

Citizens Bancorp of Virginia, Inc.

PRESS RELEASE - FOR IMMEDIATE DISTRIBUTION

Dated: October 21, 2022

Record Third Quarter Earnings and Dividend Increase 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 third quarter and the first nine months of 2022. The Company reported earnings of \$2.199 million, or \$1.03 per share, for the quarter ended September 30, 2022 compared to \$1.258 million, or \$.59 per share, for the same period in 2021. The Company’s return on assets for the third quarter was 1.49% in 2022 versus .92% in 2021. The Company reported earnings of \$5.435 million, or \$2.55 per share, for the first nine months of 2022, compared to \$4.274 million, or \$2.00 per share, for the first nine months of 2021. As a result of this strong performance, the Board of Directors voted to increase the quarterly dividend from \$0.25 to \$0.26 per share.

Earnings Highlights

The Company reported an increase of \$1.061 million, or 30%, in net interest income for the third quarter of 2022 compared to the same quarter in 2021. This was due to the increased income on securities and overnight investments driven by rapidly rising rates. Noninterest income decreased by \$47 thousand from \$787 thousand in 2021 to \$740 thousand for the third quarter of 2022 primarily as a result of a decline in gains on the sale of secondary market loans. Noninterest expense decreased \$112 thousand to \$2.777 million in the third quarter of 2022 from \$2.889 million in 2021. Due to the continued stability in the quality of the Bank’s loan portfolio, an additional \$160 thousand was released from the allowance for loan losses during the quarter. 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 third quarter of 2022 was 3.31% versus 2.79% in the third quarter of 2021, as the Bank continues to benefit from a rising rate environment while remaining disciplined on managing funding costs.

Balance Sheet

At September 30, 2022 total Company assets were \$582.3 million, an increase of \$15.4 million from December 31, 2021. Gross loans ended the period at \$217.9 million, an increase of \$5.1 million from December 31, 2021. Total deposits increased \$33.6 million to \$529.4 million from \$495.8 at year end 2021. Interest-bearing and noninterest-bearing deposits increased from \$374.4 million to \$386.2 million and \$121.3 million to \$143.2 million, respectively. Total stockholders’ equity decreased from \$59.9 million on December 31, 2021 to \$46.1 million and continues to be impacted by the increase in unrealized losses on the securities portfolio. These unrealized losses have risen due to the significant increase in interest rates that has taken effect during 2022; however, the Bank’s intent remains to hold these securities to maturity, thereby alleviating the unrealized losses created by changes in rates.

Capital Strength

The Company's Community Bank Leverage Ratio was approximately 11.19%. 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 September 30, 2022 Other Real Estate Owned (OREO) decreased to \$1.2 million, or by 43%, from December 31, 2021. Nonaccruing loans as a percentage of loans at September 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 third quarter and the first nine months of 2022. The Bank's year to date net income of \$5.435 million exceeded last year by \$1.161 million, or 27%. The Bank has continued to be a beneficiary of the rising rate environment, which is reflected in the increase of interest income on securities and overnight funds. Given the Bank's strong capital position and consistent earnings, the Board of Directors approved an increase in the quarterly dividend from \$0.25 to \$0.26 per share or from \$1.00 to \$1.04 on an annual basis."

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) September 30, 2022	December 31, 2021
Cash and due from banks	\$ 9,081	\$ 9,052
Interest-bearing deposits in banks	309	1,337
Federal funds sold	102,961	72,376
Securities available for sale, at fair market value	220,475	246,574
Restricted securities, at cost	440	403
Loans, net of allowance for loan losses of \$2,255 in 2022 and \$2,761 in 2021	215,645	210,002
Premises and equipment, net	8,210	8,537
Accrued interest receivable	1,921	1,526
Other assets	6,141	1,387
Bank-owned life insurance	15,959	13,635
Other real estate owned, net of valuation allowance of \$67 in 2022 and \$164 in 2021	1,193	2,103
	\$ 582,335	\$ 566,932
Liabilities and Stockholders' Equity		
Liabilities		
Deposits:		
Noninterest-bearing	\$ 143,211	\$ 121,380
Interest-bearing	386,213	374,452
Total deposits	529,424	495,832
Other borrowings	1,701	7,547
Accrued interest payable	185	224
Accrued expenses and other liabilities	4,866	3,354
Total liabilities	536,176	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, 2,126,238 for 2022 and 2,130,888 for 2021	1,063	1,065
Additional paid-in capital	-	-
Retained earnings	64,559	60,857
Accumulated other comprehensive loss	(19,463)	(1,947)
Total stockholders' equity	46,159	59,975
Total liabilities and stockholders' equity	\$ 582,335	\$ 566,932

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)	
	2022	2021	2022	2021
Interest and Dividend Income				
Loans, including fees	\$ 2,960	\$ 3,359	\$ 8,911	\$ 9,919
Investment securities:				
Taxable	1,193	390	2,602	1,111
Tax-exempt	47	53	130	197
Federal funds sold	661	45	1,025	92
Other	3	7	14	37
Total interest and dividend income	4,864	3,854	12,682	11,356
Interest Expense				
Deposits	246	293	741	931
Borrowings	1	5	8	23
Total interest expense	247	298	749	954
Net interest income	4,617	3,556	11,933	10,402
Provision for loan losses	(160)	(100)	(520)	(100)
Net interest income after provision for loan losses	4,777	3,656	12,453	10,502
Noninterest Income				
Service charges on deposit accounts	179	154	506	427
Net gain (loss) on calls of securities	-	(9)	1	(7)
Net gain on sales of loans	19	82	139	345
Income from bank-owned life insurance	117	95	324	282
Interchange income, net	236	235	745	729
Other	189	230	593	658
Total noninterest income	740	787	2,308	2,434
Noninterest Expense				
Salaries and employee benefits	1,904	1,920	5,335	4,934
Net occupancy expense	172	177	497	508
Equipment expense	133	120	393	391
FDIC deposit insurance	46	34	125	96
Net gain on sale of other real estate owned	(242)	(44)	(543)	(236)
OREO expenses, net of rental income	22	8	71	28
Other	742	674	2,122	1,930
Total noninterest expense	2,777	2,889	8,000	7,651
Income before income taxes	2,740	1,554	6,761	5,285
Income taxes	541	296	1,326	1,011
Net income	\$ 2,199	\$ 1,258	\$ 5,435	\$ 4,274
Earnings per share, basic & diluted	\$ 1.03	\$ 0.59	\$ 2.55	\$ 2.00

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, 2022	June 30, 2022	March 31, 2022	December 31, 2021	September 30, 2021
Per Share Data:					
Earnings per weighted average share	\$1.03	\$0.87	\$0.65	\$0.63	\$0.59
Weighted average shares outstanding	2,127,757	2,128,560	2,130,378	2,130,961	2,132,470
Actual shares outstanding	2,126,238	2,128,263	2,129,613	2,130,888	2,131,138
Book value per share at period end	\$ 21.71	\$ 24.64	\$ 25.72	\$ 28.15	\$ 27.76
Dividend per share	\$ 0.26	\$ 0.25	\$ 0.25	\$ 0.25	\$ 0.25
Performance Ratios:					
Return on average assets	1.49%	1.28%	0.98%	0.97%	0.92%
Net interest margin, (FTE) ¹	3.31%	2.81%	2.59%	2.80%	2.79%
Efficiency ratio ²	51.72%	54.31%	63.59%	66.03%	66.31%
Capital and Other Ratios:					
(Ratios are period end, unless stated otherwise)					
Tier 1 leverage ratio	11.19%	10.92%	10.94%	11.18%	11.30%
Allowance for loan losses to total loans	1.04%	1.14%	1.23%	1.30%	1.30%
Nonaccruing loans to total loans	0.01%	0.01%	0.02%	0.03%	0.01%
Net charge-offs (net recoveries) to average loans (annualized)	-0.03%	-0.01%	0.01%	0.00%	-0.06%

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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