

Citizens Bancorp of Virginia, Inc.

PRESS RELEASE - FOR IMMEDIATE DISTRIBUTION

Dated: April 14, 2021

Record First Quarter Earnings Reported by Citizens Bancorp of Virginia, Inc.

Blackstone, Virginia Citizens Bancorp of Virginia, Inc. (the "Company") (OTCBB: CZBT), the parent company of Citizens Bank and Trust Company (the "Bank"), reported record quarterly earnings of \$1.545 million, or \$.72 per share, for the period ended March 31, 2021 compared to \$1.438 million, or \$.66 per share, for the same period in 2020. The Company's return on assets was 1.25% in 2021 versus 1.38% in 2020.

Earnings Highlights

The Company reported a decrease of \$411 thousand, or 11.9%, in net interest income (exclusive of loan fees) for the first quarter of 2021 compared to the same quarter in 2020. The decrease can be attributed to lower yields on loans, investments and fed funds as a result of the steep drop in rates. As a result of the effect of the pandemic on economic activity, the Federal Reserve dramatically decreased interest rates across the yield curve. Loan fees increased by \$355 thousand, almost all of which was from the PPP loan program. Noninterest income increased \$94 thousand to \$790 thousand in 2021 from \$696 thousand in 2020. Noninterest expense decreased \$108 thousand to \$2.338 million in 2021 from \$2.446 million in 2020. The Company's net interest margin for the first quarter of 2021 was 3.02% versus 3.70% in the first quarter of 2020, primarily from the effect of a significant reduction in interest rates and the 1% rate on PPP loans.

Balance Sheet

At March 31, 2021 total Company assets were \$526.6 million, an increase of \$33.5 million from December 31, 2020. Gross loans ended the period at \$229.3 million, a decrease of \$5.5 million, and total deposits increased to \$453.8 million from \$419.1 million at year end 2020. Noninterest-bearing deposits increased to \$119.7 million and interest-bearing deposits increased to \$334.2 million.

Capital Strength

The Company's total equity at March 31, 2021 was \$58.0 million. The Company's Community Bank Leverage Ratio was approximately 11.85%. This ratio significantly exceeds the current regulatory standards for well-capitalized status.

Credit Quality

The Bank's loan portfolio has continued to perform well and remains stable. The Company reported net recoveries of \$1 thousand for the three months ended March 31, 2021 compared to net recoveries of \$16 thousand for the same period in 2020. At March 31, 2021 Other Real Estate Owned (OREO) decreased to \$2.6 million, or by 12.0%, from December 31, 2020. Nonaccruing loans as a percentage of loans at March 31, 2021 remained flat at a very low .06%.

President and CEO Joseph D. Borgerding commented, "Management is pleased to report that Citizens Bank & Trust Company had record first quarter earnings, exceeding the first quarter of 2020 by \$107 thousand, or 7.4%. The Bank continues to experience historic deposit growth as balances grew by \$34.7 million. This growth is a result of government stimulus and the superior value proposition we offer to customers in our markets. Strong

growth in secondary market mortgages contributed to the 13.5% growth in noninterest income. Fee income from the Paycheck Protection Program loans has helped to offset the margin impact of the low interest rate environment. As we look ahead, it is our hope that as the vaccine becomes more widely administered economic growth will continue to rebound.”

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

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

Cautionary Statement about Forward-Looking Statements

We caution you that certain statements in this release may constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Although we believe that our expectations with respect to these forward-looking statements are based upon reasonable assumptions within the bounds of our business operations, there can be no assurance that the actual results, performance or achievements of the Company will not differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements. For more details on factors that could affect expectations, see the Company’s Annual Report for the year ended December 31, 2020.

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

Assets	(Unaudited) March 31, 2021	December 31, 2020
Cash and due from banks	\$ 7,558	\$ 7,636
Interest-bearing deposits in banks	5,329	6,951
Federal funds sold	65,701	42,336
Securities available for sale, at fair market value	193,656	176,051
Restricted securities, at cost	403	527
Loans, net of allowance for loan losses of \$2,997 in 2021 and \$2,996 in 2020	226,347	231,845
Premises and equipment, net	8,812	8,953
Accrued interest receivable	1,566	1,761
Other assets	1,321	859
Bank-owned life insurance	13,348	13,255
Other real estate owned, net of valuation allowance of \$274 in 2021 and \$291 in 2020	2,607	2,964
Total assets	\$ 526,648	\$ 493,138
Liabilities and Stockholders' Equity		
Liabilities		
Deposits:		
Noninterest-bearing	\$ 119,670	\$ 99,661
Interest-bearing	334,172	319,426
Total deposits	453,842	419,087
Other borrowings	10,139	11,894
Accrued interest payable	312	321
Accrued expenses and other liabilities	4,339	3,512
Total liabilities	468,632	434,814
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, 2,142,731 for 2021 and 2,143,660 for 2020	1,071	1,072
Additional paid-in capital	-	-
Retained earnings	58,664	57,656
Accumulated other comprehensive loss	(1,719)	(404)
Total stockholders' equity	58,016	58,324
Total liabilities and stockholders' equity	\$ 526,648	\$ 493,138

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

	Three Months Ended	
	March 31,	
	(Unaudited)	
	2021	2020
Interest and Dividend Income		
Loans, including fees	\$ 3,326	\$ 3,150
Investment securities:		
Taxable	357	542
Tax-exempt	78	123
Federal funds sold	18	131
Other	20	7
Total interest and dividend income	3,799	3,953
Interest Expense		
Deposits	331	426
Borrowings	10	13
Total interest expense	341	439
Net interest income	3,458	3,514
Provision for loan losses	-	-
Net interest income after provision for loan losses	3,458	3,514
Noninterest Income		
Service charges on deposit accounts	140	195
Net gain on calls of securities	2	31
Net gain on sales of loans	138	53
Income from bank-owned life insurance	94	94
Interchange income, net	218	161
Other	198	162
Total noninterest income	790	696
Noninterest Expense		
Salaries and employee benefits	1,474	1,591
Net occupancy expense	178	174
Equipment expense	140	125
FDIC deposit insurance	30	2
Net gain on sale of other real estate owned	(81)	(103)
OREO expenses, net of rental income	14	11
Other	583	646
Total noninterest expense	2,338	2,446
Income before income taxes	1,910	1,764
Income taxes	365	326
Net income	\$ 1,545	\$ 1,438
Earnings per share, basic & diluted	\$ 0.72	\$ 0.66

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

(Dollars in thousands, except per share data)

	Three Months Ended				
	March 31, 2021	December 31, 2020	September 30, 2020	June 30, 2020	March 31, 2020
Per Share Data:					
Earnings per weighted average share	\$0.72	\$0.56	\$0.50	\$0.60	\$0.66
Weighted average shares outstanding	2,143,378	2,145,262	2,149,820	2,154,274	2,170,943
Actual shares outstanding	2,142,731	2,143,660	2,147,311	2,150,654	2,159,873
Book value per share at period end	\$ 27.08	\$ 27.21	\$ 27.10	\$ 26.94	\$ 26.53
Dividend per share	\$ 0.24	\$ 0.24	\$ 0.24	\$ 0.24	\$ 0.24
Performance Ratios:					
Return on average assets	1.25%	0.99%	0.93%	1.16%	1.38%
Net interest margin, (FTE) ¹	3.02%	3.17%	3.19%	3.37%	3.70%
Efficiency ratio ²	54.77%	65.45%	63.58%	55.33%	57.67%
Capital and Other Ratios:					
(Ratios are period end, unless stated otherwise)					
Tier 1 leverage ratio	11.85%	12.28%	12.60%	12.88%	13.69%
Allowance for loan losses to total loans	1.31%	1.28%	1.24%	1.19%	1.14%
Nonaccruing loans to total loans	0.06%	0.07%	0.08%	0.08%	0.13%
Net charge-offs (net recoveries) to average loans (annualized)	0.00%	-0.01%	0.02%	0.00%	-0.03%

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

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

CONTACT: Geoffrey C. Warner
EVP and Chief Financial Officer
Voice: 434-292-8100 or E-mail: Geoffrey.Warner@cbtva.com
