

Citizens Bancorp of Virginia, Inc.

PRESS RELEASE - FOR IMMEDIATE DISTRIBUTION

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Record 2023 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 \$8.496 million in 2023 compared to \$8.162 in 2022. Earnings per share were \$4.00 per share for the year ended 2023 versus \$3.84 for the same period in 2022, or an increase of 4.17%. The Company's return on assets increased to 1.53% in 2023 from 1.41% in 2022. Earnings for the quarter ended December 31, 2023 were \$1.530 million or \$.72 per share, compared to \$2.727 million or \$1.28 per share for the same period in 2022. The Company's return on assets for the fourth quarter of 2023 was 1.11% versus 1.87% in 2022.

Earnings Highlights

For the year, net interest income increased \$3.154 million in 2023 compared to 2022. Interest income in all asset categories increased due to the significant rise in rates. Noninterest income decreased by \$866 thousand, primarily due to a 2022 gain from the acquisition of the Bank's minority interest in an affiliate. Excluding the 2022 affiliate acquisition, the decrease in noninterest income from 2023 to 2022 is \$145 thousand. The year to year decline can be attributed to a decrease in the income from the sales of secondary market loans and in fee income from the Bank's wealth management program. Noninterest expense increased to \$12.591 million in 2023 from \$11.351 million in 2022. Contributing to the increase were annual increases in personnel costs, increased expense for FDIC deposit insurance and a decrease of \$535 thousand in the gains on sales of Other Real Estate Owned (OREO). Due to strong growth in the Bank's loan portfolio, the Bank provided \$210 thousand to the Allowance for Credit Losses. The Company's net interest margin increased to 3.80% in 2023 from 3.12% in 2022.

Noninterest expense increased by \$279 thousand to \$3.630 million in the fourth quarter of 2023 from \$3.351 million in 2022. As noted above, the majority of this increase was due to decreased gains on the sale of Other Real Estate Owned (OREO) compared to 2022. The Company strategically sold a substantial portion of its OREO properties in 2022 due to the strong real estate market. Other expenses increased for the fourth quarter of 2023 compared to the same time period of 2022 due to increases in data processing expense resulting from outsourcing and the addition of several new services.

The Company's net interest margin for the fourth quarter of 2023 was 3.75% unchanged from the fourth quarter of 2022. The Company continues to benefit from a higher rate environment while remaining disciplined in its approach to managing funding costs.

Balance Sheet

At December 31, 2023 total Company assets were \$554.3 million, a decrease of \$19.7 million from December 31, 2022. Gross loans ended the period at \$252.2 million, an increase of \$27.9 million from December 31, 2022. Total deposits decreased by \$28.5 million to \$484.0 million from \$512.5 million at year end 2022. Interest-bearing and noninterest-bearing deposits decreased from \$382.5 million to \$370.6 million and \$129.9 million to \$113.4 million, respectively. Management anticipated a reduction in deposits as a result of dwindling stimulus funds and slowing

economic conditions and positioned the balance sheet to absorb the decline. Total stockholders' equity increased from \$49.8 million on December 31, 2022 to \$59.7 million on December 31, 2023.

Capital Strength

The Company's Community Bank Leverage Ratio was approximately 13.45%. This ratio significantly exceeds the current regulatory standards for well-capitalized status.

Credit Quality

The Bank's loan portfolio continues to perform well and remains stable. At December 31, 2023 Other Real Estate Owned (OREO) decreased to \$633 thousand, or by 43.3%, from December 31, 2022. Nonaccruing loans as a percentage of loans at December 31, 2023 remained flat at .01%.

The Company's President and CEO C. Taylor Quicke commented, "Management and the Board of Directors are pleased to report that Citizens Bank & Trust Company had record earnings for 2023 of \$8.496 million. The Bank was well positioned for an environment of higher rates and experienced strong loan growth in 2023, with gross loans increasing by approximately \$28 million, or 12.4%. I would like to thank the Board, management, and staff for their contributions to another year of record performance."

Effective December 31, 2023, Joseph D. Borgerding retired from his position as President & CEO of the Company and as a member of the Board of Directors. The Board appointed C. Taylor Quicke as Mr. Borgerding's successor. Mr. Quicke joined the Bank in 2011 and has served as Bank President since October 2022. Charles F. Parker, Jr., Chairman of the Board of Directors, said "On behalf of the Board, I extend our deepest gratitude to Joe Borgerding for his dedication, strategic leadership, and unwavering commitment over the past 18 years. We wish him the best on a well-deserved retirement. The Board is pleased to welcome Taylor Quicke as our new President/Chief Executive Officer. His experience, leadership, and commitment to the communities we serve will be invaluable to the continued success of Citizens Bank and Trust Company." Mr. Quicke stated "I have benefited greatly from Joe's mentorship and guidance over the years and appreciate the opportunity to serve as his successor. I am excited about the future of the Bank and look forward to working with the Board, staff and other stakeholders as we move forward while remaining true to our core values and purpose."

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 twelve locations in the Counties of Amelia, Chesterfield, Nottoway, Mecklenburg, Powhatan and Prince Edward and in the City of Colonial Heights, Virginia. The Bank also operates a loan production office in Goochland, 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, 2022.

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

Assets	(Unaudited) December 31, 2023	December 31, 2022
	2023	2022
Cash and due from banks	\$ 7,433	\$ 8,708
Interest-bearing deposits in banks	232	316
Federal funds sold	39,671	73,728
Securities available for sale, at fair market value	226,138	235,567
Restricted securities, at cost	558	440
Loans, net of allowance for loan losses of \$2,969 in 2023 and \$2,240 in 2022	249,279	222,060
Premises and equipment, net	7,751	8,190
Accrued interest receivable	2,241	2,097
Other assets	4,671	5,707
Bank-owned life insurance	15,734	16,076
Other real estate owned, net of valuation allowance of \$0 in 2023 and \$58 in 2022	633	1,116
	\$ 554,341	\$ 574,005
Liabilities and Stockholders' Equity		
Liabilities		
Deposits:		
Noninterest-bearing	\$ 113,421	\$ 129,924
Interest-bearing	370,612	382,553
Total deposits	484,033	512,477
Other borrowings	5,632	8,500
Accrued interest payable	1,236	215
Accrued expenses and other liabilities	3,745	2,970
Total liabilities	494,646	524,162
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, 2,123,863 for 2023 and 2,125,613 for 2022	1,062	1,063
Additional paid-in capital	-	-
Retained earnings	72,438	66,718
Accumulated other comprehensive loss	(13,805)	(17,938)
Total stockholders' equity	59,695	49,843
Total liabilities and stockholders' equity	\$ 554,341	\$ 574,005

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)	
	2023	2022	2023	2022
Interest and Dividend Income				
Loans, including fees	\$ 3,819	\$ 3,153	\$ 14,160	\$ 12,064
Investment securities:				
Taxable	1,473	1,499	6,025	4,101
Tax-exempt	66	69	270	199
Federal funds sold	533	781	2,478	1,806
Other	10	8	37	22
Total interest and dividend income	5,901	5,510	22,970	18,192
Interest Expense				
Deposits	899	250	2,619	991
Borrowings	3	3	7	11
Total interest expense	902	253	2,626	1,002
Net interest income	4,999	5,257	20,344	17,190
Provision for (recovery of) loan losses	165	-	210	(520)
Net interest income after provision for loan losses	4,834	5,257	20,134	17,710
Noninterest Income				
Service charges on deposit accounts	167	172	652	678
Net loss on disposition of land, premises and equipment	-	-	(11)	-
Net loss on calls of securities	(1)	(1)	(1)	-
Net gain on sales of loans	4	19	50	158
Income from bank-owned life insurance	113	117	782	441
Interchange income, net	233	239	958	984
Other	174	951	509	1,544
Total noninterest income	690	1,497	2,939	3,805
Noninterest Expense				
Salaries and employee benefits	2,335	2,387	7,932	7,722
Net occupancy expense	195	174	726	671
Equipment expense	126	140	504	533
FDIC deposit insurance	62	40	255	165
Net gain on sale of other real estate owned	(11)	(88)	(96)	(631)
OREO expenses, net of rental income	(8)	(5)	14	66
Other	931	703	3,256	2,825
Total noninterest expense	3,630	3,351	12,591	11,351
Income before income taxes	1,894	3,403	10,482	10,164
Income taxes	364	676	1,986	2,002
Net income	\$ 1,530	\$ 2,727	\$ 8,496	\$ 8,162
Earnings per share, basic & diluted	\$ 0.72	\$ 1.28	\$ 4.00	\$ 3.84

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, 2023	September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022
Per Share Data:					
Earnings per weighted average share	\$0.72	\$1.14	\$1.07	\$1.08	\$1.28
Weighted average shares outstanding	2,123,863	2,123,863	2,124,234	2,125,102	2,126,102
Actual shares outstanding	2,123,863	2,123,863	2,123,863	2,124,613	2,125,613
Book value per share at period end	\$ 28.11	\$ 24.33	\$ 25.12	\$ 25.37	\$ 23.45
Dividend per share	\$ 0.27	\$ 0.27	\$ 0.27	\$ 0.26	\$ 0.26
Performance Ratios:					
Return on average assets	1.11%	1.74%	1.62%	1.65%	1.87%
Net interest margin, (FTE) ¹	3.75%	3.78%	3.81%	3.83%	3.75%
Efficiency ratio ²	63.62%	51.10%	51.01%	50.21%	49.48%
Capital and Other Ratios:					
(Ratios are period end, unless stated otherwise)					
Tier 1 leverage ratio	13.45%	13.08%	12.50%	12.15%	11.70%
Allowance for loan losses to total loans	1.18%	1.16%	1.16%	1.20%	1.00%
Nonaccruing loans to total loans	0.01%	0.01%	0.02%	0.01%	0.00%
Net charge-offs (net recoveries) to average loans (annualized)	0.02%	0.00%	0.01%	-0.03%	0.03%

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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