

Citizens Bancorp of Virginia, Inc.

PRESS RELEASE - FOR IMMEDIATE DISTRIBUTION

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Record 2021 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 of \$5.627 million in 2021 compared to \$5.020 million in 2020. Earnings per share were \$2.63 for the year ended December 31, 2021 versus \$2.33 for the same period in 2020, or an increase of 12.9%. The Company's return on assets decreased to 1.06% in 2021 from 1.11% in 2020 as total assets increased by 15.0%. Earnings for the quarter ended December 31, 2021 were \$1.353 million, or \$.63 per share, compared to \$1.198 million, or \$.56 per share, for the same period in 2020.

Earnings Highlights

For the year, net interest income increased \$133 thousand in 2021 compared to 2020. Interest income decreased by \$1.017 million as the COVID-related decrease in rates had a material effect on interest earned across all asset classes. Interest expense decreased by \$393 thousand. Loan fee income increased by \$757 thousand, all of which was from the PPP loan program. Noninterest income increased \$417 thousand to \$3.275 million from \$2.858 million in 2020 primarily as a result of increased interchange fees and gains on the sale of secondary market mortgage loans. Noninterest expense increased \$403 thousand to \$10.608 million in 2021 from \$10.205 million in 2020, mainly from the effect of pension settlement accounting. As the result of the improvement in economic conditions during 2021 and the reduction in the size of the loan portfolio, the Bank reduced the allowance for loan losses by \$265 thousand. The Company's net interest margin decreased to 2.84% in 2021 from 3.35% in 2020.

The Company reported an increase of \$124 thousand, or 3.5%, in net interest income for the fourth quarter of 2021 compared to the same quarter in 2020. The Company's net interest margin for the fourth quarter of 2021 was 2.80% versus 3.17% in the fourth quarter of 2020.

Balance Sheet

At December 31, 2021 total Company assets were \$566.9 million, an increase of \$73.8 million from December 31, 2020. Gross loans ended the period at \$212.8 million, a decrease of \$22.1 million, as PPP loans were forgiven by the SBA and some existing borrowers refinanced their home loans at a fixed rate which were then sold into the secondary market. Total deposits increased to \$495.8 million from \$419.1 million at year end 2020, or by 18.3%. Total deposits have grown by 44.3% since the end of 2019. Noninterest-bearing deposits increased to \$121.4 million and interest-bearing deposits increased to \$374.4 million.

Capital Strength

The Company's total equity at December 31, 2021 was \$60.0 million and its Community Bank Leverage Ratio was approximately 11.18%. 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 December 31, 2021 Other Real Estate Owned (OREO) decreased to \$2.1 million, or by 29%, from December 31, 2020. Nonaccruing loans as a percentage of total loans at December 31, 2021 remained flat at a very low .03%.

President and CEO Joseph D. Borgerding commented, "Management is pleased to report that Citizens Bank & Trust Company had record earnings of \$5.627 million for 2021, which is a 12.1% increase over 2020. Growth in secondary market mortgages and fees from government-backed Paycheck Protection loans have been big contributors to the Bank's net income. The Bank experienced historic deposit growth as deposits increased by \$76.7 million, or 18.3%. 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. The new year will bring challenges to the banking industry as the bulk of the fees generated by the Paycheck Protection loans have been realized and the current yield curve continues to put pressure on margins. Our Bank remains uniquely positioned through our strong balance sheet and efficient operations to maintain solid performance."

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) December 31, 2021	December 31, 2020
	2021	2020
Cash and due from banks	\$ 9,052	\$ 7,636
Interest-bearing deposits in banks	1,337	6,951
Federal funds sold	72,376	42,336
Securities available for sale, at fair market value	246,574	176,051
Restricted securities, at cost	403	527
Loans, net of allowance for loan losses of \$2,761 in 2021 and \$2,996 in 2020	210,002	231,845
Premises and equipment, net	8,537	8,953
Accrued interest receivable	1,526	1,761
Other assets	1,387	859
Bank-owned life insurance	13,635	13,255
Other real estate owned, net of valuation allowance of \$164 in 2021 and \$291 in 2020	2,103	2,964
	\$ 566,932	\$ 493,138
Liabilities and Stockholders' Equity		
Liabilities		
Deposits:		
Noninterest-bearing	\$ 121,380	\$ 99,661
Interest-bearing	374,452	319,426
Total deposits	495,832	419,087
Other borrowings	7,547	11,894
Accrued interest payable	224	321
Accrued expenses and other liabilities	3,354	3,512
Total liabilities	506,957	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, 2,130,888 for 2021 and 2,143,660 for 2020	1,065	1,072
Additional paid-in capital	-	-
Retained earnings	60,857	57,656
Accumulated other comprehensive loss	(1,947)	(404)
Total stockholders' equity	59,975	58,324
Total liabilities and stockholders' equity	\$ 566,932	\$ 493,138

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

	Three Months Ended December 31, (Unaudited)		Twelve Months Ended December 31, (Unaudited)	
	2021	2020	2021	2020
Interest and Dividend Income				
Loans, including fees	\$ 3,375	\$ 3,380	\$ 13,294	\$ 13,078
Investment securities:				
Taxable	426	364	1,537	1,766
Tax-exempt	48	91	245	425
Federal funds sold	46	10	138	161
Other	7	26	44	88
Total interest and dividend income	3,902	3,871	15,258	15,518
Interest Expense				
Deposits	274	359	1,205	1,576
Borrowings	3	11	26	48
Total interest expense	277	370	1,231	1,624
Net interest income	3,625	3,501	14,027	13,894
Provision for loan losses	(165)	-	(265)	400
Net interest income after provision for loan losses	3,790	3,501	14,292	13,494
Noninterest Income				
Service charges on deposit accounts	166	128	593	566
Net gain (loss) on calls of securities	2	-	(5)	31
Net gain on sales of loans	87	115	432	354
Income from bank-owned life insurance	98	94	380	376
Interchange income, net	240	205	969	779
Other	248	256	906	752
Total noninterest income	841	798	3,275	2,858
Noninterest Expense				
Salaries and employee benefits	1,682	1,617	6,616	6,188
Net occupancy expense	212	185	720	701
Equipment expense	173	172	564	558
FDIC deposit insurance	35	28	131	73
Net gain on sale of other real estate owned	-	(47)	(236)	(260)
OREO expenses, net of rental income	14	14	42	57
Other	841	860	2,771	2,888
Total noninterest expense	2,957	2,829	10,608	10,205
Income before income taxes	1,674	1,470	6,959	6,147
Income taxes	321	272	1,332	1,127
Net income	\$ 1,353	\$ 1,198	\$ 5,627	\$ 5,020
Earnings per share, basic & diluted	\$ 0.63	\$ 0.56	\$ 2.63	\$ 2.33

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

(Dollars in thousands, except per share data)

	Three Months Ended				
	December 31, 2021	September 30, 2021	June 30, 2021	March 31, 2021	December 31, 2020
Per Share Data:					
Earnings per weighted average share	\$0.63	\$0.59	\$0.69	\$0.72	\$0.56
Weighted average shares outstanding	2,130,961	2,132,470	2,137,051	2,143,378	2,145,262
Actual shares outstanding	2,130,888	2,131,138	2,134,631	2,142,731	2,143,660
Book value per share at period end	\$ 28.15	\$ 27.76	\$ 27.67	\$ 27.08	\$ 27.21
Dividend per share	\$ 0.25	\$ 0.25	\$ 0.25	\$ 0.24	\$ 0.24
Performance Ratios:					
Return on average assets	0.97%	0.92%	1.12%	1.25%	0.99%
Net interest margin, (FTE) ¹	2.80%	2.79%	2.78%	3.02%	3.17%
Efficiency ratio ²	66.03%	66.31%	56.87%	54.77%	65.45%
Capital and Other Ratios:					
(Ratios are period end, unless stated otherwise)					
Tier 1 leverage ratio	11.18%	11.30%	11.45%	11.85%	12.28%
Allowance for loan losses to total loans	1.30%	1.30%	1.28%	1.31%	1.28%
Nonaccruing loans to total loans	0.03%	0.01%	0.01%	0.06%	0.07%
Net charge-offs (net recoveries) to average loans (annualized)	0.00%	-0.06%	0.01%	0.00%	-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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