

# Citizens Bancorp of Virginia, Inc.

## PRESS RELEASE - FOR IMMEDIATE DISTRIBUTION

**Dated: January 26, 2023**

### **Record 2022 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 fourth quarter and the year ended December 31, 2022. The Company reported earnings of \$8.162 million, or \$3.84 per share, for the year ended December 31, 2022, compared to \$5.627 million, or \$2.63 per share, for the same period in 2021, or an increase of 45%. The Company's return on assets increased to 1.41% in 2022 from 1.06% in 2021. The Company reported earnings of \$2.727 million, or \$1.28 per share, for the quarter ended December 31, 2022 compared to \$1.353 million, or \$.63 per share, for the same period in 2021. The Company's return on assets for the fourth quarter was 1.87% in 2022 versus .97% in 2021.

#### **Earnings Highlights**

For the year, net interest income increased \$3.163 million in 2022 compared to 2021. This was primarily due to the increased income on securities and overnight investments driven by rising rates. Noninterest income increased by \$530 thousand as a result of a \$721 thousand gain from the acquisition of the Bank's minority interest in an affiliate. Partially offsetting the gain was a \$274 thousand decline in gains on the sale of secondary market loans. Noninterest expense increased \$743 thousand to \$11.351 million in 2022 from \$10.608 million in 2021. The \$1.106 million increase in personnel costs was the result of normal annual salary adjustments and higher pension costs, and were offset in part by a \$395 thousand increase in the gain on sale of other real estate owned. Due to the continued stability of the Bank's loan portfolio, \$520 thousand was released from the allowance for loan losses compared to a release of \$265 thousand in 2021. The Company's net interest margin increased to 3.12% in 2022 from 2.84% in 2021.

The Company reported an increase of \$1.632 million, or 45%, in net interest income for the fourth quarter of 2022 compared to the same quarter in 2021. This was due to the increased income on securities and overnight investments driven by rising rates. Noninterest income increased by \$656 thousand from \$841 thousand in 2021 to \$1.497 million for the fourth quarter of 2022 primarily as the result of the affiliate transaction noted above. Noninterest expense increased \$394 thousand to \$3.351 million in the fourth quarter of 2022 from \$2.957 million in 2021, as a result of pension settlement accounting. The Company's net interest margin for the fourth quarter of 2022 was 3.75% versus 2.80% in the fourth quarter of 2021, as the Bank continues to benefit from a higher rate environment while remaining disciplined on managing funding costs.

#### **Balance Sheet**

At December 31, 2022 total Company assets were \$574.0 million, an increase of \$7.1 million from December 31, 2021. Gross loans ended the period at \$224.3 million, an increase of \$11.5 million from December 31, 2021. Total deposits increased \$16.7 million to \$512.5 million from \$495.8 at year end 2021. Interest-bearing and noninterest-bearing deposits increased from \$374.4 million to \$382.6 million and \$121.3 million to \$129.9 million, respectively. Total stockholders' equity decreased from \$59.9 million on December 31, 2021 to \$49.8 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 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 11.70%. 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, 2022 Other Real Estate Owned (OREO) decreased to \$1.1 million, or by 47%, from December 31, 2021. Nonaccruing loans as a percentage of loans at December 31, 2022 were less than .01%.

President and CEO Joseph D. Borgerding commented, "Management is pleased to report that Citizens Bank & Trust Company had record earnings for 2022, exceeding \$8 million in earnings for the first time in the history of our Bank. 2022 earnings of \$8.162 million exceeded 2021 earnings by 45%. The Bank benefited from the rising rate environment through higher interest income on overnight investments and the securities portfolio. The Bank also experienced strong loan and deposit growth in 2022, with gross loans increasing by \$11.5 million, or 5.4%, and deposits increasing by \$16.7 million, or 3.4%. Management and the Board of Directors are extremely pleased with our 2022 performance and feel we are well-positioned for future success. I would like to thank the Board, management, and staff for their contribution to another year of record 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](http://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)

| <b>Assets</b>  | <b>(Unaudited)<br/>December 31,<br/>2022</b> | <b>December 31,<br/>2021</b> |
|--|--|------------------------------|
| Cash and due from banks  | \$ 8,708                                     | \$ 9,052                     |
| Interest-bearing deposits in banks   | 316  | 1,337                        |
| Federal funds sold   | 73,728                                       | 72,376                       |
| Securities available for sale, at fair market value  | 235,567                                      | 246,574                      |
| Restricted securities, at cost   | 440  | 403                          |
| Loans, net of allowance for loan losses of \$2,240 in 2022<br>and \$2,761 in 2021  | 222,060                                      | 210,002                      |
| Premises and equipment, net  | 8,190  | 8,537                        |
| Accrued interest receivable  | 2,097  | 1,526                        |
| Other assets   | 5,707  | 1,387                        |
| Bank-owned life insurance  | 16,076                                       | 13,635                       |
| Other real estate owned, net of valuation allowance of \$58 in 2022<br>and \$164 in 2021   | 1,116  | 2,103                        |
|  | <b>\$ 574,005</b>                            | <b>\$ 566,932</b>            |
| <b>Liabilities and Stockholders' Equity</b>  |  |                              |
| <b>Liabilities</b>   |  |                              |
| Deposits:  |  |                              |
| Noninterest-bearing  | \$ 129,924                                   | \$ 121,380                   |
| Interest-bearing   | 382,553                                      | 374,452                      |
| Total deposits   | 512,477                                      | 495,832                      |
| Other borrowings   | 8,500  | 7,547                        |
| Accrued interest payable   | 215  | 224                          |
| Accrued expenses and other liabilities   | 2,970  | 3,354                        |
| Total liabilities  | 524,162                                      | 506,957                      |
| <b>Stockholders' Equity</b>  |  |                              |
| Preferred stock, \$0.50 par value; authorized 1,000,000 shares;<br>none outstanding  | -  | -                            |
| Common stock, \$0.50 par value; authorized 10,000,000 shares;<br>issued and outstanding, 2,125,613 for 2022 and 2,130,888 for 2021 | 1,063  | 1,065                        |
| Additional paid-in capital   | -  | -                            |
| Retained earnings  | 66,718                                       | 60,857                       |
| Accumulated other comprehensive loss   | (17,938)                                     | (1,947)                      |
| Total stockholders' equity   | 49,843                                       | 59,975                       |
| Total liabilities and stockholders' equity   | <b>\$ 574,005</b>                            | <b>\$ 566,932</b>            |

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

|  | Three Months Ended<br>December 31,<br>(Unaudited) |                 | Twelve Months Ended<br>December 31,<br>(Unaudited) |                 |
|--|---|-----------------|--|-----------------|
|  | 2022  | 2021            | 2022   | 2021            |
| Interest and Dividend Income                                   |   |                 |  |                 |
| Loans, including fees  | \$ 3,153  | \$ 3,375        | \$ 12,064  | \$ 13,294       |
| Investment securities:   |   |                 |  |                 |
| Taxable  | 1,499   | 426             | 4,101  | 1,537           |
| Tax-exempt   | 69  | 48              | 199  | 245             |
| Federal funds sold   | 781   | 46              | 1,806  | 138             |
| Other  | 8   | 7               | 22   | 44              |
| <b>Total interest and dividend income</b>                      | <b>5,510</b>                                      | <b>3,902</b>    | <b>18,192</b>                                      | <b>15,258</b>   |
| Interest Expense   |   |                 |  |                 |
| Deposits   | 250   | 274             | 991  | 1,205           |
| Borrowings   | 3   | 3               | 11   | 26              |
| <b>Total interest expense</b>                                  | <b>253</b>  | <b>277</b>      | <b>1,002</b>                                       | <b>1,231</b>    |
| <b>Net interest income</b>                                     | <b>5,257</b>                                      | <b>3,625</b>    | <b>17,190</b>                                      | <b>14,027</b>   |
| Provision for loan losses                                      | -   | (165)           | (520)  | (265)           |
| <b>Net interest income after provision<br/>for loan losses</b> | <b>5,257</b>                                      | <b>3,790</b>    | <b>17,710</b>                                      | <b>14,292</b>   |
| Noninterest Income   |   |                 |  |                 |
| Service charges on deposit accounts                            | 172   | 166             | 678  | 593             |
| Net gain (loss) on calls of securities                         | (1)   | 2               | -  | (5)             |
| Net gain on sales of loans                                     | 19  | 87              | 158  | 432             |
| Income from bank-owned life insurance                          | 117   | 98              | 441  | 380             |
| Interchange income, net  | 239   | 240             | 984  | 969             |
| Other  | 951   | 248             | 1,544  | 906             |
| <b>Total noninterest income</b>                                | <b>1,497</b>                                      | <b>841</b>      | <b>3,805</b>                                       | <b>3,275</b>    |
| Noninterest Expense  |   |                 |  |                 |
| Salaries and employee benefits                                 | 2,387   | 1,682           | 7,722  | 6,616           |
| Net occupancy expense  | 174   | 212             | 671  | 720             |
| Equipment expense  | 140   | 173             | 533  | 564             |
| FDIC deposit insurance   | 40  | 35              | 165  | 131             |
| Net gain on sale of other real estate owned                    | (88)  | -               | (631)  | (236)           |
| OREO expenses, net of rental income                            | (5)   | 14              | 66   | 42              |
| Other  | 703   | 841             | 2,825  | 2,771           |
| <b>Total noninterest expense</b>                               | <b>3,351</b>                                      | <b>2,957</b>    | <b>11,351</b>                                      | <b>10,608</b>   |
| <b>Income before income taxes</b>                              | <b>3,403</b>                                      | <b>1,674</b>    | <b>10,164</b>                                      | <b>6,959</b>    |
| Income taxes   | 676   | 321             | 2,002  | 1,332           |
| <b>Net income</b>  | <b>\$ 2,727</b>                                   | <b>\$ 1,353</b> | <b>\$ 8,162</b>                                    | <b>\$ 5,627</b> |
| <b>Earnings per share, basic &amp; diluted</b>                 | <b>\$ 1.28</b>                                    | <b>\$ 0.63</b>  | <b>\$ 3.84</b>                                     | <b>\$ 2.63</b>  |

**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,<br>2022 | September 30,<br>2022 | June 30,<br>2022 | March 31,<br>2022 | December 31,<br>2021 |
| <b>Per Share Data:</b>   |                      |                       |                  |                   |                      |
| Earnings per weighted average share                            | \$1.28               | \$1.03                | \$0.87           | \$0.65            | \$0.63               |
| Weighted average shares outstanding                            | 2,126,102            | 2,127,757             | 2,128,560        | 2,130,378         | 2,130,961            |
| Actual shares outstanding                                      | 2,125,613            | 2,126,238             | 2,128,263        | 2,129,613         | 2,130,888            |
| Book value per share at period end                             | \$ 23.45             | \$ 21.71              | \$ 24.64         | \$ 25.72          | \$ 28.15             |
| Dividend per share   | \$ 0.26              | \$ 0.26               | \$ 0.25          | \$ 0.25           | \$ 0.25              |
| <b>Performance Ratios:</b>                                     |                      |                       |                  |                   |                      |
| Return on average assets                                       | 1.87%                | 1.49%                 | 1.28%            | 0.98%             | 0.97%                |
| Net interest margin, (FTE) <sup>1</sup>                        | 3.75%                | 3.31%                 | 2.81%            | 2.59%             | 2.80%                |
| Efficiency ratio <sup>2</sup>                                  | 49.48%               | 51.72%                | 54.31%           | 63.59%            | 66.03%               |
| <b>Capital and Other Ratios:</b>                               |                      |                       |                  |                   |                      |
| <b>(Ratios are period end, unless stated otherwise)</b>        |                      |                       |                  |                   |                      |
| Tier 1 leverage ratio  | 11.70%               | 11.19%                | 10.92%           | 10.94%            | 11.18%               |
| Allowance for loan losses to total loans                       | 1.00%                | 1.04%                 | 1.14%            | 1.23%             | 1.30%                |
| Nonaccruing loans to total loans                               | 0.00%                | 0.01%                 | 0.01%            | 0.02%             | 0.03%                |
| Net charge-offs (net recoveries) to average loans (annualized) | 0.03%                | -0.03%                | -0.01%           | 0.01%             | 0.00%                |

<sup>1</sup> The net interest margin is reported on a fully taxable equivalent basis.

<sup>2</sup> 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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