loans made to business entities for the purchase of real estate and buildings that will be used in the business.
- Farmland loans are loans made to farming entities to acquire land used for agricultural purposes such as in the cultivation of crops or livestock.
- Construction and land development loans are loans made to individuals or developers in order to construct homes, develop raw land into buildable acreage, or for commercial construction purposes.

Note 3. Loans (continued)

- Commercial and industrial loans are loans made to small and medium-sized businesses for any number of reasons, especially working capital. Loans are typically secured by inventory, business equipment, furniture or receivables and they are frequently guaranteed by principals of the business.

- Consumer loans are loans made to individuals and the loans may be secured by personal property or be unsecured.

Residential real estate loans, including home equity loans and lines of credit, are subject to underwriting standards that are heavily influenced by statutory requirements, which include, but are not limited to, a maximum loan-to-value percentage of 80%, debt-to-income ratios, credit history, collection remedies, the number of such loans a borrower can have at one time and documentation requirements. The Company tracks the concentrations in 1-4 family loans secured by a first deed of trust and home equity loans and lines of credit separately. While many of the statutory requirements are for the protection of the consumer, underwriting standards aid in mitigating the risks to the Company by setting acceptable loan approval standards that marginal borrowers may not meet. Additional risk mitigating factors include: residential real estate typically serves as a borrower's primary residence which encourages timely payments and the avoidance of foreclosure, the average dollar amount of a loan is typically less than that of a commercial real estate loan, and there are a large number of loans which help to diversify the risk potential. Underwriting standards for home equity loans are heavily influenced by statutory requirements, which include, but are not limited to, a maximum loan-to-value percentage, debt-to-income ratios, credit history, and the number of such loans a borrower can have at one time.

Commercial real estate loans are subject to underwriting standards and processes similar to commercial and industrial loans, in addition to those of real estate loans. These loans are viewed primarily as cash flow loans and secondarily as loans secured by real estate. Commercial real estate lending typically involves higher loan principal amounts and the repayment of these loans is generally largely dependent on the successful operation of the property securing the loan or the business conducted on the property securing the loan. Commercial real estate loans may be more adversely affected by conditions in the real estate markets or in the general economy. The properties securing the Company's commercial real estate portfolio are diverse in terms of type and geographic location. This diversity helps reduce the Company's exposure to adverse economic events that affect any single market or industry. Management monitors and evaluates commercial real estate loans based on collateral, geography and risk grade criteria. Management tracks the level of owner occupied commercial real estate loans versus non-owner occupied loans. At December 31, 2022, approximately 50.72% of the outstanding principal balance of the Company's commercial real estate loans was secured by owner-occupied properties.

Farmland loans are subject to underwriting standards and processes similar to commercial real estate loans. The loans are considered primarily on the borrower's ability to make payments originating primarily from the cash flow of the business and secondarily as loans secured by real estate.

With respect to construction, land and land development loans that are secured by non-owner occupied properties that the Company may originate from time to time, the Company generally requires the borrower to have had an existing relationship with the Company and have a proven record of success. Construction loans are underwritten with independent appraisal reviews, lease rates and financial analysis of the borrowers. Construction loans are generally based upon estimates of costs and value associated with the completed project. Construction loans often involve the disbursement of substantial funds with repayment primarily dependent on the success of the ultimate project. Sources of repayment for these types of loans may be pre-committed permanent loans from approved long-term lenders, sales of developed property or an interim loan commitment from the Company until permanent financing is obtained. These loans are closely monitored by on-site inspections and are considered to have higher risks than other real estate loans due to their ultimate

Note 3. Loans (continued)

repayment being sensitive to interest rate changes, governmental regulation of real property, general economic conditions and the availability of long-term financing.

Commercial and industrial loans are underwritten after evaluating and understanding the borrower's ability to operate profitably and prudently expand its business. Underwriting standards are designed to promote relationship banking rather than transactional banking. Once it is determined that the borrower's management possesses sound ethics and solid business acumen, the Company's management examines current and projected cash flows to determine the ability of the borrower to repay their obligations as agreed. Commercial and industrial loans are primarily made based on the identified cash flows of the borrower and secondarily on the underlying collateral provided by the borrower. The cash flows of borrowers, however, may not be as expected and the collateral securing these loans may fluctuate in value. Most commercial and industrial loans are secured by the assets being financed or other business assets such as accounts receivable or inventory and may incorporate a personal guarantee; however, some short-term loans may be made on an unsecured basis. In the case of loans secured by accounts receivable, the availability of funds for the repayment of these loans may be substantially dependent on the ability of the borrower to collect amounts due from its customers.

To monitor and manage consumer loan risk, policies and procedures are developed and modified by credit administration and senior management. This activity, coupled with relatively small loan amounts that are spread across many individual borrowers, minimizes risk.

The Company maintains an independent loan review department that reviews and validates the credit risk program on a periodic basis. In addition, the Company engages an independent company to review annually all existing loans $400,000 or greater and new, renewed & modified loans $200,000 or greater, excluding HELOC loans. Results of these reviews are presented to management, the Audit and Risk Management Committee and the Board of Directors. The loan review process complements and reinforces the risk identification and assessment decisions made by lenders and credit personnel, as well as the Company's policies and procedures.

Concentrations of Credits

Most of the Company's lending activity occurs within the Commonwealth of Virginia, more specifically within the South-Central Virginia markets that include Richmond. The majority of the Company's loan portfolio consists of residential and commercial real estate loans. A substantial portion of its debtors' ability to honor their contracts and the Company's ability to realize the value of any underlying collateral, if needed, is influenced by the economic conditions in this market. As of December 31, 2022, there were no concentrations of commercial loans related to any individual purpose that was in excess of 7.93% of total loans.

Related Party Loans

In the ordinary course of business, the Company has granted loans to certain directors, executive officers and their affiliates (collectively referred to as "related parties"). These loans were made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other unaffiliated persons and do not involve more than a normal risk of collectability.

Note 3. Loans (continued)

Activity in related party loans is presented in the following table:

	Years Ended December 31,	
	2022	2021
	(In thousands)	
Balance at beginning of year	$ 1,785	$ 1,747
Principal additons	1,592	2,233
Principal reductions	(700)	(2,195)
Balance at end of year	$ 2,677	$ 1,785

Nonaccrual and Past Due Loans

All loans are considered past due if the required principal and interest payments have not been received as of the date such payments were due in accordance with the contractual terms of the underlying loan agreement. Matured loans in the process of renewal are not considered past due. Loans are placed on nonaccrual status when, in management's opinion, the borrower may be unable to meet payment obligations as they become due, as well as when required by regulatory provisions. Loans may be placed on nonaccrual status regardless of whether or not such loans are considered past due. When interest accrual is discontinued, all unpaid accrued interest is reversed against interest income. Loans may be returned to accrual status if the borrower has demonstrated a sustained period of repayment performance in accordance with the contractual terms of the loan and there is reasonable assurance the borrower will continue to make payments as agreed.

Aging and nonaccrual loans, by individual loan class, as of December 31, 2022 and 2021 were as follows, net of unearned fees and costs:

At December 31, 2022	Loans 30 - 89 Days Past Due(2)	Loans 90 or More Days Past Due(2)	Total Past Due Loans(2)	Current Loans(1)	Total Loans	Accruing Loans 90 or More Days Past Due	Nonaccrual Loans
				(In thousands)			
Residential Real Estate:							
1-4 family	$ 1,278	$ 345	$ 1,623	$ 96,983	$ 98,606	$ 345	$ -
Home equity	325	-	325	9,756	10,081	-	-
Commercial Real Estate							
Owner occupied	-	-	-	27,255	27,255	-	-
Non-owner occupied	123	-	123	26,361	26,484	-	-
Farmland	14	-	14	19,036	19,050	-	-
Construction	65	-	65	17,663	17,728	-	-
Total real estate	1,805	345	2,150	197,054	199,204	345	-
Commercial and industrial	2	-	2	14,312	14,314	-	-
Consumer	221	82	303	10,479	10,782	79	3
Total loans	$ 2,028	$ 427	$ 2,455	$ 221,845	$ 224,300	$ 424	$ 3

(1) Includes loans less than 30 days past due.

(2) Excludes matured loans in process of renewal.

Note 3. Loans (continued)

At December 31, 2021	Loans 30 - 89 Days Past Due (2)	Loans 90 or More Days Past Due (2)	Total Past Due Loans (2)	Current Loans (1)	Total Loans	Accruing Loans 90 or More Days Past Due	Nonaccrual Loans
				(In thousands)			
Residential Real Estate:							
1-4 family	$ 1,645	$ 90	$ 1,735	$ 88,893	$ 90,628	$ 274	$ -
Home equity	134	49	183	8,304	8,487	49	-
Commercial Real Estate							
Owner occupied	84	-	84	28,268	28,352	-	-
Non-owner occupied	-	-	-	22,054	22,054	-	-
Farmland	140	-	140	10,804	10,944	-	-
Construction	128	-	128	25,072	25,200	-	-
Total real estate	2,131	139	2,270	183,395	185,665	323	-
Commercial and industrial	75	30	105	16,024	16,129	-	30
Consumer	206	98	304	10,665	10,969	63	35
Total loans	$ 2,412	$ 267	$ 2,679	$ 210,084	$ 212,763	$ 386	$ 65

(1) Includes loans less than 30 days past due.

(2) Excludes matured loans in process of renewal.

Impaired Loans

Loans are considered impaired when, based on current information and events, it is probable the Company will be unable to collect all amounts in accordance with the original contractual terms of the loan agreement, including scheduled principal and interest payments when due. Impairment is evaluated in total for smaller-balance loans of a similar nature and on an individual loan basis for other loans. Residential real estate loans are not evaluated for impairment unless foreclosure is deemed to be imminent. If a loan is impaired, a specific valuation allowance is allocated, if necessary, which represents the difference between the principal balance and either the present value of estimated future cash flows using the loan's effective rate or the fair value of collateral less cost to sell if repayment is expected solely from the collateral. Interest payments on impaired loans are typically applied to principal unless collectability of the principal amount is reasonably assured. Impaired loans, or portions thereof, are charged-off when deemed uncollectible.

(Remainder of this page intentionally left blank)

Note 3. Loans (continued)

Impaired loans, by class, as of December 31, 2022 are shown in the table below:

With no related allowance	Unpaid Contractual Principal Balance	Total Recorded Investment	Related Allowance	Average Recorded Investment	Interest Income Recognized
Residential Real Estate:		(In thousands)			
1-4 family	$ 1,221	$ 1,221	$ -	$ 1,080	$ 70
Home equity	-	-	-	-	-
Commercial Real Estate:					
Owner occupied	-	-	-	-	-
Non-owner occupied	-	-	-	-	-
Farmland	-	-	-	-	-
Construction	73	73	-	81	4
Commercial and industrial	-	-	-	-	-
Consumer	-	-	-	-	-
Total loans	$ 1,294	$ 1,294	$ -	$ 1,161	$ 74
With an allowance recorded					
Residential Real Estate:					
1-4 family	$ -	$ -	$ -	$ -	$ -
Home equity	-	-	-	-	-
Commercial Real Estate:					
Owner occupied	-	-	-	-	-
Non-owner occupied	-	-	-	-	-
Farmland	-	-	-	-	-
Construction	-	-	-	-	-
Commercial and industrial	-	-	-	-	-
Consumer	-	-	-	-	-
Total loans	$ -	$ -	$ -	$ -	$ -
Total impaired loans					
Residential Real Estate:					
1-4 family	$ 1,221	$ 1,221	$ -	$ 1,080	$ 70
Home equity	-	-	-	-	-
Commercial Real Estate:					
Owner occupied	-	-	-	-	-
Non-owner occupied	-	-	-	-	-
Farmland	-	-	-	-	-
Construction	73	73	-	81	4
Commercial and industrial	-	-	-	-	-
Consumer	-	-	-	-	-
Total loans	$ 1,294	$ 1,294	$ -	$ 1,161	$ 74

Note 3. Loans (continued)

Impaired loans, by class, as of December 31, 2021 are shown in the table below:

With no related allowance	Unpaid Contractual Principal Balance	Total Recorded Investment	Related Allowance	Average Recorded Investment	Interest Income Recognized
			(In thousands)		
Residential Real Estate:					
1-4 family	$ 1,319	$ 1,319	$ -	$ 1,334	$ 75
Home equity	-	-	-	-	-
Commercial Real Estate:					
Owner occupied	-	-	-	-	-
Non-owner occupied	-	-	-	-	-
Farmland	-	-	-	-	-
Construction	89	89	-	94	5
Commercial and industrial	12	11	-	11	1
Consumer	-	-	-	-	-
Total loans	$ 1,420	$ 1,419	$ -	$ 1,439	$ 81
With an allowance recorded					
Residential Real Estate:					
1-4 family	$ -	$ -	$ -	$ -	$ -
Home equity	-	-	-	-	-
Commercial Real Estate:					
Owner occupied	-	-	-	-	-
Non-owner occupied	-	-	-	-	-
Farmland	-	-	-	-	-
Construction	-	-	-	-	-
Commercial and industrial	-	-	-	-	-
Consumer	-	-	-	-	-
Total loans	$ -	$ -	$ -	$ -	$ -
Total impaired loans					
Residential Real Estate:					
1-4 family	$ 1,319	$ 1,319	$ -	$ 1,334	$ 75
Home equity	-	-	-	-	-
Commercial Real Estate:					
Owner occupied	-	-	-	-	-
Non-owner occupied	-	-	-	-	-
Farmland	-	-	-	-	-
Construction	89	89	-	94	5
Commercial and industrial	12	11	-	11	1
Consumer	-	-	-	-	-
Total loans	$ 1,420	$ 1,419	$ -	$ 1,439	$ 81

Note 3. Loans (continued)

Troubled Debt Restructurings

The Company considers troubled debt restructurings to be impaired loans. A modification of a loan's terms constitutes a TDR if the creditor grants a concession to the borrower for economic or legal reasons related to the borrower's financial difficulties that it would not otherwise consider. The Company had no loans that were modified to TDRs during 2022 or 2021. Any loan that is considered to be a TDR is specifically evaluated for impairment in accordance with the Company's allowance for loan loss methodology.

The Company had no loans modified to TDRs during the year that are on nonaccrual as of December 31, 2022 and 2021.

The Company had no TDRs that were modified during the twelve months prior to default and that have gone into default under the restructured loan terms during the twelve months ended December 31, 2022 and 2021.

The Company had no loans secured by 1-4 family residential properties in process of foreclosure at December 31, 2022. Loans secured by 1-4 Family residential properties in process of foreclosure totaled $54 thousand at December 31, 2021.

(Remainder of this page intentionally left blank)

Note 3. Loans (continued)

Credit Quality

The Company utilizes a risk grading matrix to assign a risk grade to each of its commercial loans. Loans are graded on a scale of 1 to 9. Risk grades 1 to 4 are considered "pass" for purposes of the table below. A description of the general characteristics of the 9 risk grades is as follows:

Grade 1 – "Excellent" - This grade includes loans to borrowers with superior capacity to pay interest and principal. Foreseeable economic changes are unlikely to impair the borrowers' strength. Typically, borrowers have an excellent organizational structure in place with highly regarded and experienced management. Stable business, relatively unaffected by business, credit, or product cycles, business is significant in its market and has a well-defined market share. Borrowers will have ready access to both public debt and equity markets under most conditions. Collateral is highly liquid, substantial margins are maintained, and primary/secondary sources of repayment are excellent. Loans secured by cash.

Grade 2 – "Good" - This grade includes loans to borrowers who represent a solid, demonstrated capacity to pay interest and principal, but material downturns in economic conditions may impact the borrowers' financial condition. Typically, borrowers exhibit low levels of leverage and the overall capitalization of the company is deemed satisfactory. Trends for revenue, core profitability and financial ratios are consistently above average with industry peers. Cash flow adequately covers dividends/withdrawals, and historic debt service in excess of 1.5 times. Collateral coverage is greater than 2.0 times or less than 50% loan-to-value ratio. Borrowers have a stable, well-regarded and qualified management team in place, along with strong financial controls being evident. Normal industry stability, sales and profits are affected by business, credit or product cycles. Market share is stable. Borrowers have the capability to refinance with another institution.

Grade 3 – "Standard" - This grade includes loans to borrowers who have historically demonstrated an above adequate capacity to repay forecasted principal and interest charges, with debt service coverage of 1.20 times based on at least two years of historical earnings. Borrowers have inherent, definable weaknesses; however, the weaknesses are not necessarily uncommon to a particular business, loan type or industry. Changes in economic circumstances could have non-material immediate repercussions on the borrowers' financial condition. Collateral support is deemed to be satisfactory based on appropriate discount factoring to allow a recovery sufficient to pay-off the debt. Collateral could be reasonably collected and/or liquidated in the general market. Additional collateral may be deemed an abundance of caution. Earnings are generally positive, subject to influences of current market conditions and distributions are reasonable in relation to the overall financial picture of the company. Guarantor support is deemed to be marginal as evidenced by personal assets, which probably could not support the business in full, if needed.

Grade 4 – "Acceptable" - This grade includes loans that will have inherent, definable weaknesses; however, these weaknesses are not necessarily uncommon to a particular business, loan type, or industry. Economic changes could have negative repercussions on the financial condition. Borrowers' overall financial position would indicate financing in the market is feasible, at rates and terms typical of current market conditions. Debt service coverage is deemed acceptable at 1.00 to 1.19 times on a combined basis for at least two years of historical earnings. Borrowers exhibit moderately high to high levels of leverage as noted against policy. Tangible net worth is marginally positive or even showing signs of a deficit net worth. Collateral support is deemed to be acceptable or even marginal, but not strong based on appropriate discounting; asset quality may be questionable given specific nature of assets, often secondary non-business assets are required. Earnings are marginally positive or a trend of negative earnings is identified and distributions are considered to be in excess of reasonableness. Guarantor support is deemed to be marginal as evidenced by personal assets, which probably could not support the business in full, if needed. Repayment history also shows a discernible level of delinquent payments.

Note 3. Loans (continued)

Grade 5 – This grade includes loans on management's "watch list" and is intended to be utilized on a temporary basis for pass grade borrowers where a significant risk-modifying action is anticipated in the near term.

Grade 6 – This grade is for "Special Mention" loans, in accordance with regulatory guidelines. This grade is intended to be temporary and includes loans to borrowers whose credit quality has clearly deteriorated and are at risk of further decline unless active measures are taken to correct the situation.

Grade 7 – This grade includes "Substandard" loans, in accordance with regulatory guidelines, for which the accrual of interest may or may not have been stopped. This grade also includes loans where interest is more than 120 days past due and not fully secured and loans where a specific valuation allowance may be necessary, but does not exceed 30% of the principal balance.

Grade 8 – This grade includes "Doubtful" loans, in accordance with regulatory guidelines. Such loans are placed on nonaccrual status and may be dependent upon collateral having a value that is difficult to determine or upon some near-term event which lacks certainty. Additionally, these loans generally have a specific valuation allowance in excess of 30% of the principal balance.

Grade 9 – This grade includes "Loss" loans, in accordance with regulatory guidelines. Such loans are to be charged-off or charged-down when payment is acknowledged to be uncertain or when the timing or value of payments cannot be determined. "Loss" is not intended to imply that the loan or some portion of it will never be repaid, nor does it in any way imply that there has been a forgiveness of debt.

(Remainder of this page intentionally left blank)

Note 3. Loans (continued)

The following table presents credit quality by loan class as of December 31, 2022, net of unearned fees and costs:

At December 31, 2022	Pass	Watch	Special Mention	Substandard	Doubtful	Loss	Total
				(In thousands)			
Residential Real Estate:							
1-4 family	$ 95,588	$ 2,595	$ -	$ 423	$ -	$ -	$ 98,606
Home equity	9,569	512	-	-	-	-	10,081
Commercial Real Estate:							
Owner occupied	26,109	1,146	-	-	-	-	27,255
Non-owner occupied	26,484	-	-	-	-	-	26,484
Farmland	19,050	-	-	-	-	-	19,050
Construction	17,684	44	-	-	-	-	17,728
Total real estate loans	194,484	4,297	-	423	-	-	199,204
Commercial and industrial	13,988	326	-	-	-	-	14,314
Consumer	10,666	78	28	10	-	-	10,782
Total loans	$ 219,138	$ 4,701	$ 28	$ 433	$ -	$ -	$ 224,300

The following table presents credit quality by loan class as of December 31, 2021, net of unearned fees and costs:

At December 31, 2021	Pass	Watch	Special Mention	Substandard	Doubtful	Loss	Total
				(In thousands)			
Residential Real Estate:							
1-4 family	$ 87,905	$ 2,345	$ -	$ 378	$ -	$ -	$ 90,628
Home equity	8,280	158	-	49	-	-	8,487
Commercial Real Estate:							
Owner occupied	27,734	618	-	-	-	-	28,352
Non-owner occupied	22,054	-	-	-	-	-	22,054
Farmland	10,944	-	-	-	-	-	10,944
Construction	24,981	219	-	-	-	-	25,200
Total real estate loans	181,898	3,340	-	427	-	-	185,665
Commercial and industrial	15,635	443	21	30	-	-	16,129
Consumer	10,885	-	-	84	-	-	10,969
Total loans	$ 208,418	$ 3,783	$ 21	$ 541	$ -	$ -	$ 212,763

Note 4. Allowance for Loan Losses

The allowance for loan losses is a reserve established through a provision for loan losses charged to expense, which represents management's best estimate of probable losses that have been incurred within the existing portfolio of loans. The allowance, in the judgment of management, is necessary to reserve for estimated loan losses and risks inherent in the loan portfolio. The Company's allowance for loan loss methodology includes allowance allocations calculated in accordance with ASC Topic 310, "Receivables" and allowance allocations calculated in accordance with ASC Topic 450, "Contingencies." Accordingly, the methodology is based on historical loss experience by loan segment and internal risk grade, specific homogeneous risk pools and specific loss allocations, with adjustments for current events and conditions. The Company's process for determining the appropriate level of the allowance for loan losses is designed to account for credit deterioration as it occurs. The provision for loan losses reflects loan quality trends, including the levels of and trends related to nonaccrual loans, past due loans, potential problem loans, criticized loans and net charge-offs or recoveries, among other factors. The provision for loan losses also reflects the totality of actions taken on all loans for a particular period. In other words, the amount of the provision reflects not only the necessary increases in the allowance for loan losses related to newly identified criticized loans, but it also reflects actions taken related to other loans including, among other things, any necessary increases or decreases in required allowances for specific loans or loan pools.

The level of the allowance reflects management's continuing evaluation of industry concentrations, specific credit risks, loan loss experience, current loan portfolio quality, present economic, political and regulatory conditions and unidentified losses inherent in the current loan portfolio. Portions of the allowance may be allocated for specific credits; however, the entire allowance is available for any credit that, in management's judgment, should be charged off. While management utilizes its best judgment and information available, the ultimate adequacy of the allowance is dependent upon a variety of factors beyond the Company's control, including, among other things, the performance of the Company's loan portfolio, the economy, changes in interest rates and the view of the regulatory authorities toward loan classifications.

The Company's allowance for loan losses consists of three elements: (i) specific valuation allowances determined in accordance with ASC Topic 310 based on probable losses on specific loans; (ii) historical valuation allowances determined in accordance with ASC Topic 450 based on historical loan loss experience for similar loans with similar characteristics and trends, adjusted, as necessary, to reflect the impact of current conditions; and (iii) general valuation allowances determined in accordance with ASC Topic 450 based on general economic conditions and other qualitative risk factors both internal and external to the Company. Provisions for loan losses increase the amount of the allowance based upon the above considerations. Amounts computed to produce an appropriate allowance amount in one period can subsequently be affected by any recoveries of previously charged-off amounts, which are credited to the allowance, and by the reduction of overall loan balances from one period to another. These events, as well as others, can result in producing an "unallocated reserve component" at the end of any period, which is not attributable to any specific loan segment.

The allowance established for probable losses on specific loans is based on a regular analysis and evaluation of problem loans. Commercial loans are classified based on an internal credit risk grading process that evaluates, among other things: (i) the obligor's ability to repay; (ii) the underlying collateral, if any; and (iii) the economic environment and industry in which the borrower operates. This analysis is performed at the relationship manager level for all commercial loans. When a loan has a calculated grade of 7 or higher, the loan is analyzed to determine whether the loan is impaired and, if impaired, the need to specifically allocate a portion of the allowance for loan losses to the loan. Specific valuation allowances are determined by analyzing the borrower's ability to repay amounts owed, collateral deficiencies, the relative risk grade of the loan and economic conditions affecting the borrower's industry, among other things.

Note 4. Allowance for Loan Losses (continued)

The historical component is calculated based on the historical charge-off experience of loan segments. The Company calculates historical loss ratios for pools of similar loans with similar characteristics based on the proportion of actual charge-offs experienced to the total population of loans in the pool. The historical loss ratios are periodically updated based on actual charge-off experience. A historical valuation allowance is established for each pool of similar loans based upon the product of the historical loss ratio and the total dollar amount of the loans in the pool. The Company's pools of similar loans include similar groups of residential real estate loans, commercial real estate loans, commercial and industrial loans, and consumer loans. The methodology considered the net charge-offs for the most recent 48 month period and adds in any specific reserve that has been placed against individually impaired loans, by loan segment.

The general reserve component is based on general economic conditions and other qualitative risk factors both internal and external to the Company. In general, such valuation allowances are determined by evaluating, among other things: (i) the experience, ability and effectiveness of the Company's lending management and staff; (ii) the effectiveness of the Company's loan policies, procedures and internal controls; (iii) changes in asset quality; (iv) changes in loan portfolio volume; (v) the composition and concentrations of credit; (vi) the impact of competition on loan pricing; (vii) the effectiveness of the internal loan review function; (viii) the impact of changes in international, national, regional and local economic and business conditions and developments that affect the collectability of the portfolio; and (ix) the impact of changes in the volume and severity of past due loans, the volume of nonaccrual loans, and the volume and severity of adversely classified or graded loans. Management evaluates the degree of risk that each one of these components has on the quality of the loan portfolio on a quarterly basis. Each component will have a certain percentage assigned to it and this percent will be applied against the specific loan segments that are impacted by the various factors mentioned above. The results of the general component are then included to determine an appropriate valuation allowance.

Loans that are either partially or totally identified as losses by management, internal loan review and/or bank examiners are charged-off. Certain unsecured consumer loan accounts are charged-off automatically based on regulatory requirements.

(Remainder of this page intentionally left blank)

Note 4. Allowance for Loan Losses (continued)

The following table details activity in the allowance for probable loan losses by portfolio segment for the year ended December 31, 2022 (in thousands). Allocation of a portion of the allowance to one category of loans does not preclude its availability to absorb losses in other categories.

2022	Residential Real Estate	Commercial Real Estate	Farmland	Construction	Commercial and Industrial	Consumer	Unallocated	Total
Beginning balance	$ 1,226	$ 642	$ 120	$ 291	$ 119	$ 111	$ 252	$ 2,761
(Recovery of)Provision for loan losses	(64)	(41)	62	(110)	(9)	(7)	(351)	(520)
Charge-offs	-	-	-	-	(1)	(28)	-	(29)
Recoveries	8	1	-	2	1	16	-	28
Net (charge-offs) recoveries	8	1	-	2	-	(12)	-	(1)
Ending balance	$ 1,170	$ 602	$ 182	$ 183	$ 110	$ 92	$ (99)	$ 2,240
Period-end amount allocated to:								
Loans individually evaluated for impairment	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Loans collectively evaluated for impairment	1,170	602	182	183	110	92	(99)	2,240
Ending balance	$ 1,170	$ 602	$ 182	$ 183	$ 110	$ 92	$ (99)	$ 2,240
Total Loans	$ 108,687	$ 53,739	$ 19,050	$ 17,728	$ 14,314	$ 10,782	$ -	$ 224,300
Loans individually evaluated for impairment	1,221	-	-	73	-	-	-	1,294
Loans collectively evaluated for impairment	107,466	53,739	19,050	17,655	14,314	10,782	-	223,006

Note 4. Allowance for Loan Losses (continued)

The following table details activity in the allowance for probable loan losses by portfolio segment for the year ended December 31, 2021 (in thousands). Allocation of a portion of the allowance to one category of loans does not preclude its availability to absorb losses in other categories.

2021	Residential Real Estate	Commercial Real Estate	Farmland	Construction	Commercial and Industrial	Consumer	Unallocated	Total
Beginning balance	$ 1,392	$ 633	$ 130	$ 306	$ 184	$ 122	$ 229	$ 2,996
Provision for loan losses	(212)	9	(10)	(17)	(55)	(3)	23	(265)
Charge-offs	-	-	-	-	(17)	(16)	-	(33)
Recoveries	46	-	-	2	7	8	-	63
Net (charge-offs) recoveries	46	-	-	2	(10)	(8)	-	30
Ending balance	$ 1,226	$ 642	$ 120	$ 291	$ 119	$ 111	$ 252	$ 2,761
Period-end amount allocated to:								
Loans individually evaluated for impairment	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Loans collectively evaluated for impairment	1,226	642	120	291	119	111	252	2,761
Ending balance	$ 1,226	$ 642	$ 120	$ 291	$ 119	$ 111	$ 252	$ 2,761
Total Loans	$ 99,115	$ 50,406	$ 10,944	$ 25,200	$ 16,129	$ 10,969	$ -	$ 212,763
Loans individually evaluated for impairment	1,319	-	-	89	11	-	-	1,419
Loans collectively evaluated for impairment	97,796	50,406	10,944	25,111	16,118	10,969	-	211,344

Note 5. Other Real Estate Owned

An analysis of other real estate owned follows:

	Years Ended December 31, 2022	Years Ended December 31, 2021
	(In thousands)	
Balance at beginning of year	$ 2,103	$ 2,964
Improvements	-	11
Disposals	(1,093)	(999)
Change in valuation allowance	-	97
Change in accumulated depreciation	106	30
Balance at end of year	$ 1,116	$ 2,103

Expenses (income) applicable to other real estate owned include the following:

	Years Ended December 31, 2022	Years Ended December 31, 2021
	(In thousands)	
Net gain on sales of real estate	$ (631)	$ (236)
Operating expense, net of rental income	66	42
	$ (565)	$ (194)

Loans secured by 1-4 family residential properties included in the OREO chart above totaled $86 thousand and $939 thousand at December 31, 2022 and 2021, respectively.

(Remainder of this page intentionally left blank)

Note 6. Premises and Equipment

A summary of the cost and accumulated depreciation of premises and equipment follows:

	December 31, 2022	December 31, 2021
	(In thousands)	
Land	$ 2,485	$ 2,485
Buildings	11,369	11,342
Furniture, fixtures and equipment	5,681	5,786
	19,535	19,613
Accumulated depreciation	(11,345)	(11,076)
	$ 8,190	$ 8,537

Depreciation expense for the years ended December 31, 2022 and 2021 totaled $604,731 and $605,047 respectively.

All branch locations are owned by the Bank.

Note 7. Deposits

The aggregate amounts of time deposits greater than $250,000 at December 31, 2022 and 2021 were $33,779,994 and $31,990,218, respectively.

At December 31, 2022, the scheduled maturities of time deposits are as follows:

	(In thousands)
2023	$ 48,592
2024	25,866
2025	6,250
2026	5,629
2027	5,254
2028	75
	$ 91,666

At December 31, 2022, there was one customer relationship with balances in deposit accounts exceeding 5% of outstanding deposits. This customer relationship comprised 6.49% of the outstanding deposits at December 31, 2022.

Note 7. Deposits (continued)

At December 31, 2022 and 2021, overdraft deposits reclassified to loans totaled $32,861 and $17,377, respectively.

At December 31, 2022 and 2021, total deposits for related parties amounted to $8,144,122 and $5,539,405, respectively.

Note 8. FHLB Advances

The Bank maintains a line of credit secured by residential loans under a blanket lien agreement with the Federal Home Loan Bank of Atlanta (FHLB). For the years ended December 31, 2022 and December 31, 2021, the Bank had no outstanding advances with the FHLB.

The Bank's available credit facility was $6,630,532 at December 31, 2022.

Note 9. Other Borrowings

Other borrowings include commercial customer deposit balances that are invested overnight into an investment sweeps product. The balances held in this deposit-alternative investment vehicle are not insured by the FDIC; however, the Bank pledges U.S. government securities sufficient to cover the balances held in these accounts.

The Bank also has available credit facilities with several correspondent banks totaling $28,207,590 at December 31, 2022.

Note 10. Off-Balance Sheet Arrangements, Commitments, Guarantees and Contingencies

Financial Instruments with Off-Balance Sheet Risk

The Company is a party to credit related financial instruments with off-balance-sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit, standby letters of credit and commercial letters of credit. Such commitments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the consolidated balance sheets.

The Company's exposure to credit loss is represented by the contractual amount of these commitments. The Company follows the same credit policies in making commitments as it does for on-balance sheet instruments.

At December 31, 2022 and 2021, the following financial instruments were outstanding:

	2022	2021
	(In thousands)	
Commitments to extend credit	$ 43,271	$ 45,355
Standby letters of credit	1,358	1,575

Note 10. Off-Balance Sheet Arrangements, Commitments, Guarantees and Contingencies (continued)

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. The commitments for equity lines of credit may expire without being drawn upon; therefore, the total commitment amounts do not necessarily represent future cash requirements. The amount of collateral obtained, if it is deemed necessary by the Company, is based on management's credit evaluation of the customer.

Unfunded commitments under commercial lines of credit, revolving credit lines and overdraft protection agreements are commitments for possible future extensions of credit to existing customers. These lines of credit are uncollateralized and usually do not contain a specified maturity date and may not be drawn upon to the total extent to which the Company is committed.

Standby letters of credit are conditional commitments issued by the Company to guarantee the performance of a customer to a third party. Those letters of credit are primarily issued to support public and private borrowing arrangements. All letters of credit issued have expiration dates within one year. The credit risk involved in issuing letters of credit is the same as that involved in extending loan facilities to customers. The Company generally holds collateral supporting these commitments, if deemed necessary.

Rate Lock Commitments on Loans Held for Sale

At December 31, 2022, the Company had rate lock commitments to originate mortgage loans amounting to approximately $340,000. The Company has entered into corresponding commitments with third party investors to sell loans of approximately $340,000 on a best efforts basis. Under the contractual relationship with these investors, the Company is obligated to sell the loans, and the investors are obligated to purchase the loans, only if the loans close. No other obligation exists. As a result of these contractual relationships with these investors, the Company is not exposed to losses nor will it realize gains related to its rate lock commitments due to changes in interest rates. Balances were deemed immaterial at 12/31/2022 and 12/31/2021. If the loan defaults within the first 120 days, the Company will have to it buy back.

Credit Card Guarantees

The Company from time to time guarantees the credit card debt of certain customers to the merchant bank that issues the cards. At December 31, 2022 guarantees outstanding totaled $0.

Change of Control Agreements

The Company has change-in-control agreements with certain executive officers. The agreements provide for the continuity of base salary and entitle each named executive officer to participate in the incentive, savings, and retirement benefits and payments in the event of the termination of employment following a change-in-control. If employment terminates without "cause", for "good reason", or during the "window period" (as these terms are defined in the agreements), the executive will be entitled to receive a lump sum payment of one and one-half times base salary and the continuation of employee welfare benefits for 24 months following the date of termination.

Note 11. Income Taxes

The Company files income tax returns with the U.S. Federal government and the Commonwealth of Virginia. With few exceptions, the Company is no longer subject to U.S. Federal income and state tax examinations by tax authorities for years prior to 2019.

Allocation of income tax expense between current and deferred portions is as follows:

	Years Ended December 31,	
	2022	2021
Current tax expense	$ 1,693,878	$ 1,413,874
Deferred tax expense (benefit)	308,069	(81,854)
	$ 2,001,947	$ 1,332,020

The reasons for the differences between the statutory Federal income tax rate and the effective tax rates are summarized as follows:

	Years Ended December 31,	
	2022	2021
Computed "expected" tax expense	$ 2,134,332	$ 1,461,335
Tax-exempt income	(133,156)	(130,088)
Other, net	771	773
	$ 2,001,947	$ 1,332,020

The Bank is subject to a Bank Franchise Tax that is imposed by the Commonwealth of Virginia. The Bank Franchise Tax is not an income tax and as such the tax cost is included in other noninterest expense.

Note 11. Income Taxes (continued)

The components of the net deferred tax assets, included in other assets, are as follows:

	December 31, 2022	December 31, 2021
Deferred tax assets:		
Allowance for loan losses	$ 386,978	$ 472,532
Nonaccrual loan interest	1	1,508
Deferred loan fees	58,528	69,687
Accrued pension	- -	165,433
Nonqualified plan	352,404	295,434
Impairment - other real estate owned	6,767	6,767
Unrealized loss on securities available for sale	4,328,373	50,067
Other asset impairment	8,070	8,070
Deferred tax assets	5,141,121	1,069,498
Deferred tax liabilities:		
Depreciation	344,222	416,260
Discount accretion on securities	139,677	5,418
Accrued pension	66,565	- -
Deferred tax liabilities	550,464	421,678
Net deferred tax assets	$ 4,590,657	$ 647,820

(Remainder of this page intentionally left blank)

Note 12. Employee Benefit Plans

The Company offers a number of benefit plans to its employees. Among them are a 401(k) plan, a nonqualified compensation plan and a defined benefit plan, which are described below:

401(k) Plan

The Company offers a 401(k) plan for the benefit of all employees who have attained the age of 18 and completed three months of continuous service. The plan allows participating employees to contribute amounts up to the limits set by the Internal Revenue Service and permits the Company to make discretionary contributions to the plan in such amounts as the Board of Directors may determine to be appropriate. The Company presently makes matching contributions equal to 50% of the first six percent of an employee's compensation contributed to the plan. Contributions made to the plan by the Company for the years ended December 31, 2022 and 2021 were $115,410 and $107,749, respectively.

Nonqualified Compensation Plan

Effective January 1, 2013 the Company established a Nonqualified Compensation Plan. The participants under the plan are credited with a percentage of their total compensation each year. Participants are also credited each December 31 with interest on their previous year end plan balance at the same rate being earned by participants in the Cash Balance Plan. Plan balances are fully vested at all times. The expense for the years ended December 31, 2022 and 2021 was $271,283 and $225,293, respectively.

Defined Benefit Pension Plan

The Company has a non-contributory, defined benefit pension plan. Employees hired on or after October 11, 2012 are not eligible to participate in the plan. Previously, the plan provided benefits based on the participant's years of service and five year average final compensation. As of December 31, 2012, the Company changed the plan to a Cash Balance Plan, covering all employees who meet the eligibility requirements. Under the Cash Balance Plan, the benefit account for each participant will grow each year with annual pay credits based on age and years of service and monthly interest credits based on the prior year's December average yield on 10-year Treasuries, with a minimum of 3%.

At a minimum, our funding policy is to make annual contributions as permitted or required by regulations. For the year ended December 31, 2022, the Company made a cash contribution of $1,400,000. For the year ended December 31, 2021, the Company was not required to make a contribution.

Note 12. Employee Benefit Plans (continued)

Additional information regarding the Company's pension plan is presented below in accordance with ASC 715-30-25 for all years. The measurement date used for the pension disclosure is December 31.

	Years Ended December 31, 2022	Years Ended December 31, 2021
Change in Benefit Obligation		
Benefit obligation, beginning	$ 9,425,049	$ 9,803,462
Service cost	347,682	355,046
Interest cost	240,670	226,266
Actuarial gain	(2,269,576)	(327,358)
Benefits paid	(1,738,100)	(622,596)
Loss (gain) due to settlement	85,621	(9,771)
Benefit obligation, ending	6,091,346	9,425,049
Change in Plan Assets		
Fair value of plan assets, beginning	8,637,314	8,499,032
Actual return on plan assets	(1,917,761)	760,878
Employer contributions	1,400,000	- -
Benefits paid	(1,738,100)	(622,596)
Fair value of plan assets, ending	6,381,453	8,637,314
Funded Status at the end of year	$ 290,107	$ (787,735)
Amounts Recognized in Accumulated Other Comprehensive Loss		
Net actuarial loss	$ 2,184,918	$ 2,469,710
Prior service cost	(89,381)	(243,708)
Deferred taxes	(440,063)	(467,460)
Net amount recognized	$ 1,655,474	$ 1,758,542

The accumulated benefit obligation for the defined benefit pension plan was $6,091,346 and $9,425,049, at December 31, 2022 and 2021, respectively.

Note 12. Employee Benefit Plans (continued)

	Years Ended December 31, 2022	Years Ended December 31, 2021
Components of Net Periodic Benefit Cost		
Service cost	$ 347,682	$ 355,046
Interest cost	240,670	226,266
Expected return on plan assets	(549,074)	(543,210)
Amortization of prior service cost	(154,327)	(154,327)
Recognized net loss due to settlement	425,706	187,975
Recognized net actuarial loss	141,966	198,827
Net periodic benefit cost	452,623	270,577
Other Changes in Plan Assets and Benefit Obligations Recognized in Other Comprehensive Loss		
Net actuarial gain	(284,792)	(941,593)
Amortization of prior service cost	154,327	154,327
Total recognized in other comprehensive income	(130,465)	(787,266)
Total Recognized in Net Pension Benefit Cost and Other Comprehensive Loss (Income)	$ 322,158	$ (516,689)

The weighted-average assumptions used in the measurement of the Company's benefit obligation are shown in the following table:

	2022	2021
Discount rate	5.00%	2.75%
Expected return on plan assets	7.00%	7.00%
Rate of compensation increase	3.00%	3.00%

The weighted-average assumptions in the measurement of the Company's net periodic pension costs are shown in the following table:

	2022	2021
Discount rate	2.75%	2.50%

Note 12. Employee Benefit Plans (continued)

Long-Term Rate of Return

The plan sponsor selects the expected long-term rate-of-return-on-assets assumption in consultation with its investment advisors and actuary. This rate is intended to reflect the average rate of earnings expected to be earned on the funds invested or to be invested to provide plan benefits. Historical performance is reviewed, especially with respect to real rates of return (net of inflation), for the major asset classes held or anticipated to be held by the trust and for the trust itself. Undue weight is not given to recent experience that may not continue over the measurement period with higher significance placed on current forecasts of future long-term economic conditions.

Because assets are held in a qualified trust, anticipated returns are not reduced for taxes. Further, solely for this purpose, the plan is assumed to continue in force and not terminate during the period in which assets are invested; however, consideration is given to the potential impact of current and future investment policy, cash flow into and out of the trust, and expenses (both investment and non-investment) typically paid from plan assets (to the extent such expenses are not explicitly estimated within periodic cost).

Asset Allocation

The pension plan's weighted-average asset allocations as December 31, 2022 and 2021, by asset category are as follows:

	2022	2021
Asset Category		
Mutual funds - fixed income	48%	48%
Mutual funds - equity	52%	52%
Total	100%	100%

The trust fund is sufficiently diversified to maintain a reasonable level of risk without imprudently sacrificing return with a targeted asset allocation of 50% fixed income and 50% equities. The investment manager selects investment fund managers with demonstrated experience and expertise and funds with demonstrated historical performance for the implementation of the plan's investment strategy. The investment manager will consider both actively and passively managed investment strategies and will allocate funds across the asset classes to develop an efficient investment structure.

Note 12. Employee Benefit Plans (continued)

The following table sets forth by level, within the fair value hierarchy, the plan's assets at fair value as of December 31, 2022 and 2021.

	December 31, 2022			
	Level I	Level II	Level III	Total
Assets:				
Mutual funds - equity	$ 3,063,097	-	-	$ 3,063,097
Mutual funds - fixed income	3,318,356	-	-	3,318,356
Total assets at fair value	$ 6,381,453	$ -	$ -	$ 6,381,453

	December 31, 2021			
	Level I	Level II	Level III	Total
Assets:				
Mutual funds - equity	$ 4,145,911	-	-	$ 4,145,911
Mutual funds - fixed income	4,491,403	-	-	4,491,403
Total assets at fair value	$ 8,637,314	$ -	$ -	$ 8,637,314

It is the responsibility of the trustee to administer the investments of the trust within reasonable costs, being careful to avoid sacrificing quality. These costs include, but are not limited to, management and custodial fees, consulting fees, transaction costs and other administrative costs chargeable to the trust.

The Company does not expect to make a contribution to its pension plan in 2023.

Estimated future benefit payments, which reflect expected future service as appropriate, are as follows:

2023	$ 550,721
2024	678,354
2025	153,398
2026	275,073
2027	1,216,460
2028-2032	2,936,242
	$ 5,810,248

Note 13. Other Expense

The principal components of other expense in the statements of income are:

	2022	2021
Accounting and audit fees	$ 182,918	$ 170,038
Debit card/ATM expense	280,359	260,355
Bank franchise tax	337,547	361,542
Directors fees	291,059	261,750
Internet banking expense	255,224	224,107
Legal fees	13,196	27,135
Marketing	40,667	17,922
Software	136,807	125,296
Stationery and supplies	91,427	144,054
Telephone	89,173	89,258
Other (includes no items in excess of 1% of total revenues)	665,849	659,783
	$ 2,384,226	$ 2,341,240

(Remainder of this page intentionally left blank)

Note 14. Accumulated Other Comprehensive Income (Loss)

Changes in each component of accumulated other comprehensive income (loss) were as follows:

	Net Unrealized Gains (Losses) on Available for Sale Securities	Change in Unfunded Pension Liability	Accumulated Other Comprehensive Income (Loss)
Balance at December 31, 2020	**$ 1,976,567**	**$ (2,380,477)**	**$ (403,910)**
Unrealized losses on securities available for sale, net of tax of $576,534	(2,168,868)	-	(2,168,868)
Reclassification adjustment for loss on calls of securities, net of tax of $(1,047)[1]	3,940	-	3,940
Change in pension plan assets and benefit obligations, net of tax of $(197,741)	-	743,852	743,852
Amortization of prior service cost net of tax of $32,413 [2]	-	(121,914)	(121,914)
Balance at December 31, 2021	**(188,361)**	**(1,758,539)**	**(1,946,900)**
Unrealized losses on securities available for sale, net of tax of $4,278,357	(16,094,773)	-	(16,094,773)
Reclassification adjustment for loss on calls of securities, net of tax of $(55)[1]	206	-	206
Change in pension plan assets and benefit obligations, net of tax of $(59,810)	-	224,986	224,986
Amortization of prior service cost net of tax of $32,409 [2]	-	(121,918)	(121,918)
Balance at December 31, 2022	**$ (16,282,928)**	**$ (1,655,471)**	**$ (17,938,399)**

(1) Included on income statement in "Net gain (loss) on calls of securities".
(2) Included on income statement in "Salaries and employee benefits".

(Remainder of this page intentionally left blank)

Note 15. Regulatory Matters

Regulatory Capital Requirements

The Bank is subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory and additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the Company's and the Bank's financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Bank must meet specific capital guidelines that involve quantitative measures of assets, liabilities, and certain off-balance-sheet items as calculated under regulatory accounting practices. The capital amounts and classifications are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors. Prompt corrective action provisions are not applicable to bank holding companies.

Quantitative measures established by regulation to ensure capital adequacy require the Bank to maintain minimum amounts and ratios (set forth in the table below) of total and Tier 1 capital (as defined in the regulations) to risk-weighted assets (as defined), of Tier 1 capital (as defined) to average assets (as defined) and Common Equity Tier 1 capital. Management believes that, as of December 31, 2022 and 2021, the Bank met all capital adequacy requirements to which it is subject.

The final rule implementing Basel Committee on Banking Supervision's capital guidelines for U.S. banks (Basel III rules) became effective on January 1, 2015, with full compliance with all of the requirements being phased in over a multi-year schedule, and fully phased in by January 1, 2019. As part of the new requirements, the Common Equity Tier 1 Capital ratio is calculated and utilized in the assessment of capital for all institutions.

In July 2013, the Federal Reserve issued final rules to include technical changes to its market risk capital rules to align them with the Basel III regulatory capital framework and meet certain requirements of the Dodd-Frank Act. Effective January 1, 2015, the final rules require the Bank to comply with the following minimum capital ratios: (i) a new common equity Tier 1 capital ratio of 4.5% of risk-weighted assets; (ii) a Tier 1 capital ratio of 6.0% of risk-weighted assets (increased from the prior requirement); (iii) a total capital ratio of 8.0% of risk-weighted assets (unchanged from the prior requirement); and (iv) a leverage ratio of 4.0% of total assets (unchanged from the prior requirement). The Basel III Final Rules establish a capital conservation buffer of 2.5%, which is added to the 4.5% CETI to risk-weighted assets to increase the ratio to at least 7%. The Basel III Final Rules also establish risk weightings that applied to many classes of assets held by community banks, importantly including applying higher risk weightings to certain commercial real estate loans. The Basel III Final Rules became effective January 1, 2015 and the Basel III Final Rules capital conservation buffer was phased in from 2015 to 2019.

As of December 31, 2022, the most recent notification from the Federal Reserve Bank categorized the Bank as well capitalized under the framework for prompt corrective action. To be categorized as well capitalized, an institution must maintain minimum total risk-based, Tier 1 risk-based, and Tier 1 leverage ratios as set forth in the table. There are no conditions or events since that notification that management believes have changed the Bank's categorization.

Community Bank Leverage Ratio. As a result of the Economic Growth, Regulatory Relief, and Consumer Protection Act ("EGRRCPA"), the federal banking agencies were required to develop a Community Bank Leverage Ratio (the ratio of a bank's tangible equity capital to average total consolidated assets) for banking organizations with assets of less than $10 billion, such as the Bank. In 2019, the federal banking agencies jointly issued a final rule that provides for an optional, simplified measure of capital adequacy, the Community Bank Leverage Ratio Framework (CBLR framework), for qualifying community banking organizations, consistent with Section 201 of the EGRRCPA. The final rule became effective on January 1, 2020 and was elected by the Bank as of March 31, 2020. In April 2020, the federal banking agencies issued an interim final rule that makes temporary changes to the CBLR framework, pursuant to section 4012 of the Coronavirus Aid, Relief, and Economic Security (CARES) act, and a second interim final rule that provides a graduated increase in the CBLR requirement after the expiration of the temporary changes implemented pursuant to section 4012 of the CARES Act.

Note 15. Regulatory Matters (continued)

The CBLR removes the requirement for qualifying banking organization to calculate and report risk-based capital but rather only requires a Tier 1 to average assets (leverage) ratio. Qualifying banking organizations that elect to use the CBLR framework and that maintain a leverage ratio of greater than required minimums will be considered to have satisfied the generally applicable risk based and leverage capital requirements in the agencies' capital rules and, if applicable, will be considered to have met the well capitalized ratio requirements for purposes of section 38 of the Federal Deposit Insurance Act. Under the interim final rules the CBLR minimum requirement is 8% as of December 31, 2020, 8.5% for calendar year 2021, and 9% for calendar year 2022 and beyond. The interim rule allows for a two-quarter grace period to correct a ratio that falls below the required amount, provided that the bank maintains a leverage ratio of 7% as of December 31, 2020, 7.5% for calendar year 2021, and 8% for calendar year 2022 and beyond.

Under the final rule, an eligible banking organization can opt out of the CBLR framework and revert back to the risk-weighting framework without restriction. As of December 31, 2021 and 2020 the Bank was a qualifying community banking organization as defined by the federal banking agencies and elected to measure capital adequacy under the CBLR framework.

In August 2018 the Economic Growth, Regulatory Relief, and Consumer Protection Act ("EGRRCPA") directed the FRB to revise the Small Bank Holding Company Policy Statement to raise the total consolidated asset limit in the Policy Statement from $1 billion to $3 billion. The Company meets the conditions of the revised policy statement and is, therefore, exempt from the consolidated capital requirements at December 31, 2022 and 2021.

(Remainder of this page intentionally left blank)

Note 15. Regulatory Matters (continued)

The Bank's actual capital amounts and ratios as of December 31, 2022 and 2021 are presented in the table below:

	Actual		To Be Well Capitalized Under Prompt Corrective Action Regulations (CBLR Framework)	
	Amount	**Ratio**	**Amount**	**Ratio**
		(Amounts in thousands)		
As of December 31, 2022:				
Tier 1 Capital to Average Assets	$ 67,397	11.256%	$ 53,888	9.000%

	Actual		To Be Well Capitalized Under Prompt Corrective Action Regulations (CBLR Framework)	
	Amount	**Ratio**	**Amount**	**Ratio**
		(Amounts in thousands)		
As of December 31, 2021:				
Tier 1 Capital to Average Assets	$ 61,645	11.149%	$ 46,997	8.500%

Restriction on Dividends

The Bank is subject to certain restrictions on the amount of dividends it may pay without prior regulatory approval. The Bank normally restricts dividends to a lesser amount. At December 31, 2022, retained earnings of approximately $11,631,924 were available for the payment of dividends without prior regulatory approval.

Note 16. Fair Value Measurements

Current accounting pronouncements require disclosure of the estimated fair value of financial instruments. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. With the exception of certain marketable securities and one-to-four-family residential mortgage loans originated for sale, the Company's financial instruments are not readily marketable and market prices do not exist. The Company, in attempting to comply with accounting disclosure pronouncements, has not attempted to market its financial instruments to potential buyers, if any exist. Since negotiated prices in illiquid markets depend upon the then present motivations of the buyer and seller, it is reasonable to assume that actual sales prices could vary widely from any estimate of fair value made without the benefit of negotiations. Additionally, changes in market interest rates can dramatically impact the value of financial instruments in a short period of time. Finally, the Company expects to retain substantially all assets and liabilities measured at fair value to their maturity or call date. Accordingly, the fair values disclosed herein are unlikely to represent the instruments' liquidation values, and do not with the exception of securities and loans, consider exit costs since they cannot be reasonably estimated by us.

Accounting principles establish a three-level valuation hierarchy for fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The three levels are defined as follows:

- Level 1 Inputs to the valuation methodology are quoted prices for similar assets and liabilities in active markets.
- Level 2 Inputs to the valuation methodology included quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

(Remainder of this page intentionally left blank)

Note 16. Fair Value Measurements (continued)

The estimated fair values, and related carrying or notional amounts, of the Company's financial instruments are as follows:

Description	Balance as of December 31, 2022	Fair Value Measurements at December 31, 2022 Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance
			(Dollars in thousands)		
Financial Assets:					
Cash and cash equivalents	$ 82,752	$ 82,752	$ -	$ -	$ 82,752
Securities available for sale	235,567	-	235,567	-	235,567
Restricted securities	440	-	440	-	440
Loans, Net	222,060	-	-	221,098	221,098
Accrued interest receivable	2,098	-	2,098	-	2,098
Bank-owned life insurance	16,076	-	16,076	-	16,076
Financial liabilities:					
Deposits	$ 512,477	$ -	$ 512,035	$ -	$ 512,035
Other borrowings	8,500	-	8,500	-	8,500
Accrued interest payable	215	-	215	-	215

Description	Balance as of December 31, 2021	Fair Value Measurements at December 31, 2021 Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance
			(Dollars in thousands)		
Financial Assets:					
Cash and cash equivalents	$ 82,765	$ 82,765	$ -	$ -	$ 82,765
Securities available for sale	246,574	-	246,574	-	246,574
Restricted securities	403	-	403	-	403
Loans, Net	210,002	-	-	215,216	215,216
Accrued interest receivable	1,526	-	1,526	-	1,526
Bank-owned life insurance	13,635	-	13,635	-	13,635
Financial liabilities:					
Deposits	$ 495,832	$ -	$ 496,237	$ -	$ 496,237
Other borrowings	7,547	-	7,547	-	7,547
Accrued interest payable	224	-	224	-	224

Note 16. Fair Value Measurements (continued)

The Company assumes interest rate risk as part of its normal operations. As a result, the fair values of the Company's financial instruments will change when interest rate levels change and that change may be either favorable or unfavorable to the Company. Management attempts to match maturities of assets and liabilities to the extent possible to minimize interest rate risk; however, borrowers with fixed rate obligations are less likely to prepay in a rising rate environment and more likely to prepay in a falling rate environment. Conversely, depositors who are receiving fixed rates are more likely to withdraw funds before maturity in a rising rate environment and less likely to do so in a falling rate environment. Management monitors rates and maturities of assets and liabilities and attempts to minimize interest rate risk by adjusting terms of new loans and deposits and by investing in securities with terms that mitigate the Company's overall interest rate risk.

(Remainder of this page intentionally left blank)

Note 16. Fair Value Measurements (continued)

The following tables present the balances of financial assets measured at fair value on a recurring basis as of December 31, 2022 and 2021:

Description	Balance as of December 31, 2022	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
		Fair Value Measurements at December 31, 2022 Using (Dollars in thousands)		
Assets:				
Securities available for sale				
U.S. Government and federal agency	$ 125,979	$ -	$ 125,979	$ -
State and municipal	23,180	-	23,180	-
Agency mortgage-backed	86,408	-	86,408	-

Description	Balance as of December 31, 2021	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
		Fair Value Measurements at December 31, 2021 Using (Dollars in thousands)		
Assets:				
Securities available for sale				
U.S. Government and federal agency	$ 163,977	$ -	$ 163,977	$ -
State and municipal	15,857	-	15,857	-
Agency mortgage-backed	66,740	-	66,740	-

Note 16. Fair Value Measurements (continued)

The following describes the valuation techniques used by the Company to measure certain financial assets and liabilities recorded at fair value on a recurring basis in the financial statements:

Securities available for sale: Securities available for sale are recorded at fair value on a recurring basis. Fair value measurement is based upon quoted market prices, when available (Level 1). If quoted market prices are not available, fair values are measured utilizing independent valuation techniques of identical or similar securities for which significant assumptions are derived primarily from or corroborated by observable market data. Third party vendors compile prices from various sources and may determine the fair value of identical or similar securities by using pricing models that consider observable market data (Level 2).

Accounting principles permit the measurement of certain assets at fair value on a nonrecurring basis. Adjustments to the fair value of these assets usually result from the application of lower-of-cost-or-market accounting or write-downs of individual assets.

The following table summarizes the Company's assets that were measured at fair value on a non-recurring basis during the period:

		Carrying value at December 31, 2022		
Description	Balance as of December 31, 2022	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
		(Dollars in thousands)		
Assets:				
Other real estate owned	$ 1,030	$ -	$ -	$ 1,030

		Carrying value at December 31, 2021		
Description	Balance as of December 31, 2021	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
		(Dollars in thousands)		
Assets:				
Other real estate owned	$ 1,223	$ -	$ -	$ 1,223

Note 16. Fair Value Measurements (continued)

The following tables display quantitative information about Level 3 Fair Value Measurements at December 31, 2022 and December 31, 2021 (dollars in thousands):

	Quantitative information about Level 3 Fair Value Measurements for December 31, 2022				
	Fair Value	Valuation Techniques(s)	Unobservable Input	Range	Weighted Average Range
Assets					
Other real estate owned	$ 1,030	Market comparables	Discount to market comparables (1)	6%	6%

(1) A discount percentage is applied based on current market conditions and experience within the local markets.

	Quantitative information about Level 3 Fair Value Measurements for December 31, 2021				
	Fair Value	Valuation Techniques(s)	Unobservable Input	Range	Weighted Average Range
Assets					
Other real estate owned	$ 1,223	Market comparables	Discount to market comparables (1)	6%	6%

(1) A discount percentage is applied based on current market conditions and experience within the local markets.

(Remainder of this page intentionally left blank)

Note 16. Fair Value Measurements (continued)

The following describes the valuation techniques used by the Company to measure certain assets recorded at fair value on a nonrecurring basis in the financial statements:

Impaired Loans: The Bank does not record loans at fair value on a recurring basis; however, from time to time a loan is considered impaired and a specific reserve is established. Loans for which it is probable that payment of interest and principal will not be made in accordance with the contractual terms of the loan agreement are considered impaired. Once a loan is identified as individually impaired, management measures the extent of any loss. The fair value of impaired loans is estimated using one of several methods, including collateral value, market value of similar debt, enterprise value, liquidation value, and discounted cash flow. Those impaired loans not requiring an allowance represent loans for which the fair value of the expected repayments or collateral exceed the recorded investment in such loans. Impaired loans where an allowance is established based on the fair value of collateral require classification in the fair value hierarchy. When an appraised value is not available or management determines the fair value of the collateral is further impaired below the appraisal value and there is no observable market price, the Bank records the impaired loan as nonrecurring Level 3. There were no loans at December 31, 2021 with an established allowance.

Other Real Estate Owned: The carrying amount of real estate owned by the Bank resulting from foreclosure is estimated at the fair value of the real estate based on an observable market price or a current appraised value less selling costs. If carried at market price based on appraised value using observable market data, it is recorded as nonrecurring Level 2. When an appraised value is not available or is not current, or management determines the fair value of the real estate is further impaired below the appraised value or there is no observable market price, the Bank records the real estate as nonrecurring Level 3. If properties are being rented and thus the carrying value is reduced by accumulated depreciation, the property is not considered to be carried at fair value.

Note 17. Subsequent Events

The Company evaluates subsequent events that have occurred after the balance sheet date, but before the financial statements are issued. There are two types of subsequent events (1) recognized, or those that provide additional evidence about conditions that existed at the date of the balance sheet, including the estimates inherent in the process of preparing financial statements, and (2) non-recognized, or those that provide evidence about conditions that did not exist at the date of the balance sheet but arose about that date.

Subsequent events have been considered through March 15, 2023, the date financial statements were available to be issued. Based on the evaluation, the Company did not identify any recognized or non-recognized subsequent events that would have required adjustment to or disclosure in the audited financial statements.

Note 18. Condensed Parent Company Financial Statements

The following parent company accounting policies should be read in conjunction with the related condensed balance sheets, statements of income, and statements of cash flows.

The investment in subsidiary is accounted for using the equity method of accounting. The parent company and its subsidiary file a consolidated federal income tax return. The subsidiary's individual tax provision and liability are stated as if it filed a separate return and any benefits or detriments of filing the consolidated tax return are absorbed by the parent company.

The parent company's principal asset is its investment in its wholly-owned subsidiary. Dividends from the subsidiary and interest from the parent company's investment portfolio are the sources of cash flow for the parent company. The payment of dividends by the subsidiary is restricted by various statutory limitations. Banking regulations also prohibit extensions of credit by the Bank to the parent company unless appropriately secured by assets.

Condensed Parent Company Financial Statements

Balance Sheets
December 31, 2022 and 2021

Assets	2022	2021
Cash	$ 688,949	$ 571,464
Investment in subsidiary	49,460,540	59,695,760
Securities available for sale at fair value	52,613	75,762
Other assets	283,558	255,810
Total assets	$ 50,485,660	$ 60,598,796
Liabilities and Stockholders' Equity		
Other liabilities	$ 642,444	$ 623,794
Stockholders' equity	49,843,216	59,975,002
Total liabilities and stockholders' equity	$ 50,485,660	$ 60,598,796

Statements of Income
For the Years Ended December 31, 2022 and 2021

	2022	2021
Dividends from subsidiary	$ 2,950,000	$ 2,800,000
Interest income on investments	2,269	3,127
Total interest and dividend income	2,952,269	2,803,127
Noninterest expense - other	685,994	637,358
Income before income taxes	2,266,275	2,165,769
Allocated income tax benefit	143,582	133,189
Income before equity in undistributed earnings of subsidiary	2,409,857	2,298,958
Equity in undistributed earnings of subsidiary	5,751,682	3,327,759
Net income	$ 8,161,539	$ 5,626,717

Condensed Parent Company Financial Statements

Statements of Cash Flows

For the Years Ended December 31, 2022 and 2021

	2022	2021
Cash Flows from Operating Activities		
Net income	$ 8,161,539	$ 5,626,717
Adjustments to reconcile net income to net cash provided by operating activities:		
Equity in undistributed earnings of subsidiary	(5,751,682)	(3,327,759)
Net accretion of securities	(16)	(25)
Changes in other assets and liabilities:		
Increase in other assets	(27,338)	(133,021)
Increase in other liabilities	19,462	19,652
Net cash provided by operating activities	2,401,965	2,185,564
Cash Flows from Investing Activities		
Maturities and prepayments of securities	17,346	34,138
Net cash provided by investing activities	17,346	34,138
Cash Flows from Financing Activities		
Repurchase of common stock	(131,875)	(319,277)
Dividends paid	(2,169,951)	(2,113,420)
Net cash (used in) financing activities	(2,301,826)	(2,432,697)
Increase (decrease) in cash and cash equivalents	117,485	(212,995)
Cash and Cash Equivalents		
Beginning of year	571,464	784,459
End of year	$ 688,949	$ 571,464

OUR VALUED EMPLOYEES

45 PLUS YEARS OF SERVICE

Joyce C. Hawkins
Part-Time Risk Management Specialist
Blackstone Main Office

Lynn K. Shekleton*
Executive Vice President | Human Resources & Branch Administration
Blackstone Main Office

40 - 44 YEARS OF SERVICE

Theresa W. Hardaway
Assistant Vice President | Loan Processor
Blackstone Main Office

35 - 39 YEARS OF SERVICE

Mary H. Bishop
Vice President | Mortgage Loan Originator
Blackstone Main Office

Tamra M. Reekes
Vice President | Corporate Support Services | BSA Officer | Investor Relations
Blackstone Main Office

Connie H. Wilkinson
Vice President | Operations Supervisor
Blackstone Main Office

Patricia P. Williamson
Operations Specialist
Blackstone Main Office

30 - 34 YEARS OF SERVICE

Robin E. Gough
Vice President | Branch Manager
Amelia Office

Dianne H. Hudson
Vice President | Accounts Payable Clerk | Human Resources
Blackstone Main Office

Alice M. Hurte
Part-Time Teller
Crewe Office

N. Blair Myers
Assistant Vice President | Loan Support Supervisor
Blackstone Main Office

Gloria F. Robertson
Assistant Vice President | Branch Manager
Blackstone Shopping Center

Lisa H. Whitehead
Vice President | Controller
Blackstone Main Office

25 - 29 YEARS OF SERVICE

Joyce M. Dooley
Head Teller
Blackstone Drive In

Mary E. Rhodes
Head Teller
Amelia Office

20 - 24 YEARS OF SERVICE

Ginger P. Ferguson
Branch Operations Manager
Amelia Office

Melissa B. Hart
Assistant Vice President | Facilities Manager | Security Officer
Blackstone Main Office

Tina M. Wyatt
Operations Specialist
Blackstone Main Office

15 - 19 YEARS OF SERVICE

Anessa S. Acors
Vice President | Senior Loan Processor | Loan Services Manager
Blackstone Main Office

Rhonda E. Arnold
Vice President | Branch Manager
Farmville Offices

Kay F. Baughan
Vice President | Branch Manager
Crewe & Burkeville Offices

Joseph D. Borgerding*
Chief Executive Officer
Blackstone Main Office

Ann S. Butler
Internal Audit Manager
Blackstone Main Office

Darlene A. Colbert
Head Teller
Chester Office

**Denotes Officer of Citizens Bancorp of Virginia, Inc. and Citizens Bank & Trust Company*

OUR VALUED EMPLOYEES

15 - 19 YEARS CONTINUED

Joellen R. Franklin
Customer Service Representative |
Branch Support Specialist
Farmville South Office

Michelle M. Fulford
Compliance Support Specialist
Blackstone Main Office

Cetric A. Gayles
Executive Vice President |
Chief Credit Officer
Blackstone Main Office

Kimberly N. Gerner
Vice President | Branch Manager
Colonial Heights Office

Jennifer L. Hoskinson
Teller | Customer Service
Representative
Amelia Office

April S. Long
Assistant Vice President |
Branch Manager
Blackstone Main Office

Kristie L. Martin-Wallace
Senior Vice President |
Compliance | Credit Review |
Risk Management
Blackstone Main Office

Lindsey I. May
Operations Specialist | Marketing
Blackstone Main Office

Shirley M. Mercier
Teller
Burkeville Office

Jason E. Powers
Facilities Specialist
Blackstone Main Office

P. Ward Shelton
Vice President |
Commercial Lender
Chester Office

Eric R. Stiles
Vice President |
Information Technology
Blackstone Main Office

10-14 YEARS OF SERVICE

Christopher H. Bacon
BSA Compliance Support
Specialist | BSA Coordinator
Blackstone Main Office

Sonya P. Bullock
Loan Processor
Blackstone Main Office

William J. Collins, III
Vice President | Commercial
Lender | OREO Manager
Blackstone & Farmville Offices

Sertear S. Copeland
Teller | Customer Service
Representative
Farmville South Office

Sheila G. Drown
Head Teller
Colonial Heights Office

Jennifer L. Fitts
Branch Operations Specialist
Farmville West Office

Tamara D. Jones
Branch Operations Specialist
Colonial Heights Office

Valerie C. Lawson
Teller
Crewe Office

C. Taylor Quicke
President
Blackstone Main Office

Malika L. Rhodes
Branch Support Specialist
Chester Office

Abbe P. Thomas
Head Teller
South Hill Office

Geoffrey C. Warner*
Executive Vice President |
Chief Financial Officer
Blackstone Main Office

5 - 9 YEARS OF SERVICE

Jessica A. Adkins
Loan Support Specialist
Blackstone Main Office

Vickie L. Cumbea
Operations Assistant |
Funds Transfer Specialist
Blackstone Main Office

Tera N. Henderson
Teller
Blackstone Main Office

Sarah T. Hudgins
Risk Management Specialist
Blackstone Main Office

**Denotes Officer of Citizens Bancorp of Virginia, Inc. and Citizens Bank & Trust Company*

OUR VALUED EMPLOYEES

5 - 9 YEARS CONTINUED

James F. Keller
Vice President | Commercial Lender
Powhatan Office

Michael R. Lynn, II
Vice President | Commercial Lender
Blackstone & South Hill Offices

Brittany A. Madison
Branch Manager
Powhatan Office

Heidi H. Poe
Teller
Blackstone Shopping Center

Edna V. Saul
Teller
Crewe Office

Patricia B. Schellhaus
Teller
Blackstone Drive In

Amy B. Taylor
Assistant Branch Manager
Blackstone Main Office

Elizabeth S. Walters
Part-Time Teller
Crewe & Burkeville Offices

4 OR LESS YEARS OF SERVICE

Caroline E. Adkins
Teller
Blackstone Main Office

Shonte' L. Braxton
Teller
Blackstone Main Office

Elizabeth P. Chambers
Teller
Amelia Office

Krystle R. Connell
Branch Manager
South Hill Office

Tanya M. Dingeldein
Senior Teller | Customer Service Representative
Powhatan Office

Ashlyn N. Edwards
Teller
Farmville West Office

Jessica K. Grey
Teller
Amelia Office

Kelli G. Haizlip
Teller
Crewe Office

Ashly S. Hawkes
Deposit & Branch Support Specialist
Blackstone Main Office

Raven S. Holt
Teller
Blackstone Drive In

Charlene G. Jones - Villedrouin
Part-Time Teller
Chester Office

Gordon Todd Keso
Courier
Blackstone Main Office

Catherine N. Matyus
Teller
Farmville South Office

Abigail M. Montanye
Teller
Farmville South Office

Robert H. Motley
Credit Analyst
Blackstone Main Office

Taylor S. Neathery
Teller
Blackstone Shopping Center

Lori K. Powell
Part-Time Floating Teller
Powhatan Office

Daniel S. Rowell
Teller
Crewe Office

Avion E. Saylor-Mills
Part-Time Teller
Farmville South Office

L. Alexander Schwabenton
Client Service Representative
Colonial Heights Office

Bernice Smith
Teller
Farmville West Office

Heather M. Virgulto
Part-Time Teller
Blackstone Main Office

Jennifer S. West
Loan Support Specialist
Blackstone Main Office

Allison R. Wilburn
Part-Time Floating Teller
Blackstone Main Office


CITIZENS
BANK AND
TRUST CO

Citizens Bancorp of Virginia, Inc.

CONTACT US

126 South Main Street
Blackstone, VA 23824

1.800.550.1873

www.cbtva.com