

Citizens Bancorp of Virginia, Inc.

PRESS RELEASE - FOR IMMEDIATE DISTRIBUTION

Dated: October 19, 2021

Solid Third 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 quarterly earnings of \$1.258 million, or \$.59 per share, for the period ended September 30, 2021 compared to \$1.083 million, or \$.50 per share, for the same period in 2020. The Company's return on assets for the third quarter was .92% in 2021 versus .93% in 2020. The Company reported record earnings of \$4.274 million for the first nine months of 2021, or \$2.00 per share, compared to \$3.822 million, or \$1.77 per share, for the prior year.

Earnings Highlights

The Company reported an increase of \$139 thousand, or 4.1%, in net interest income for the third quarter of 2021 compared to the same quarter in 2020. The increase can be attributed to a \$162 thousand increase in loan fees, almost all of which was from the PPP loan program. Noninterest income increased \$121 thousand to \$787 thousand in 2021 from \$666 thousand in 2020. Noninterest expense increased \$277 thousand to \$2.889 million in 2021 from \$2.612 million in 2020, mainly from the effect of pension settlement accounting. The Company's net interest margin for the third quarter of 2021 was 2.79% versus 3.19% in the third quarter of 2020.

Balance Sheet

At September 30, 2021 total Company assets were \$541.5 million, an increase of \$48.4 million from December 31, 2020. Gross loans ended the period at \$225.6 million, a decrease of \$9.2 million, and total deposits increased to \$471.9 million from \$419.1 million at year end 2020. Noninterest-bearing deposits increased to \$114.4 million and interest-bearing deposits increased to \$357.4 million.

Capital Strength

The Company's total equity at September 30, 2021 was \$59.2 million and its Community Bank Leverage Ratio was approximately 11.30%. 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 \$34 thousand for the quarter ended September 30, 2021 compared to net charge-offs of \$14 thousand for the same period in 2020. At September 30, 2021 Other Real Estate Owned (OREO) decreased to \$2.1 million, or by 29%, from December 31, 2020. Nonaccruing loans as a percentage of loans at September 30, 2021 remained flat at a very low .01%.

President and CEO Joseph D. Borgerding commented, "Management is pleased to report that Citizens Bank & Trust Company had record earnings of \$4.274 million for the first nine months of 2021. Growth in secondary market mortgages and fees from government-backed Paycheck Protection loans have been big contributors to the Bank's net income. Historic deposit growth has continued during the first nine months of 2021 as deposits have increased by \$52.8 million. I want to thank the Board, management and staff for their dedication in

overcoming the many challenges of the pandemic to offer uninterrupted service to our customers and communities.”

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) September 30, 2021	December 31, 2020
	2021	2020
Cash and due from banks	\$ 8,764	\$ 7,636
Interest-bearing deposits in banks	1,334	6,951
Federal funds sold	64,348	42,336
Securities available for sale, at fair market value	216,793	176,051
Restricted securities, at cost	403	527
Loans, net of allowance for loan losses of \$2,926 in 2021 and \$2,996 in 2020	222,717	231,845
Premises and equipment, net	8,570	8,953
Accrued interest receivable	1,553	1,761
Other assets	1,382	859
Bank-owned life insurance	13,537	13,255
Other real estate owned, net of valuation allowance of \$158 in 2021 and \$291 in 2020	2,097	2,964
	\$ 541,498	\$ 493,138
Liabilities and Stockholders' Equity		
Liabilities		
Deposits:		
Noninterest-bearing	\$ 114,445	\$ 99,661
Interest-bearing	357,447	319,426
Total deposits	471,892	419,087
Other borrowings	5,499	11,894
Accrued interest payable	233	321
Accrued expenses and other liabilities	4,718	3,512
Total liabilities	482,342	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, 2,131,138 for 2021 and 2,143,660 for 2020	1,065	1,072
Additional paid-in capital	-	-
Retained earnings	60,043	57,656
Accumulated other comprehensive loss	(1,952)	(404)
Total stockholders' equity	59,156	58,324
Total liabilities and stockholders' equity	\$ 541,498	\$ 493,138

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

	Three Months Ended September 30, (Unaudited)		Nine Months Ended September 30, (Unaudited)	
	2021	2020	2021	2020
Interest and Dividend Income				
Loans, including fees	\$ 3,359	\$ 3,275	\$ 9,919	\$ 9,698
Investment securities:				
Taxable	390	397	1,111	1,402
Tax-exempt	53	98	197	334
Federal funds sold	45	11	92	151
Other	7	28	37	62
Total interest and dividend income	3,854	3,809	11,356	11,647
Interest Expense				
Deposits	293	381	931	1,217
Borrowings	5	11	23	37
Total interest expense	298	392	954	1,254
Net interest income	3,556	3,417	10,402	10,393
Provision for loan losses	(100)	150	(100)	400
Net interest income after provision for loan losses	3,656	3,267	10,502	9,993
Noninterest Income				
Service charges on deposit accounts	154	133	427	438
Net gain (loss) on calls of securities	(9)	-	(7)	31
Net gain on sales of loans	82	81	345	239
Income from bank-owned life insurance	95	95	282	282
Interchange income, net	235	199	729	574
Other	230	158	658	496
Total noninterest income	787	666	2,434	2,060
Noninterest Expense				
Salaries and employee benefits	1,920	1,621	4,934	4,571
Net occupancy expense	177	177	508	516
Equipment expense	120	131	391	386
FDIC deposit insurance	34	28	96	45
Net gain on sale of other real estate owned	(44)	(87)	(236)	(213)
OREO expenses, net of rental income	8	33	28	43
Other	674	709	1,930	2,028
Total noninterest expense	2,889	2,612	7,651	7,376
Income before income taxes	1,554	1,321	5,285	4,677
Income taxes	296	238	1,011	855
Net income	\$ 1,258	\$ 1,083	\$ 4,274	\$ 3,822
Earnings per share, basic & diluted	\$ 0.59	\$ 0.50	\$ 2.00	\$ 1.77

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

(Dollars in thousands, except per share data)

	Three Months Ended				
	September 30, 2021	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020
Per Share Data:					
Earnings per weighted average share	\$0.59	\$0.69	\$0.72	\$0.56	\$0.50
Weighted average shares outstanding	2,132,470	2,137,051	2,143,378	2,145,262	2,149,820
Actual shares outstanding	2,131,138	2,134,631	2,142,731	2,143,660	2,147,311
Book value per share at period end	\$ 27.76	\$ 27.67	\$ 27.08	\$ 27.21	\$ 27.10
Dividend per share	\$ 0.25	\$ 0.25	\$ 0.24	\$ 0.24	\$ 0.24
Performance Ratios:					
Return on average assets	0.92%	1.12%	1.25%	0.99%	0.93%
Net interest margin, (FTE) ¹	2.79%	2.78%	3.02%	3.17%	3.19%
Efficiency ratio ²	66.31%	56.87%	54.77%	65.45%	63.58%
Capital and Other Ratios:					
(Ratios are period end, unless stated otherwise)					
Tier 1 leverage ratio	11.30%	11.45%	11.85%	12.28%	12.60%
Allowance for loan losses to total loans	1.30%	1.28%	1.31%	1.28%	1.24%
Nonaccruing loans to total loans	0.01%	0.01%	0.06%	0.07%	0.08%
Net charge-offs (net recoveries) to average loans (annualized)	-0.06%	0.01%	0.00%	-0.01%	0.02%

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

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

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