

Citizens Bancorp of Virginia, Inc.

PRESS RELEASE - FOR IMMEDIATE DISTRIBUTION

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Record Earnings Reported by Citizens Bancorp of Virginia, Inc.

Blackstone, Virginia Citizens Bancorp of Virginia, Inc. (the "Company") (OTCBB: CZBT), the parent company of Citizens Bank and Trust Company (the "Bank"), reported record earnings for both the second quarter and the first six months of 2022. The Company reported earnings of \$1.859 million, or \$.87 per share, for the period ended June 30, 2022 compared to \$1.471 million, or \$.69 per share, for the same period in 2021. The Company's return on assets for the second quarter was 1.28% in 2022 versus 1.12% in 2021. The Company reported earnings of \$3.236 million, or \$1.52 per share, for the first six months of 2022, compared to \$3.016 million, or \$1.41 per share, for the first six months of 2021.

Earnings Highlights

The Company reported an increase of \$501 thousand, or 14.8%, in net interest income for the second quarter of 2022 compared to the same quarter in 2021. This was primarily due to the increased income on securities and overnight investments driven by rising rates. Loan fees decreased by \$147 thousand as a result of a reduction in fees related to the forgiveness of Paycheck Protection Program (PPP) loans. Noninterest income decreased by \$19 thousand from \$857 thousand in 2021 to \$838 thousand for the second quarter of 2022 as a result of a decline in gains on the sale of secondary market loans. Noninterest expense increased \$149 thousand to \$2.573 million in the second quarter of 2022 from \$2.424 million in 2021. Due to the continued stability in the quality of the Bank's loan portfolio, \$160 thousand was released from the allowance for loan losses. Management will continue monitoring key economic metrics and the performance of the portfolio to determine if any further adjustments in the allowance may be warranted. The Company's net interest margin for the second quarter of 2022 was 2.81% versus 2.78% in the second quarter of 2021, as the Bank continues to benefit from a rising rate environment.

Balance Sheet

At June 30, 2022 total Company assets were \$579.3 million, an increase of \$12.4 million from December 31, 2021. Gross loans ended the period at \$211.8 million, a decrease of \$963 thousand as PPP loans were forgiven, and total deposits increased \$22 million to \$517.8 million from \$495.8 at year end 2021. Interest-bearing and noninterest-bearing deposits increased from \$374.4 million to \$386.1 million and \$121.3 million to \$131.6 million, respectively. Total stockholders' equity decreased from \$59.9 million on December 31, 2021 to \$52.4 million. The decrease is due to the increase in unrealized losses on the securities portfolio resulting from the increase in interest rates. The Bank's intent is to hold securities to maturity, which alleviates the unrealized losses created by changes in rates.

Capital Strength

The Company's total equity at June 30, 2022 was \$52.4 million and its Community Bank Leverage Ratio was approximately 10.92%. 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. At June 30, 2022 Other Real Estate Owned (OREO) decreased to \$1.4 million, or by 32%, from December 31, 2021. Nonaccruing loans as a percentage of loans at June 30, 2022 remained 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 for the second quarter and the first six months of 2022. The record quarterly earnings exceed last year's second quarter earnings by \$388,000, or 26%. The Bank has benefited from rising rates, as interest income on securities and overnight funds for the first six months increased by \$944,000, or 103%. Our Bank is well-positioned if interest rates continue to rise. We are pleased with the Bank's performance ratios, which can be attributed to disciplined management and efficient operations."

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, 2021.

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

Assets	(Unaudited) June 30, 2022	December 31, 2021
Cash and due from banks	\$ 10,763	\$ 9,052
Interest-bearing deposits in banks	305	1,337
Federal funds sold	125,872	72,376
Securities available for sale, at fair market value	201,323	246,574
Restricted securities, at cost	440	403
Loans, net of allowance for loan losses of \$2,401 in 2022 and \$2,761 in 2021	209,401	210,002
Premises and equipment, net	8,278	8,537
Accrued interest receivable	1,715	1,526
Other assets	3,995	1,387
Bank-owned life insurance	15,842	13,635
Other real estate owned, net of valuation allowance of \$107 in 2022 and \$164 in 2021	1,424	2,103
Total assets	\$ 579,358	\$ 566,932
Liabilities and Stockholders' Equity		
Liabilities		
Deposits:		
Noninterest-bearing	\$ 131,605	\$ 121,380
Interest-bearing	386,182	374,452
Total deposits	517,787	495,832
Other borrowings	4,534	7,547
Accrued interest payable	182	224
Accrued expenses and other liabilities	4,413	3,354
Total liabilities	526,916	506,957
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, 2,128,263 for 2022 and 2,130,888 for 2021	1,065	1,065
Additional paid-in capital	-	-
Retained earnings	62,964	60,857
Accumulated other comprehensive loss	(11,587)	(1,947)
Total stockholders' equity	52,442	59,975
Total liabilities and stockholders' equity	\$ 579,358	\$ 566,932

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

	Three Months Ended June 30, (Unaudited)		Six Months Ended June 30, (Unaudited)	
	2022	2021	2022	2021
Interest and Dividend Income				
Loans, including fees	\$ 2,935	\$ 3,234	\$ 5,951	\$ 6,560
Investment securities:				
Taxable	860	364	1,409	721
Tax-exempt	42	66	83	144
Federal funds sold	297	29	364	47
Other	5	10	11	30
Total interest and dividend income	4,139	3,703	7,818	7,502
Interest Expense				
Deposits	247	307	495	638
Borrowings	3	8	7	18
Total interest expense	250	315	502	656
Net interest income	3,889	3,388	7,316	6,846
Provision for loan losses	(160)	-	(360)	-
Net interest income after provision for loan losses	4,049	3,388	7,676	6,846
Noninterest Income				
Service charges on deposit accounts	164	133	327	273
Net gain on calls of securities	-	-	1	2
Net gain on sales of loans	53	125	120	263
Income from bank-owned life insurance	111	93	207	187
Interchange income, net	286	276	509	494
Other	224	230	404	428
Total noninterest income	838	857	1,568	1,647
Noninterest Expense				
Salaries and employee benefits	1,749	1,540	3,431	3,014
Net occupancy expense	159	153	325	331
Equipment expense	126	131	260	271
FDIC deposit insurance	38	32	79	62
Net gain on sale of other real estate owned	(223)	(111)	(301)	(192)
OREO expenses, net of rental income	27	6	49	20
Other	697	673	1,380	1,256
Total noninterest expense	2,573	2,424	5,223	4,762
Income before income taxes	2,314	1,821	4,021	3,731
Income taxes	455	350	785	715
Net income	\$ 1,859	\$ 1,471	\$ 3,236	\$ 3,016
Earnings per share, basic & diluted	\$ 0.87	\$ 0.69	\$ 1.52	\$ 1.41

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

(Dollars in thousands, except per share data)

	Three Months Ended				
	June 30, 2022	March 31, 2022	December 31, 2021	September 30, 2021	June 30, 2021
Per Share Data:					
Earnings per weighted average share	\$0.87	\$0.65	\$0.63	\$0.59	\$0.69
Weighted average shares outstanding	2,128,560	2,130,378	2,130,961	2,132,470	2,137,051
Actual shares outstanding	2,128,263	2,129,613	2,130,888	2,131,138	2,134,631
Book value per share at period end	\$ 24.64	\$ 25.72	\$ 28.15	\$ 27.76	\$ 27.67
Dividend per share	\$ 0.25	\$ 0.25	\$ 0.25	\$ 0.25	\$ 0.25
Performance Ratios:					
Return on average assets	1.28%	0.98%	0.97%	0.92%	1.12%
Net interest margin, (FTE) ¹	2.81%	2.59%	2.80%	2.79%	2.78%
Efficiency ratio ²	54.31%	63.59%	66.03%	66.31%	56.87%
Capital and Other Ratios:					
(Ratios are period end, unless stated otherwise)					
Tier 1 leverage ratio	10.92%	10.94%	11.18%	11.30%	11.45%
Allowance for loan losses to total loans	1.14%	1.23%	1.30%	1.30%	1.28%
Nonaccruing loans to total loans	0.01%	0.02%	0.03%	0.01%	0.01%
Net charge-offs (net recoveries) to average loans (annualized)	-0.01%	0.01%	0.00%	-0.06%	0.01%

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

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

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