150
1873-2023
Citizens Bank & Trust
COMPANY

CITIZENS BANK

2023 ANNUAL REPORT

150TH ANNIVERSARY EDITION

AS WE LOOK TOWARD A BRIGHT FUTURE, WE REFLECT UPON WHERE WE BEGAN – REMEMBERING THOSE WHO HAVE COME BEFORE US LAYING THE FOUNDATION FOR WHO WE ARE TODAY.

CHARTER,

CONSTITUTION AND BY-LAWS

OF THE

CITIZENS BANK,

AT

BLACKS AND WHITES,

VIRGINIA.

Authorized Capital, - - $200,000.

PETERSBURG:
JOHN B. EGE'S PRINTING HOUSE AND BOOK BINDERY,
1873.

PICTURED ABOVE: *The cover page of the Charter, Constitution and By-Laws of Citizens Bank at Blacks and Whites, Virginia, dated in 1873, prior to the Bank's name being changed to Citizens Bank & Trust Company on February 21, 1921. Since the Bank was organized, its home town has had three names. In the beginning the Village of Blacks and Whites was derived from a combination of the names of the proprietors of the two taverns here before the railroad was built; therefore the crossroads came to be known as Blacks and Whites. In 1875, it changed to Bellefonte to be identical to the name of the Norfolk and Western Railroad Station before the town was renamed Blacks and Whites on August 4, 1882. On February 23, 1886, the name was changed to Blackstone and the town went on to become incorporated on February 23, 1888.*

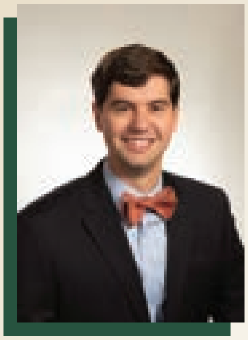
TABLE OF CONTENTS

150
1873-2023
Citizens Bank & Trust
COMPANY

PICTURED ABOVE: *On March 25, 1921, the Bank presented to its hometown a new structure as a memorial of its gratitude to the community for the long patronage that had made possible the investment for the Bank's present and growing needs. This 32x100 foot two-story building made of grey "Hytex" Buff brick and Indiana Limestone included marble floors, a twenty-foot ceiling pitch, and fixtures made of Italian Tavenelle marble. This building has served the Bank's needs for over 100 years.*

Architect - *Fred A. Bishop, Petersburg, VA* | **Contractor** - *R.W. Cobbs, Blackstone, VA* | **Brick Work** - *G.C. Tunstall, Blackstone, VA*

LETTER FROM THE PRESIDENT



Dear Fellow Shareholders:

2023 was an eventful year at Citizens Bank & Trust Company, marked by record earnings, a successful executive transition, the opening of a new Loan Production Office, and the celebration of our 150th Anniversary. With a continued focus on long-term strategic objectives, Management successfully responded to changes in the economic environment while maintaining strong returns and a resilient balance sheet during a period otherwise characterized by three notable bank failures and the negative impact of margin compression on the profitability of a number of other banks.

It is a pleasure to report that the Bank achieved record earnings of $8.496 million for 2023, exceeding 2022 by $334 thousand, or 4%. The strong performance is attributable to a higher rate environment, strong loan demand, and operational efficiencies. As a result of the strong performance, the Board of Directors approved an increase in the quarterly dividend in the second quarter of the year from $0.26 to $0.27 per share, or from $1.04 to $1.08 per share on an annual basis. Based on the average market share price during the fourth quarter, the dividend equates to an annualized return of 3.9%, one of the highest amongst Virginia community banks. Under its stock repurchase program, the Bank has repurchased $5.5 million of company stock since 2005. The buyback program is an efficient utilization of the Bank's capital that helps to maximize shareholder value. Shareholders interested in learning more about the stock repurchase program can contact the Bank's Investment Relations Officer.

The Bank continued to experience strong loan growth in 2023 with gross loans exceeding 2022 by $27.9 million. The growth contributed to the Bank reaching a historical high with gross loans of over $250 million. In response to the growth of the loan portfolio, $210 thousand was allocated towards the allowance for credit losses. Loan performance remained strong with nonaccruing loans at .01% at year-end, while Other Real Estate Owned (OREO) decreased to $633 thousand, or by 43.3%, from December 31, 2022.

Having strategically identified Goochland as a potential growth market with many similarities to the Bank's successfully established markets of Amelia and Powhatan, Management and the Board of Directors were pleased to announce the opening of a Goochland Loan Production Office (LPO) during the first quarter of 2023. The Bank looks forward to expanding its presence in the Goochland community and anticipates strong loan growth during 2024.

Following twenty years of service with Citizens Bank & Trust Company, President & CEO, Joe Borgerding, retired on December 31, 2023. Joe's legacy includes thirteen years of record earnings, expansion into five new markets, and a twofold increase in the Bank's assets. I enjoyed the opportunity to work closely with Joe over the past few years as we prepared for the change in leadership. The Board of Directors and Management appreciate that through his tireless efforts and disciplined approach to decision making, Joe moved the Bank forward with a consistently clear vision.

Finally, Citizens Bank & Trust Company commemorated its Sesquicentennial on August 4, 2023. Celebrations throughout the year marked the observance of this notable milestone which was made possible by dedicated staff, loyal customers, and supportive shareholders. Throughout all of the years, the Bank has faithfully served our communities just as was intended in 1873. I look forward to working with each of you as we position the Bank for success towards the next one hundred and fifty years!

C. Taylor Quicke, ***President & CEO***

PRESIDENTS OF CITIZENS BANK & TRUST CO.

Only eight presidents have led Citizens Bank & Trust Company since the Bank was founded in 1873. This continuity is a testament to the Bank's stability and the vision of its leadership. Each of these presidents has contributed to the rich heritage of the Bank by emphasizing excellent customer service at reasonable costs.

In 1886, the Bank's first president, William Hodges Mann, wrote in the Annual Report to the Stakeholders, "*We can have no solid and continued prosperity separate from the community in which we live. It behooves us to foster and encourage home enterprise and industries, and to extend our aid wherever we properly deem.*"

For 150 years, Citizens Bank & Trust Company's diligent pursuit of Governor Mann's policy has mutually benefited both the Bank and the communities that we serve. We have set ourselves apart with a continued focus on local economic growth and personalized services, proudly maintaining our independence while expanding our service areas with branches in Blackstone, Crewe, Burkeville, Amelia, Farmville, Chester, Colonial Heights, South Hill and Powhatan, and a Loan Production Office in Goochland.

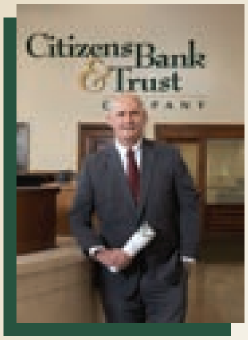
President J.A. Wilson, Jr. stated in the Bank's 1973 centennial report, "*The splendid cooperation and support of the Board of Directors, Officers and staff have made easier the task of building on the firm foundation that was laid by W.M. Hodges Mann, J.M. Harris, Richard F. Dillard, and John A. Booker.*" These words still ring true today.

As we celebrate our sesquicentennial, we acknowledge that it is only because of the success and sedulous of the Directors, Officers, and Staff that have come before us that we can fully understand what we must do to lay the foundation for those who will succeed us.


THE PRESIDENTS OF
Citizens Bank
&Trust
COMPANY
1920

"I have benefited greatly from Joe's mentorship and guidance over the years and appreciate the opportunity to serve as his successor. "
–C. Taylor Quicke

RETIREMENT OF BANK PRESIDENT & CEO



On 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.

Mr. Borgerding joined the Bank in 2003 as Vice President/Senior Loan Officer. Shortly after his arrival, he was named Acting CEO in 2004 and confirmed as the President & CEO in 2005.

In his first President's Letter to shareholders, Mr. Borgerding wrote, "*The future of our company remains bright. Strategically, the Bank will continue to evaluate growth opportunities to enhance our existing franchise. Your management team is focused on improving departmental efficiencies, expanding product lines, maintaining credit quality, and developing a culture of superior customer service.*" Under Mr. Borgerding's leadership, Company assets grew from $274 million to $550 million, the Bank entered the new markets of Chesterfield, Colonial Heights, South Hill, Powhatan, and Goochland, and new programs, including wealth management, secondary market mortgage, and real estate title and settlement, were introduced to better serve our customers and enhance revenue. During his tenure, Mr. Borgerding remained true to each of his early assurances to shareholders and led the second oldest community bank in the State of Virginia to become a top-performing financial institution.

Regarding his retirement, Mr. Borgerding commented, "*Leading such a highly respected institution has been my honor and I am proud that we have consistently delivered strong performance while maintaining an unwavering commitment to our customers, communities, employees, and shareholders*."

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 20 years. We wish him the best on a well-deserved retirement.* "

Over the past six years, the Board of Directors and Executive Management diligently worked to implement an executive succession plan that would ensure a seamless transition of Bank leadership following Mr. Borgerding's retirement. 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. 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.*"

"LEADING SUCH A HIGHLY RESPECTED INSTITUTION HAS BEEN MY HONOR AND I AM PROUD THAT WE HAVE CONSISTENTLY DELIVERED STRONG PERFORMANCE WHILE MAINTAINING AN UNWAVERING COMMITMENT TO OUR CUSTOMERS, COMMUNITIES, EMPLOYEES, AND SHAREHOLDERS."
–JOSEPH D. BORGERDING

BOARD OF DIRECTORS & SENIOR MANAGEMENT

Dr. Anne Wells Carr • C. Taylor Quicke (*President*)* • Charles F. Parker, Jr. (*Chairman*) • Joseph D. Borgerding (*Chief Executive Officer*)* • Jo Anne Scott Webb • Jeffrey W. Siffert (*Vice Chairman*) • Norman H. "Trey" Taylor, III • David H. Gates • Jerome A. Wilson, III • E. Walter Newman, Jr. • William D. Coleburn • Timothy R. Tharpe

Cetric A. Gayles (*Executive Vice President | Chief Credit Officer*) • C. Taylor Quicke (*President*)* • Joseph D. Borgerding (*Chief Executive Officer*)* • Lynn K. Shekleton (*Executive Vice President | Human Resources & Branch Administration*) • Kristie L. Martin-Wallace (*Senior Vice President | Compliance | Credit Review | Risk Management*) • Lisa H. Whitehead (*Senior Vice President | Controller*) • Tabitha R. Poore (*Senior Vice President | Finance Manager | Operations Officer*)

**Joseph D. Borgerding serves as President and Chief Executive Officer of Citizens Bancorp of Virginia and Chief Executive Officer of Citizens Bank & Trust Company. C. Taylor Quicke serves as President of Citizens Bank & Trust Company.*

INTRODUCTION OF NEW SENIOR MANAGEMENT OFFICERS

Management and the Board of Directors are pleased to announce that Lisa Whitehead and Tabitha Poore have joined the CB&T Senior Management team. Working together in the Bank's Accounting/Finance Department, Ms. Whitehead and Ms. Poore provide critical support to Executive Management in the development of financial plans for the organization.

Lisa Whitehead

Senior Vice President/Controller

Lisa joined the Bank in 1991 and functioned in a variety of roles within the organization before moving into the Accounting/Finance Department in 2002. Over the years, she assumed progressively responsible job duties within the department, obtained her Associates Degree, and was promoted to Vice President/Controller in 2012. As Controller, Lisa's duties include planning and directing accounting operations, managing vital financial data, participating in the budgeting process, preparing financial statements, and ensuring the overall effective performance of her department.

Tabitha Poore

Senior Vice President/Finance Manager/Operations Officer

Tabitha joined the CB&T team in March 2023. She is a CPA with a Bachelor's of Business Administration and a Master's Degree in Accounting. She is an experienced banking professional whose diverse background includes seventeen years with Benchmark Community Bank where she served in a variety of leadership roles in the areas of Finance, Operations, and Human Resources. In her final three years with Benchmark, she served as Senior Vice President/Accounting Officer.

LENDING TEAM UPDATE

Our 150th year anniversary concluded with the Bank achieving record earnings. One of the contributing factors to that success was the significant loan growth we experienced as we continued our commitment of assisting our clients in realizing their financial goals.

We are also pleased with the establishment of a loan production office in Goochland, Virginia. This market compliments our current footprint, and we are encouraged by its early performance. I am proud to lead a lending team that remains profoundly dedicated to providing tailored lending solutions that align with the unique needs of our clients.

Cetric A. Gayles; *Executive Vice President* | *Chief Credit Officer*

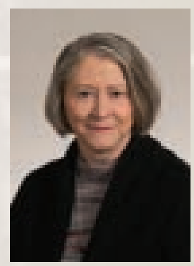
CB&T Lending Team

Amy B. Taylor
Blackstone

April S. Long
Blackstone

Brittany A. Madison
Powhatan

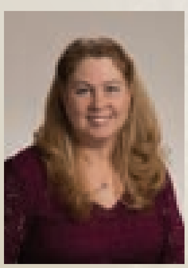
Crystal E. Howell
Goochland



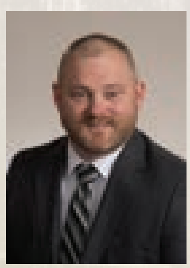
Gloria F. Robertson
Blackstone

Kay F. Baughan
Crewe & Burkeville

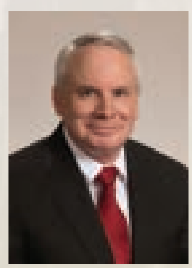
Kimberly N. Gerner
Colonial Heights



Mary H. Bishop
Blackstone



Michael R. Lynn III
Blackstone & South Hill



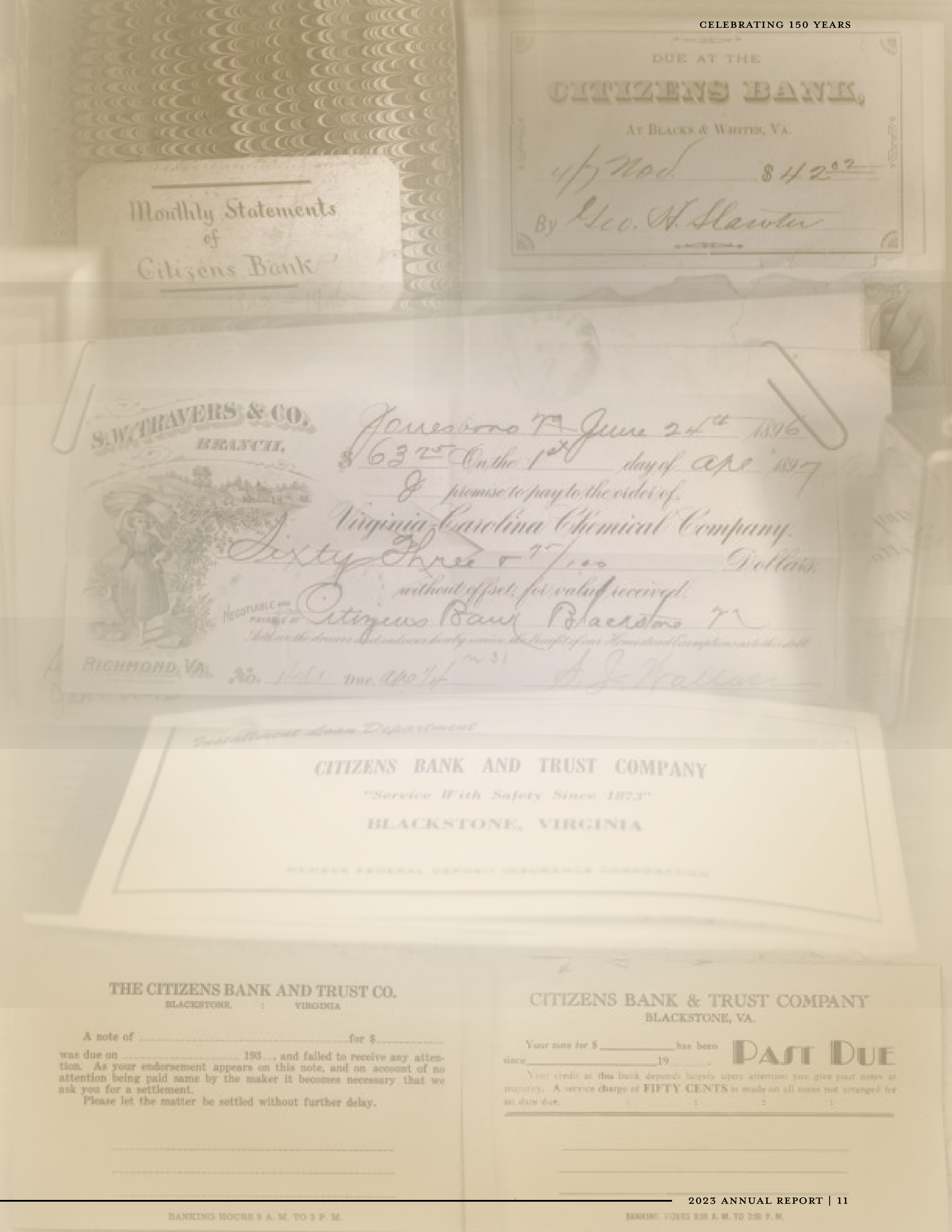
James F. Keller
Powhatan

P. Ward Shelton
Chester

Rhonda E. Arnold
Farmville

Robin E. Gough
Amelia

William J. Collins III
Blackstone & Farmville


Monthly Statements
of
Citizens Bank
DUE AT THE
CITIZENS BANK,
AT BLACKS & WHITES, VA.
By
S. W. TRAVERS & CO.
BRANCH.
$
On the
day of
I
promise to pay to the order of
Virginia Carolina Chemical Company.
Dollars
without offset, for value received.
NEGOTIABLE AND PAYABLE AT
RICHMOND, VA.
No.
Due
CITIZENS BANK AND TRUST COMPANY
"Service With Safety Since 1873"
BLACKSTONE, VIRGINIA
THE CITIZENS BANK AND TRUST CO.
BLACKSTONE, : VIRGINIA
A note of ______ for $______
was due on ______ 193... and failed to receive any attention. As your endorsement appears on this note, and on account of no attention being paid same by the maker it becomes necessary that we ask you for a settlement.
Please let the matter be settled without further delay.
BANKING HOURS 9 A. M. TO 3 P. M.
CITIZENS BANK & TRUST COMPANY
BLACKSTONE, VA.
Your note for $______ has been
since ______ 19___
PAST DUE
Your credit at this bank depends largely upon attention you give your notes at maturity. A service charge of FIFTY CENTS is made on all notes not arranged for on date due.

PICTURED ABOVE: *The Citizens Bank & Trust Company clock was ordered in December 1922 and installed the following year at a cost of $900.00 as the Bank celebrated its semicentennial anniversary. The time mechanism was originally operated by a main spring which was manually wound each week, while the lights ran on a 110-volt current. In 2007, the clock was restored and the time mechanism was connected to electricity. Established as a town landmark, this timepiece has served Blackstone for over 100 years and has represented the Bank's policy of serving its customers faithfully and promptly throughout our 150 years of existence.*

Citizens Bancorp of Virginia, Inc.

Blackstone, Virginia

CONSOLIDATED FINANCIAL REPORT

DECEMBER 31, 2023 and 2022

(This page intentionally left blank)

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Stockholders
Citizens Bancorp of Virginia, Inc.
Blackstone, Virginia

Opinion
We have audited the consolidated financial statements of Citizens Bancorp of Virginia, Inc. and its Subsidiary (the Corporation), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, the related consolidated statements of income, comprehensive income (loss), changes in stockholders' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion
We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Corporation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter
As discussed in Note 1 to the financial statements, the Corporation has changed its method of accounting for credit losses in 2023 due to the adoption of Accounting Standards Update 2016-13, Financial Instruments – Credit Losses (Topic 326), Measurement of Credit Losses on Financial Instruments. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for 12 months beyond the date of the financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the President's Letter but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Yount, Hyde & Barbour, P.C.

Richmond, VA
March 18, 2024

CITIZENS BANCORP OF VIRGINIA, INC. AND SUBSIDIARY

Consolidated Balance Sheets

December 31, 2023 and 2022

Assets	**2023**	**2022**
Cash and due from banks	$ 7,433,331	$ 8,707,911
Interest-bearing deposits in banks	231,960	315,935
Federal funds sold	39,671,000	73,728,000
Securities available for sale, at fair value	226,138,187	235,567,115
Restricted securities, at cost	558,100	439,800
Loans, net of allowance for credit losses of $2,969,037 in 2023 and $2,240,437 in 2022	249,278,523	222,059,587
Premises and equipment, net	7,751,261	8,189,708
Accrued interest receivable	2,241,053	2,097,587
Bank-owned life insurance	15,734,264	16,075,528
Other real estate owned, net of valuation allowance of $0 in 2023 and $57,994 in 2022	632,568	1,116,461
Other assets	4,670,690	5,707,330
Total assets	$ 554,340,937	$ 574,004,962
Liabilities and Stockholders' Equity		
Liabilities		
Deposits:		
Noninterest-bearing	$ 113,421,383	$ 129,924,082
Interest-bearing	370,612,096	382,553,273
Total deposits	484,033,479	512,477,355
Other borrowings	5,631,537	8,500,381
Accrued interest payable	1,236,486	214,969
Accrued expenses and other liabilities	3,744,717	2,969,041
Total liabilities	494,646,219	524,161,746
Commitments and Contingencies		
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 in 2023 and 2,125,613 in 2022	1,061,931	1,062,806
Retained earnings	72,438,031	66,718,809
Accumulated other comprehensive loss, net	(13,805,244)	(17,938,399)
Total stockholders' equity	59,694,718	49,843,216
Total liabilities and stockholders' equity	$ 554,340,937	$ 574,004,962

The accompanying notes are an integral part of these consolidated financial statements.

CITIZENS BANCORP OF VIRGINIA, INC. AND SUBSIDIARY

Consolidated Statements of Income

For the Years Ended December 31, 2023 and 2022

	2023	2022
Interest and Dividend Income		
Loans, including fees	$ 14,159,583	$ 12,064,463
Investment securities:		
Taxable	6,024,917	4,101,382
Tax-exempt	269,880	198,550
Federal funds sold	2,478,139	1,805,601
Other	37,228	21,995
Total interest and dividend income	22,969,747	18,191,991
Interest Expense		
Deposits	2,618,712	991,485
Borrowings	7,120	10,840
Total interest expense	2,625,832	1,002,325
Net interest income	20,343,915	17,189,666
Provision for (Recovery of) Credit Losses	210,000	(520,000)
Net interest income after provision for (recovery of) credit losses	20,133,915	17,709,666
Noninterest Income		
Service charges on deposit accounts	651,526	677,497
Net (loss) gain on disposition of land, premises and equipment	(10,911)	4,200
Net loss on calls of securities	(751)	(261)
Gain on sales of loans	50,461	158,294
Income from bank-owned life insurance	781,971	440,618
Gain on sale of minority interest of equity investments	46,403	721,071
Interchange income, net	957,875	984,311
Other	462,585	819,255
Total noninterest income	2,939,159	3,804,985
Noninterest Expense		
Salaries and employee benefits	7,931,577	7,721,783
Occupancy	726,338	671,096
Equipment	503,663	533,389
Data Processing	470,205	441,077
FDIC deposit insurance	255,414	164,771
Net gain on sale of other real estate owned	(95,848)	(630,711)
OREO expenses, net of rental income	14,038	65,534
Other	2,785,984	2,384,226
Total noninterest expense	12,591,371	11,351,165
Income before income taxes	10,481,703	10,163,486
Provision for income taxes	1,986,102	2,001,947
Net income	$ 8,495,601	$ 8,161,539
Earnings Per Share, basic and diluted	$ 4.00	$ 3.83

The accompanying notes are an integral part of these consolidated financial statements.

CITIZENS BANCORP OF VIRGINIA, INC. AND SUBSIDIARY

Consolidated Statements of Comprehensive Income (Loss)

For the Years Ended December 31, 2023 and 2022

	2023	2022
Net Income	$ 8,495,601	$ 8,161,539
Other comprehensive income (loss), net of tax:		
Unrealized gain (loss) on securities available		
for sale net of of taxes of $(1,065,809) and $4,278,357	4,009,471	(16,094,773)
Less: reclassification adjustment for losses on calls		
of securities, net of taxes of $(158) and $(55)	593	206
Change in pension plan assets and benefit obligations,		
net of taxes of $(32,721) and $(27,397)	123,091	103,068
Total other comprehensive income (loss)	4,133,155	(15,991,499)
Comprehensive income (loss)	$ 12,628,756	$ (7,829,960)

The accompanying notes are an integral part of these consolidated financial statements.

(Remainder of this page intentionally left blank)

CITIZENS BANCORP OF VIRGINIA, INC. AND SUBSIDIARY

Consolidated Statements of Changes in Stockholders' Equity

For the Years Ended December 31, 2023 and 2022

	Common Stock	Retained Earnings	Accumulated Other Comprehensive Loss, Net	Total
Balance at December 31, 2021	$ 1,065,444	$ 60,856,458	$ (1,946,900)	$ 59,975,002
Net income	- -	8,161,539	- -	8,161,539
Other comprehensive (loss), net of tax	- -	- -	(15,991,499)	(15,991,499)
Shares repurchased	(2,638)	(129,237)	- -	(131,875)
Cash dividends declared ($1.02 per share)	- -	(2,169,951)	- -	(2,169,951)
Balance at December 31, 2022	1,062,806	66,718,809	(17,938,399)	49,843,216
Adoption of ASU 2016-13, net of tax	- -	(460,776)	- -	(460,776)
Net income	- -	8,495,601	- -	8,495,601
Other comprehensive income, net of tax	- -	- -	4,133,155	4,133,155
Shares repurchased	(875)	(42,875)	- -	(43,750)
Cash dividends declared ($1.07 per share)	- -	(2,272,728)	- -	(2,272,728)
Balance at December 31, 2023	$ 1,061,931	$ 72,438,031	$ (13,805,244)	$ 59,694,718

The accompanying notes are an integral part of these consolidated financial statements.

(Remainder of this page intentionally left blank)

CITIZENS BANCORP OF VIRGINIA, INC. AND SUBSIDIARY

Consolidated Statements of Cash Flows

For the Years Ended December 31, 2023 and 2022

	2023	2022
Cash Flows from Operating Activities		
Net income	$ 8,495,601	$ 8,161,539
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	578,048	604,731
Depreciation on other real estate owned	666	11,091
Net loss (gain) on disposition of land, premises and equipment	10,911	(4,200)
Provision for (recovery of) credit losses	210,000	(520,000)
Gain on sales of loans	(50,461)	(158,294)
Origination of loans held for sale	(4,100,153)	(10,855,146)
Proceeds from sales of loans	4,150,614	11,013,440
Net loss on calls of securities	751	261
Income from bank-owned life insurance	(781,971)	(440,618)
Net gain on sale of other real estate owned	(95,848)	(630,711)
Gain on sale of minority interest in equity investment	(46,403)	(721,071)
Net accretion of securities	(984,520)	(448,789)
Deferred tax (benefit) expense	(114,278)	308,069
Pension plan contribution	- -	(1,400,000)
Changes in assets and liabilities:		
Increase in accrued interest receivable	(143,466)	(571,660)
Increase in other assets	(115,392)	(130,218)
Increase (decrease) in accrued interest payable	1,021,517	(9,321)
Increase in accrued expenses and other liabilities	1,158,334	856,087
Net cash provided by operating activities	9,193,950	5,065,190
Cash Flows from Investing Activities		
Activity in available for sale securities:		
Sales and calls	2,083,567	1,477,534
Maturities and prepayments	13,405,161	136,015,351
Purchases	- -	(146,410,033)
Purchase of restricted securities	(118,300)	(36,900)
Net increase in loans	(27,948,936)	(11,537,528)
Purchases of land, premises and equipment	(155,187)	(257,778)
Proceeds from sale of land, premises and equipment	4,675	4,200
Purchase of bank-owned life insurance	- -	(2,000,000)
Proceeds from BOLI settlement	1,123,235	- -
Proceeds from sale of minority investment in affiliate	46,403	764,536
Proceeds from sale of other real estate owned	579,075	1,606,185
Net cash used in investing activities	(10,980,307)	(20,374,433)

The accompanying notes are an integral part of these consolidated financial statements.

CITIZENS BANCORP OF VIRGINIA, INC. AND SUBSIDIARY

Consolidated Statements of Cash Flows
For the Years Ended December 31, 2023 and 2022
(Continued)

	2023	2022
Cash Flows from Financing Activities		
Net (decrease) increase in deposits	(28,443,876)	16,645,124
Net (decrease) increase in borrowings	(2,868,844)	953,122
Dividends paid	(2,272,728)	(2,169,951)
Repurchase of common stock	(43,750)	(131,875)
Net cash (used in) provided by financing activities	(33,629,198)	15,296,420
Net decrease in cash and cash equivalents	(35,415,555)	(12,823)
Cash and Cash Equivalents		
Beginning of year	82,751,846	82,764,669
End of year	$ 47,336,291	$ 82,751,846
Supplemental Disclosures of Cash Flow Information		
Cash paid during the year for:		
Interest	$ 1,604,315	$ 1,011,646
Income taxes	$ 2,178,879	$ 1,558,378
Supplemental Disclosures of Noncash Investing and Financing Activities		
Unrealized gain (loss) on available for sale securities	$ 5,076,031	$ (20,372,869)
Minimum pension plan adjustment	$ 155,812	$ 130,466
Adoption of new accounting standard ASU 2016-13	$ 583,261	$ - -

The accompanying notes are an integral part of these consolidated financial statements.

Note 1. Summary of Significant Accounting Policies

Business

Citizens Bancorp of Virginia, Inc. (the Company) is a one-bank holding company and is the sole shareholder of its only subsidiary, Citizens Bank and Trust Company (the Bank). The Bank conducts the general business of a commercial bank. The Company is chartered under the laws of the Commonwealth of Virginia and is a member of the Federal Reserve System. The Bank's primary trade areas are in the Virginia counties of Nottoway, Amelia, Prince Edward, Brunswick, Buckingham, Charlotte, Chesterfield, Cumberland, Dinwiddie, Lunenburg, Mecklenburg, Powhatan, Goochland and the cities of Colonial Heights, Richmond and Petersburg. The Bank offers traditional lending and deposit products to businesses and individuals.

Basis of Presentation and Consolidation

The consolidated financial statements include the accounts of Citizens Bancorp of Virginia, Inc. and its wholly-owned subsidiary, Citizens Bank and Trust Company. All significant intercompany balances and transactions have been eliminated in consolidation. The Consolidated Financial Statements have been prepared in conformity with U.S. Generally Accepted Accounting Principles and conform to predominant practices within the financial services industry.

Use of Estimates

In preparing consolidated financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the balance sheet and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates. Material estimates that are particularly susceptible to significant change in the near term relate to the determination of the allowance for credit losses, other real estate owned and the pension benefit obligation.

Cash and Due from Banks, Interest-bearing Deposits in Banks, and Federal Funds Sold

Cash and due from banks include cash and balances due from correspondent banks which are deposited in both noninterest-bearing and interest-bearing accounts and federal funds sold. All balances are readily available for use by the Company and its subsidiary.

The Company maintains deposits with correspondent banks in amounts that exceed federal deposit insurance coverage. Uninsured balances were approximately $485 thousand at December 31, 2023. Furthermore, federal funds sold are essentially uncollateralized loans to other financial institutions. Management regularly evaluates the credit risk associated with the counterparties to these transactions and believes that the Company is not exposed to any significant credit risks on cash and cash equivalents.

The Company was not required to have a reserve or clearing balance at the Federal Reserve at December 31, 2023 or December 31, 2022.

Note 1. Summary of Significant Accounting Policies (continued)

Securities

The Company classified all investment securities as available for sale as of December 31, 2023 and 2022. Securities classified as available for sale are recorded at fair value, with unrealized gains and losses excluded from earnings and reported in other comprehensive loss, net of taxes.

Impairment of securities occurs when the fair value of a security is less than its amortized cost. For debt securities, impairment is recognized in its entirety in net income if either (1) the Company intends to sell the security or (2) it is more likely than not that the Company will be required to sell the security before recovery of its amortized cost basis. If, however, the Company does not intend to sell the security and it is not more-than-likely that the Company will be required to sell the security before recovery, management must determine what portion of the impairment is attributable to a credit loss. The Company may consider various factors including the extent to which fair value is less than amortized cost, performance on any underlying collateral, downgrades in the ratings of the security by a rating agency, the failure of the issuer to make scheduled interest or principal payments and adverse conditions specifically related to the security. If there is no credit loss, there is no impairment. If the assessment indicates that a credit loss exists, the present value of cash flows expected to be collected is compared to the amortized cost basis of the security and any excess is recorded as an allowance for credit loss, limited to the amount that the fair value is less than the amortized cost basis. Any amount of unrealized loss that has not been recorded through an allowance for credit loss is recognized in other comprehensive income (loss).

Changes in the allowance for credit loss are recorded as provision for (or reversal of) credit loss expense. Losses are charged against the allowance for credit loss when management believes an available-for-sale security is confirmed to be uncollectible or when either of the criteria regarding intent or requirement to sell is met. At December 31, 2023, there was no allowance for credit loss related to the available-for-sale portfolio.

Accrued interest receivable on available-for-sale debt securities totaled $881,370 at December 31, 2023 and was excluded from the estimate of credit losses.

Purchase premiums and discounts are recognized in interest income using the interest method over the terms of the securities. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method.

Restricted Securities

The Company is required to maintain an investment in the capital stock of the Federal Reserve Bank, Community Bankers' Bank and the Federal Home Loan Bank of Atlanta. No ready market exists for this stock and it has no quoted market value. The Company's investment in these stocks is recorded at cost.

Note 1. Summary of Significant Accounting Policies (continued)

Loans

The recorded investment in loans represents the principal amount outstanding, net of deferred origination costs and fees, partial charge-offs, and nonaccrual interest applied to principal. The amortization of deferred origination costs together with loan origination fees are recognized as an adjustment of the related loan yield using the interest method. Interest on accruing loans is credited to operations based on the principal amount outstanding. Management has the intent and ability to hold the loans for the foreseeable future or until maturity or payoff.

A loan's past due status is based on the contractual due date of the most delinquent payment due. Loans are generally placed on nonaccrual status when the collection of principal or interest is 90 days or more past due, or earlier if collection is uncertain based on an evaluation of the net realizable value of the collateral and the financial strength of the borrower. Loans greater than 90 days past due may remain on accrual status if management determines it has adequate collateral to cover the principal and interest. For those loans that are carried on nonaccrual status, payments are first applied to principal outstanding. A loan may be returned to accrual status if the borrower has demonstrated a sustained period of repayment performance in accordance with the contractual terms of the loan and there is reasonable assurance the borrower will continue to make payments as agreed. These policies are applied consistently across the loan portfolio.

Loans that do not share common risk characteristics with other loans are evaluated individually and are not included in the collective analysis. The allowance for credit losses on loans that are individually evaluated may be estimated based on their expected cash flows, or, in the case of loans for which repayment is expected substantially through the operation or sale of collateral when the borrower is experiencing financial difficulty, may be measured based on the fair value of the collateral less estimated cast to sell.

Loans Held for Sale

Loans originated and intended for sale in the secondary market are carried at the lower of aggregate cost or fair value. Mortgage loans held for sale are sold with the mortgage servicing rights released by the Company. The Company had no balances of mortgage loans held for sale at December 31, 2023 and balances at December 31, 2022 were insignificant.

The Company enters into commitments to originate certain mortgage loans whereby the interest rate on the loans is determined prior to funding (rate lock commitments). Rate lock commitments on mortgage loans that are intended to be sold are considered to be derivatives. The period of time between issuance of a loan commitment, loan closing and the sale of the loan generally ranges from thirty to ninety days. The Company protects itself from changes in interest rates through the use of best efforts forward delivery commitments, whereby the Company commits to sell a loan at the time the borrower commits to an interest rate with the intent that the buyer has assumed interest rate risk on the loan. As a result, the Company is not exposed to losses nor will it realize significant gains related to its rate lock commitments due to changes in interest rates. The correlation between the rate lock commitments and the best efforts contracts is very high due to their similarity. Because of this high correlation, no gain or loss occurs on the rate lock commitments. The Company has no obligation to the investor should the loan not close with the borrower.

Note 1. Summary of Significant Accounting Policies (continued)

Allowance for Credit Losses - Loans

The allowance for credit losses is a valuation account that is deducted from the loans' amortized cost basis to present the net amount expected to be collected on the loans. Loans are charged off against the allowance when management believes the uncollectibility of a loan balance is confirmed. Expected recoveries do not exceed the aggregate of amounts previously charged-off and expected to be charged-off. Accrued interest receivable is excluded from the estimate of credit losses.

The allowance for credit losses represents management's estimate of lifetime credit losses inherent in loans as of the balance sheet date. The allowance for credit losses is estimated by management using relevant available information, from both internal and external sources, relating to past events, current conditions, and reasonable and supportable forecasts.

The Company measures expected credit losses for loans on a pooled basis when similar risk characteristics exist. The Company has identified the following portfolio segments and calculates the allowance for credit losses for each using the weighted average remaining maturity methodology: Residential Real Estate, Commercial Real Estate, Farmland, Construction, Commercial and Industrial and Consumer.

Additionally, the allowance for credit losses calculation includes subjective adjustments for qualitative factors that are likely to cause estimated credit losses to differ from historical experience. These qualitative adjustments may increase or reduce reserve levels and include adjustments for lending management experience and risk tolerance, loan review, asset quality and portfolio trends, loan portfolio growth, industry concentrations, trends in underlying collateral, external factors and economic conditions not already captured.

Loans that do not share risk characteristics are evaluated on an individual basis. When the borrower is experiencing financial difficulty and repayment is expected to be provided through operation or sale of the collateral, the expected credit losses are based on the fair value of the collateral at the reporting date, adjusted for selling costs as appropriate.

Allowance for Credit Losses – Unfunded Commitments

Financial instruments include off-balance sheet credit instruments, such as commitments to make loans and letters of credit issued to meet customer financing needs. The Company's exposure to credit loss in the event of nonperformance by the other party to the financial instrument for off-balance sheet loan commitments is represented by the contractual amount of those instruments. Such financial instruments are recorded when they are funded.

The Company records an allowance for credit losses on off-balance sheet credit exposures, unless the commitments to extend credit are unconditionally cancelable, through a charge of provision for unfunded commitments in the Company's income statements. The allowance for credit losses on off-balance sheet credit exposures is estimated by loan segment at each balance sheet date under the current expected credit loss model using the same methodologies as portfolio loans, taking into consideration the likelihood that funding will occur as well as any third-party guarantees. The allowance for unfunded commitments is included in other liabilities on the Company's consolidated balance sheets.

Note 1. Summary of Significant Accounting Policies (continued)

Premises and Equipment

Land is carried at cost. Premises and equipment are stated at cost less accumulated depreciation and amortization. Depreciation and amortization expense is computed by the straight-line method over the estimated useful lives of the assets. Estimated useful lives of the assets range from 3 to 39 years. Leasehold improvements are generally depreciated over the lesser of the lease term or the estimated useful lives of the improvements. Major improvements are capitalized while maintenance and repairs are charged to expense as incurred.

Other Real Estate Owned

Real estate acquired through, or in lieu of, foreclosure is held for sale and is recorded at fair value less cost to sell at the date of foreclosure establishing a new cost basis. Subsequent to foreclosure, valuations are periodically performed by management and the assets are carried at the lower of carrying value or fair value less cost to sell. Adjustments to carrying value, revenue and expenses related to holding foreclosed assets are recorded in earnings as they occur.

At the time of foreclosure some properties may already be occupied by a tenant. In such instances and other similar instances, management will decide to rent a property during the marketing period. Rental income collected is recorded as an offset to other real estate owned expenses. Depreciation expense, related to the value of the buildings and improvements, is recorded only for properties that are rented as these properties are not currently available for sale.

Bank-Owned Life Insurance

The Company has purchased life insurance policies on certain officers. Company owned life insurance is recorded at the amount that can be realized under the insurance contract at the balance sheet date, which is the cash surrender value adjusted for other charges or other amounts due that are probable at settlement.

Stock Repurchase Plan

The Board of Directors of the Company approved the establishment of the current Stock Repurchase Plan on July 18, 2007. The Plan went into effect on September 1, 2007. The Board of Directors unanimously adopted a resolution authorizing the Company to repurchase up to 80,000 shares of its Common Stock between July 1, 2023 and June 30, 2024, subject to a gross repurchase amount not to exceed $2 million. The Board of Directors reviews the results of the Plan monthly. The Plan has been continuously reapproved since its inception.

Income Taxes

Deferred income tax assets and liabilities are determined using the balance sheet method. Under this method, the net deferred tax asset or liability is determined based on the tax effects of the temporary differences between the book and tax basis of the various balance sheet assets and liabilities and gives current recognition to changes in tax rates and laws. Realization of deferred tax assets is dependent upon the generation of a sufficient level of future taxable income. Although realization is not assured, management believes it is more-likely-than-not that all of the deferred tax assets will be realized.

When tax returns are filed, it is highly certain that some positions taken would be sustained upon examination by the taxing authorities, while others are subject to uncertainty about the merits of the position taken or the amount of the position that would be ultimately sustained. The benefit of a tax position is recognized in the financial statements in the period during which, based on all available evidence, management believes it is more-likely-than-not that the position will be sustained upon examination, including the resolution of appeals or litigation processes, if any. Tax positions taken are not offset or aggregated with other positions. Tax positions that meet the more-likely-than-not recognition threshold are measured as the largest amount of tax benefit that is more than 50 percent likely of being realized upon settlement with the applicable taxing authority. The portion of the benefits

Note 1. Summary of Significant Accounting Policies (continued)

associated with tax positions taken that exceeds the amount measured as described above is reflected as a liability for unrecognized tax benefits in the accompanying consolidated balance sheets along with any associated interest and penalties that would be payable to the taxing authorities upon examination.

The Company files a consolidated Federal income tax return with the Bank. Federal income tax expense or benefit has been allocated to each on a separate return basis. The Commonwealth of Virginia has a Bank Franchise Tax in lieu of a state income tax. The Bank files a Bank Franchise Tax return and the expense is recorded as noninterest expense.

Defined Benefit Pension Plan

The Company provides a noncontributory defined benefit pension plan covering substantially all of the Company's employees who are eligible based on age and length of service. The Company funds pension costs in accordance with the funding provisions of the Employee Retirement Income Security Act. Additional information regarding the Company's pension plan is presented in Note 11 – Employee Benefit Plans.

Comprehensive Income (Loss)

Along with net income, other components of the Company's comprehensive income include the after tax effect of changes in the net unrealized gain (loss) on securities available for sale and changes in the net actuarial gain (loss) of the defined benefit pension plan. Other comprehensive income (loss) income is reported in the accompanying consolidated statements of changes in stockholders' equity and consolidated statements of comprehensive income.

Transfer of Financial Assets

Transfers of loans are accounted for as sales when control over the loans has been surrendered. Control over transferred loans is deemed to be surrendered when (1) the loans have been isolated from the Company, (2) the transferee obtains the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred loans and (3) the Company does not maintain effective control over the transferred loans through an agreement to repurchase them before their maturity.

Advertising

Advertising costs are expensed as incurred. Advertising expenses for the years ended December 31, 2023 and 2022 were $45,931 and $40,667, respectively.

Earnings Per Share

Basic and diluted earnings per share are calculated based on the weighted-average number of common shares and common stock equivalents outstanding. The Company has no dilutive or potentially dilutive common stock equivalents. For the years ended December 31, 2023 and 2022, the weighted-average common shares outstanding were 2,124,261 and 2,128,186, respectively.

Note 1. Summary of Significant Accounting Policies (continued)

Fair Value Measurements

ASC Topic 820, "Fair Value Measurements and Disclosures," defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and requires certain disclosures about fair value measurements. See Note 15 - Fair Value Measurements. In general, fair values of financial instruments are based upon quoted market prices, where available. If such quoted market prices are not available, fair value is based upon internally developed models that primarily use, as inputs, observable market-based parameters. Any such valuation adjustments are applied consistently over time.

Reclassifications

Certain immaterial reclassifications have been made to prior period balances to conform to the current year presentations. Reclassifications had no impact on prior year net income or stockholders' equity.

Revenue Recognition

The Company records revenue based on ASU No.2016-20 "Revenue from Contracts with Customers" (Topic 606). Topic 606 does not apply to revenue associated with financial instruments, including revenue from loans and securities. The Company's services that fall within the scope of Topic 606 are presented within noninterest income and are recognized as revenue as the Company satisfies its obligation to the customer. A description of the Company's noninterest revenue streams is discussed below:

Service Charges on Deposit Accounts. The Company earns fees from its deposit customers for overdraft, monthly service fees, and other deposit account related fees. Overdraft fees are recognized when the overdraft occurs. The Company's performance obligation for monthly service fees is generally satisfied over the period in which the service is provided. Other deposit account related fees are largely transactional based and, therefore, the Company's performance obligation is satisfied, and related revenue recognized, at a point in time.

Interchange Income, Net. The Company earns interchange fees from debit cardholder transactions conducted through various payment networks. Interchange fees from cardholder transactions represent a percentage of the underlying transaction value and are recognized daily, concurrently with the transaction processing services.

Other Service Charges and Fees. The Company earns fees from its customers for transaction-based services. Services include, safe deposit box, debit/ATM card income, cashier's check, stop payment and wire transfer fees. In each case, these fees and service charges are recognized in income at the time or within the same period that the services are rendered.

Note 1. Summary of Significant Accounting Policies (continued)

Recent Accounting Pronouncements

On January 1, 2023, the Company adopted ASU 2016-13 Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments (ASC 326). This standard replaced the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (“CECL”) methodology. CECL requires an estimate of credit losses for the remaining estimated life of the financial asset using historical experience, current conditions, and reasonable and supportable forecasts and generally applies to the financial assets measured at amortized cost, including loan receivables and held-to-maturity debt securities, and some off-balance sheet credit exposures such as unfunded commitments to extend credit. Financial assets measured at amortized cost will be presented at the net amount expected to be collected by using an allowance for credit losses.

In addition, CECL made changes to the accounting for available-for-sale debt securities. One such change is to require credit losses to be presented as an allowance rather than as a write-down on available for sale debt securities if management does not intend to sell and does not believe that it is more likely than not they will be required to sell.

The Company adopted ASC 326 and all related subsequent amendments thereto effective January 1, 2023, using the modified retrospective approach for all financial assets measured at amortized cost and off-balance sheet credit exposures. The transition adjustment of the adoption of CECL included an increase in the allowance for credit losses on loans of $520 thousand, which is presented as a reduction to net loans outstanding and an increase in the allowance for credit losses on unfunded loan commitments of $63 thousand, which is recorded within Other Liabilities. The Company recorded a net decrease to retained earnings of $461 thousand as of January 1, 2023, for the cumulative effect of adopting CECL, which reflects the transition adjustments note above, net of the applicable deferred tax assets recorded. Results for reporting periods beginning after January 1, 2023, are presented under CECL while prior period amounts continue to be reported in accordance with previously applicable accounting standards (“Incurred Loss”).

The Company adopted ASC 326 using the prospective transition approach for debt securities for which other-than-temporary impairment has been recognized prior to January 1, 2023. As of December 31, 2022, the Company did not have any other-than-temporarily impaired investment securities. Therefore, upon adoption of ASC 326, the Company determined that an allowance for credit losses on available-for-sale securities was not deemed necessary.

The Company elected not to measure an allowance for credit losses for accrued interest receivable and instead elected to reverse interest income on loans or securities that are placed on nonaccrual status, which is generally when the instrument is 90 days past due, or earlier if the Company believes the collection of interest is doubtful. The Company has concluded that this policy results in a timely reversal of uncollectible interest.

In March 2022, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2022-02, “Financial Instruments-Credit Losses (Topic 326), Troubled Debt Restructurings and Vintage Disclosures.” ASU 2022-02 addresses areas identified by the FASB as part of its post-implementation review of the credit losses standard (ASU 2016-13) that introduced the CECL model. The amendments eliminate the accounting guidance for troubled debt restructurings by creditors that have adopted the CECL model and enhance the disclosure requirements for loan refinancings and restructurings made with borrowers experiencing financial difficulty. In addition, the amendments require a public business entity to disclose current-period gross write-offs for financing receivables and net investment in leases by year of origination in the vintage disclosures. The amendments in this ASU should be applied prospectively, except for the transition method related to the recognition and measurement of TDRs, an entity has the option to apply a modified retrospective transition method, resulting in a cumulative-effect adjustment to retained earnings in the period of adoption. ASU 2022-02 was effective for the Company on January 1, 2023. The Company has determined there is no material impact on its consolidated financial statements.

Note 2. Securities

The amortized cost and fair value of securities available for sale, with gross unrealized gains and losses, follows:

	December 31, 2023			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized (Losses)	Fair Value
U.S. Government				
and federal agency	$ 130,674,245	$ 17,967	$ (5,249,154)	$ 125,443,058
State and municipal	23,510,602	227,296	(1,219,507)	22,518,391
Agency mortgage-backed	87,488,607	77,308	(9,389,177)	78,176,738
	$ 241,673,454	$ 322,571	$ (15,857,838)	$ 226,138,187

	December 31, 2022			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized (Losses)	Fair Value
U.S. Government				
and federal agency	$ 133,814,890	$ 7,527	$ (7,843,757)	$ 125,978,660
State and municipal	24,885,774	109,369	(1,815,134)	23,180,009
Agency mortgage-backed	97,477,748	47,052	(11,116,354)	86,408,446
	$ 256,178,412	$ 163,948	$ (20,775,245)	$ 235,567,115

Securities having carrying values of $58,941,780 and $55,193,950 at December 31, 2023 and 2022, respectively, were pledged to secure public deposits, repurchase agreements and for other purposes required by law.

U.S. Government and Federal Agency securities consist of debt obligations of the U.S. Government or of its designated agencies including Federal Farm Credit Bank (FFCB), Federal Home Loan Bank (FHLB), Federal Home Loan Mortgage Corporation (FHLMC), the Federal National Mortgage Association (FNMA), and the Small Business Investment Corporation (SBIC). At December 31, 2023, the Company held debt securities of the FHLB, FFCB, FHLMC and the SBIC.

State and municipal bonds consist of debt obligations of states, municipalities, and school districts throughout the United States. Management's evaluation of state and municipal debt securities, prior to the purchase, includes, but does not solely rely on, a review of the governmental entity's credit rating. A security purchase is made without any consideration to the rating enhancement which may come from the bond insurer. Management strives to purchase general obligation debt securities which can offer a reduced risk of default.

Note 2. Securities (continued)

Mortgage-backed securities consist of mortgage-backed pass-through securities that are issued by the Federal Agencies: Government National Mortgage Association, FHLMC and FNMA. This category also includes collateralized mortgage obligations, otherwise known as CMOs, which are issued by Federal Agencies such as FNMA and FHLMC.

Maturities may differ from contractual maturities in mortgage-backed securities because the mortgages underlying the securities may be called or prepaid without any penalties.

The table below provides the maturities for the investment portfolio as of December 31, 2023.

	Amortized Cost	Fair Value
Maturing within one year	$ 17,572,201	$ 17,226,355
Maturing after one year through five years	116,742,172	111,747,501
Maturing after five years through ten years	9,436,171	8,483,525
Maturing after ten years	10,434,303	10,504,068
Agency mortgage-backed securities	87,488,607	78,176,738
	$ 241,673,454	$ 226,138,187

Information pertaining to securities with gross unrealized losses at December 31, 2023 and 2022 aggregated by investment category and length of time that individual securities have been in a continuous loss position, follows:

	Less than 12 Months		12 Months or More	
2023	Fair Value	Unrealized (Loss)	Fair Value	Unrealized (Loss)
	(In thousands)			
U.S. Government and federal agency	$ 1,805	$ (7)	$ 120,884	$ (5,242)
State and municipal	2,167	(20)	14,220	(1,200)
Agency mortgage-backed	987	(3)	70,850	(9,386)
Total temporarily impaired securities	$ 4,959	$ (30)	$ 205,954	$ (15,828)

Note 2. Securities (continued)

2022	Less than 12 Months				12 Months or More			
	Fair Value		Unrealized (Loss)		Fair Value		Unrealized (Loss)	
			(In thousands)					
U.S. Government and federal agency	$	96,842	$	(4,663)	$	27,248	$	(3,181)
State and municipal		11,849		(892)		5,323		(923)
Agency mortgage-backed		49,351		(3,842)		31,174		(7,274)
Total temporarily impaired securities	$	158,042	$	(9,397)	$	63,745	$	(11,378)

The unrealized losses in the investment portfolio as of December 31, 2023 are considered temporary and are a result of general market fluctuations. The unrealized losses are from 350 securities. All securities are rated as investment grade and are backed by insurance, U.S. government agency guarantees, designated revenue streams, or the full faith and credit of municipalities throughout the United States. The Company's investment policy requires that a below investment grade security be monitored by Management but the investment policy does not require that the security be sold simply because it has fallen to below investment grade.

Market prices change daily and are affected by conditions beyond the control of the Company. Investment decisions are made by the management group of the Company and reflect the overall liquidity and strategic asset/liability objectives of the Company. Management analyzes the securities portfolio frequently and manages the portfolio to provide an overall positive impact to the Company's income statement and balance sheet. Management considers the reason for impairment and the intent and ability to hold the security until the full value is recovered in determining if an impairment exists. Based on this analysis, Management has determined no impairment exists as of December 31, 2023. The Company does not intend and it is more-likely-than-not that the Company will not be required to sell these securities until they recover in value or reach maturity.

Management has positioned the investment portfolio to take advantage of not only the current investment environment, but also the investment opportunities that will exist as market interest rates rise. As a result of this strategy, it is possible to see an increase in the number of securities that are called by the issuer prior to maturity. For the years ended December 31, 2023 and 2022, proceeds from the sales and calls of securities amounted to $2,083,567 and $1,477,534, respectively. There were no gross realized gains for the year ended December 31, 2023. Gross realized gains for the year ended December 31, 2022 were $548. Gross realized losses for the years ended December 31, 2023 and December 31, 2022 were $751 and $809, respectively.

Restricted securities consist of required investments in Federal Home Loan Bank stock, Federal Reserve Bank stock and Community Bankers' Bank stock. No ready market exists for these stocks, and there is no quoted market value; therefore, the stock is carried at cost.

Note 3. Loans and Allowance for Credit Losses

A summary of loan balances by class, net of unearned fees and costs of $(423) and $(279) as of December 31, 2023 and 2022:

	December 31, 2023	December 31, 2022
	(In thousands)	
Residential Real Estate		
1-4 family	$ 114,226	$ 98,606
Home equity	10,336	10,081
Commercial Real Estate		
Owner occupied	29,103	27,255
Non-owner occupied	28,519	26,484
Farmland	18,378	19,050
Construction	22,993	17,728
Total real estate	223,555	199,204
Commercial & industrial loans	17,141	14,314
Consumer loans	11,552	10,782
Gross loans	$ 252,248	$ 224,300

Loan Origination

The Company has certain lending policies and procedures in place that are designed to maximize loan income within an acceptable level of risk. Management reviews and the Board of Directors approves these policies and procedures on a regular basis. A reporting system supplements the review process by providing management and the Board with frequent reports related to loan production, loan quality, concentrations of credit, loan delinquencies and non-performing and potential problem loans. Diversification in the loan portfolio is a means of managing risk associated with fluctuations in economic conditions.

The Company has six loan portfolio level segments and eight loan class levels for reporting purposes. The six loan portfolio level segments include:

- Residential real estate loans are loans made to borrowers for the purchase of residential dwellings.

- Commercial real estate loans are loans made to business entities for the purchase of real estate and buildings that will be used in the business.

- Farmland loans are loans made to farming entities to acquire land used for agricultural purposes such as in the cultivation of crops or livestock.

- Construction and land development loans are loans made to individuals or developers in order to construct homes, develop raw land into buildable acreage, or for commercial construction purposes.

Note 3. Loans and Allowance for Credit Losses (continued)

- Commercial and industrial loans are loans made to small and medium-sized businesses for any number of reasons, especially working capital. Loans are typically secured by inventory, business equipment, furniture or receivables and they are frequently guaranteed by principals of the business.

- Consumer loans are loans made to individuals and the loans may be secured by personal property or be unsecured.

Residential real estate loans, including home equity loans and lines of credit, are subject to underwriting standards that are heavily influenced by statutory requirements, which include, but are not limited to, a maximum loan-to-value percentage of 80%, debt-to-income ratios, credit history, collection remedies, the number of such loans a borrower can have at one time and documentation requirements. The Company tracks the concentrations in 1-4 family loans secured by a first deed of trust and home equity loans and lines of credit separately. While many of the statutory requirements are for the protection of the consumer, underwriting standards aid in mitigating the risks to the Company by setting acceptable loan approval standards that marginal borrowers may not meet. Additional risk mitigating factors include: residential real estate typically serves as a borrower's primary residence which encourages timely payments and the avoidance of foreclosure, the average dollar amount of a loan is typically less than that of a commercial real estate loan, and there are a large number of loans which help to diversify the risk potential. Underwriting standards for home equity loans are heavily influenced by statutory requirements, which include, but are not limited to, a maximum loan-to-value percentage, debt-to-income ratios, credit history, and the number of such loans a borrower can have at one time.

Commercial real estate loans are subject to underwriting standards and processes similar to commercial and industrial loans, in addition to those of real estate loans. These loans are viewed primarily as cash flow loans and secondarily as loans secured by real estate. Commercial real estate lending typically involves higher loan principal amounts and the repayment of these loans is generally largely dependent on the successful operation of the property securing the loan or the business conducted on the property securing the loan. Commercial real estate loans may be more adversely affected by conditions in the real estate markets or in the general economy. The properties securing the Company's commercial real estate portfolio are diverse in terms of type and geographic location. This diversity helps reduce the Company's exposure to adverse economic events that affect any single market or industry. Management monitors and evaluates commercial real estate loans based on collateral, geography and risk grade criteria. Management tracks the level of owner occupied commercial real estate loans versus non-owner occupied loans. At December 31, 2023, approximately 50.51% of the outstanding principal balance of the Company's commercial real estate loans was secured by owner-occupied properties.

Farmland loans are subject to underwriting standards and processes similar to commercial real estate loans. The loans are considered primarily on the borrower's ability to make payments originating primarily from the cash flow of the business and secondarily as loans secured by real estate.

With respect to construction, land and land development loans that are secured by non-owner occupied properties that the Company may originate from time to time, the Company generally requires the borrower to have had an existing relationship with the Company and have a proven record of success. Construction loans are underwritten with independent appraisal reviews, lease rates and financial analysis of the borrowers. Construction loans are generally based upon estimates of costs and value associated with the completed project. Construction loans often involve the disbursement of substantial funds with repayment primarily dependent on the success of the ultimate project. Sources of repayment for these types of loans may be pre-committed permanent loans from approved long-term lenders, sales of developed property or an interim loan commitment from the Company until permanent financing is obtained. These loans are closely monitored by on-site inspections and are considered to have higher risks than other real estate loans due to their ultimate

Note 3. Loans and Allowance for Credit Losses (continued)

repayment being sensitive to interest rate changes, governmental regulation of real property, general economic conditions and the availability of long-term financing.

Commercial and industrial loans are underwritten after evaluating and understanding the borrower's ability to operate profitably and prudently expand its business. Underwriting standards are designed to promote relationship banking rather than transactional banking. Once it is determined that the borrower's management possesses sound ethics and solid business acumen, the Company's management examines current and projected cash flows to determine the ability of the borrower to repay their obligations as agreed. Commercial and industrial loans are primarily made based on the identified cash flows of the borrower and secondarily on the underlying collateral provided by the borrower. The cash flows of borrowers, however, may not be as expected and the collateral securing these loans may fluctuate in value. Most commercial and industrial loans are secured by the assets being financed or other business assets such as accounts receivable or inventory and may incorporate a personal guarantee; however, some short-term loans may be made on an unsecured basis. In the case of loans secured by accounts receivable, the availability of funds for the repayment of these loans may be substantially dependent on the ability of the borrower to collect amounts due from its customers.

To monitor and manage consumer loan risk, policies and procedures are developed and modified by credit administration and senior management. This activity, coupled with relatively small loan amounts that are spread across many individual borrowers, minimizes risk.

The Company maintains an independent loan review department that reviews and validates the credit risk program on a periodic basis. In addition, the Company engages an independent company to review annually all existing loans $400,000 or greater and new, renewed & modified loans $250,000 or greater, excluding HELOC loans. Results of these reviews are presented to management, the Audit and Risk Management Committee and the Board of Directors. The loan review process compliments and reinforces the risk identification and assessment decisions made by lenders and credit personnel, as well as the Company's policies and procedures.

Concentrations of Credits

Most of the Company's lending activity occurs within the Commonwealth of Virginia, more specifically within the South-Central Virginia markets that include Richmond. The majority of the Company's loan portfolio consists of residential and commercial real estate loans. A substantial portion of its debtors' ability to honor their contracts and the Company's ability to realize the value of any underlying collateral, if needed, is influenced by the economic conditions in this market. As of December 31, 2023, there were no concentrations of commercial loans related to any individual purpose that was in excess of 6.75% of total loans.

Related Party Loans

In the ordinary course of business, the Company has granted loans to certain directors, executive officers and their affiliates (collectively referred to as "related parties"). These loans were made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other unaffiliated persons and do not involve more than a normal risk of collectability.

Note 3. Loans and Allowance for Credit Losses (continued)

Activity in related party loans is presented in the following table:

	Years Ended December 31, 2023	Years Ended December 31, 2022
	(In thousands)	
Balance at beginning of year	$ 2,677	$ 1,785
Principal additons	2,640	1,592
Principal reductions	(346)	(700)
Balance at end of year	$ 4,971	$ 2,677

Nonaccrual and Past Due Loans

All loans are considered past due if the required principal and interest payments have not been received as of the date such payments were due in accordance with the contractual terms of the underlying loan agreement. Matured loans in the process of renewal are not considered past due. Loans are placed on nonaccrual status when, in management's opinion, the borrower may be unable to meet payment obligations as they become due, as well as when required by regulatory provisions. Loans may be placed on nonaccrual status regardless of whether or not such loans are considered past due. When interest accrual is discontinued, all unpaid accrued interest is reversed against interest income. Loans may be returned to accrual status if the borrower has demonstrated a sustained period of repayment performance in accordance with the contractual terms of the loan and there is reasonable assurance the borrower will continue to make payments as agreed.

Aging and nonaccrual loans, by individual loan class, as of December 31, 2023 and 2022 were as follows, net of unearned fees and costs:

At December 31, 2023	Loans 30 - 89 Days Past Due(2)	Loans 90 or More Days Past Due(2)	Total Past Due Loans(2)	Current Loans(1)	Total Loans	Accruing Loans 90 or More Days Past Due	Nonaccrual Loans
				(In thousands)			
Residential Real Estate:							
1-4 family	$ 1,993	$ 43	$ 2,036	$ 112,190	$ 114,226	$ 43	$ -
Home equity	46	-	46	10,290	10,336	-	-
Commercial Real Estate							
Owner occupied	548	-	548	28,555	29,103	-	-
Non-owner occupied	50	-	50	28,469	28,519	-	-
Farmland	13	-	13	18,365	18,378	-	-
Construction	18	-	18	22,975	22,993	-	-
Total real estate	2,668	43	2,711	220,844	223,555	43	-
Commercial and industrial	74	-	74	17,067	17,141	-	-
Consumer	176	34	210	11,342	11,552	11	23
Total loans	$ 2,918	$ 77	$ 2,995	$ 249,253	$ 252,248	$ 54	$ 23

(1) Includes loans less than 30 days past due.

(2) Excludes matured loans in process of renewal.

Note 3. Loans and Allowance for Credit Losses (continued)

At December 31, 2022	Loans 30 - 89 Days Past Due[2]	Loans 90 or More Days Past Due [2]	Total Past Due Loans [2]	Current Loans [1]	Total Loans	Accruing Loans 90 or More Days Past Due	Nonaccrual Loans
				(In thousands)			
Residential Real Estate:							
1-4 family	$ 1,278	$ 345	$ 1,623	$ 96,983	$ 98,606	$ 345	$ -
Home equity	325	-	325	9,756	10,081	-	-
Commercial Real Estate							
Owner occupied	-	-	-	27,255	27,255	-	-
Non-owner occupied	123	-	123	26,361	26,484	-	-
Farmland	14	-	14	19,036	19,050	-	-
Construction	65	-	65	17,663	17,728	-	-
Total real estate	1,805	345	2,150	197,054	199,204	345	-
Commercial and industrial	2	-	2	14,312	14,314	-	0
Consumer	221	82	303	10,479	10,782	79	3
Total loans	$ 2,028	$ 427	$ 2,455	$ 221,845	$ 224,300	$ 424	$ 3

(1) Includes loans less than 30 days past due.

(2) Excludes matured loans in process of renewal.

Impaired Loans

Prior to the adoption of ASU 2016-13, loans were considered impaired when, based on current information and events, it was probable the Company would be unable to collect all amounts in accordance with the original contractual terms of the loan agreement, including scheduled principal and interest payments when due. Impairment was evaluated in total for smaller-balance loans of a similar nature and on an individual loan basis for other loans. Residential real estate loans were not evaluated for impairment unless foreclosure was deemed to be imminent. If a loan was impaired, a specific valuation allowance was allocated, if necessary, which represented the difference between the principal balance and either the present value of estimated future cash flows using the loan's effective rate or the fair value of collateral less cost to sell if repayment was expected solely from the collateral. Interest payments on impaired loans were typically applied to principal unless collectability of the principal amount was reasonably assured. Impaired loans, or portions thereof, were charged-off when deemed uncollectible.

Loans that do not share common risk characteristics with other loans are evaluated individually and are not included in the collective analysis. The allowance for credit losses on loans that are individually evaluated may be estimated based on their expected cash flows, or, in the case of loans for which repayment is expected substantially through the operation or sale of collateral when the borrower is experiencing financial difficulty, may be measured based on the fair value of the collateral less estimated cast to sell.

Note 3. Loans and Allowance for Credit Losses (continued)

Impaired loans, by class, as of December 31, 2022 are shown in the table below:

With no related allowance	Unpaid Contractual Principal Balance	Total Recorded Investment	Related Allowance	Average Recorded Investment	Interest Income Recognized
			(In thousands)		
Residential Real Estate:					
1-4 family	$ 1,221	$ 1,221	$ -	$ 1,080	$ 70
Home equity	-	-	-	-	-
Commercial Real Estate:					
Owner occupied	-	-	-	-	-
Non-owner occupied	-	-	-	-	-
Farmland	-	-	-	-	-
Construction	73	73	-	81	4
Commercial and industrial	-	-	-	-	-
Consumer	-	-	-	-	-
Total loans	$ 1,294	$ 1,294	$ -	$ 1,161	$ 74
With an allowance recorded					
Residential Real Estate:					
1-4 family	$ -	$ -	$ -	$ -	$ -
Home equity	-	-	-	-	-
Commercial Real Estate:					
Owner occupied	-	-	-	-	-
Non-owner occupied	-	-	-	-	-
Farmland	-	-	-	-	-
Construction	-	-	-	-	-
Commercial and industrial	-	-	-	-	-
Consumer	-	-	-	-	-
Total loans	$ -	$ -	$ -	$ -	$ -
Total impaired loans					
Residential Real Estate:					
1-4 family	$ 1,221	$ 1,221	$ -	$ 1,080	$ 70
Home equity	-	-	-	-	-
Commercial Real Estate:					
Owner occupied	-	-	-	-	-
Non-owner occupied	-	-	-	-	-
Farmland	-	-	-	-	-
Construction	73	73	-	81	4
Commercial and industrial	-	-	-	-	-
Consumer	-	-	-	-	-
Total loans	$ 1,294	$ 1,294	$ -	$ 1,161	$ 74

Note 3. Loans and Allowance for Credit Losses (continued)

Credit Quality

The Company utilizes a risk grading matrix to assign a risk grade to each of its commercial loans. Loans are graded on a scale of 1 to 9. Risk grades 1 to 4 are considered "pass" for purposes of the table below. A description of the general characteristics of the 9 risk grades is as follows:

Grade 1 – "Excellent" - This grade includes loans to borrowers with superior capacity to pay interest and principal. Foreseeable economic changes are unlikely to impair the borrowers' strength. Typically, borrowers have an excellent organizational structure in place with highly regarded and experienced management. Stable business, relatively unaffected by business, credit, or product cycles, business is significant in its market and has a well-defined market share. Borrowers will have ready access to both public debt and equity markets under most conditions. Collateral is highly liquid, substantial margins are maintained, and primary/secondary sources of repayment are excellent. Loans secured by cash.

Grade 2 – "Good" - This grade includes loans to borrowers who represent a solid, demonstrated capacity to pay interest and principal, but material downturns in economic conditions may impact the borrowers' financial condition. Typically, borrowers exhibit low levels of leverage and the overall capitalization of the company is deemed satisfactory. Trends for revenue, core profitability and financial ratios are consistently above average with industry peers. Cash flow adequately covers dividends/withdrawals, and historic debt service in excess of 1.5 times. Collateral coverage is greater than 2.0 times or less than 50% loan-to-value ratio. Borrowers have a stable, well-regarded and qualified management team in place, along with strong financial controls being evident. Normal industry stability, sales and profits are affected by business, credit or product cycles. Market share is stable. Borrowers have the capability to refinance with another institution.

Grade 3 – "Standard" - This grade includes loans to borrowers who have historically demonstrated an above adequate capacity to repay forecasted principal and interest charges, with debt service coverage of 1.20 times based on at least two years of historical earnings. Borrowers have inherent, definable weaknesses; however, the weaknesses are not necessarily uncommon to a particular business, loan type or industry. Changes in economic circumstances could have non-material immediate repercussions on the borrowers' financial condition. Collateral support is deemed to be satisfactory based on appropriate discount factoring to allow a recovery sufficient to pay-off the debt. Collateral could be reasonably collected and/or liquidated in the general market. Additional collateral may be deemed an abundance of caution. Earnings are generally positive, subject to influences of current market conditions and distributions are reasonable in relation to the overall financial picture of the company. Guarantor support is deemed to be marginal as evidenced by personal assets, which probably could not support the business in full, if needed.

Grade 4 – "Acceptable" - This grade includes loans that will have inherent, definable weaknesses; however, these weaknesses are not necessarily uncommon to a particular business, loan type, or industry. Economic changes could have negative repercussions on the financial condition. Borrowers' overall financial position would indicate financing in the market is feasible, at rates and terms typical of current market conditions. Debt service coverage is deemed acceptable at 1.00 to 1.19 times on a combined basis for at least two years of historical earnings. Borrowers exhibit moderately high to high levels of leverage as noted against policy. Tangible net worth is marginally positive or even showing signs of a deficit net worth. Collateral support is deemed to be acceptable or even marginal, but not strong based on appropriate discounting; asset quality may be questionable given specific nature of assets, often secondary non-business assets are required. Earnings are marginally positive or a trend of negative earnings is identified and distributions are considered to be in excess of reasonableness. Guarantor support is deemed to be marginal as evidenced by personal assets, which probably could not support the business in full, if needed. Repayment history also shows a discernible level of delinquent payments.

Note 3. Loans and Allowance for Credit Losses (continued)

Grade 5 – This grade includes loans on management's "watch list" and is intended to be utilized on a temporary basis for pass grade borrowers where a significant risk-modifying action is anticipated in the near term.

Grade 6 – This grade is for "Special Mention" loans, in accordance with regulatory guidelines. This grade is intended to be temporary and includes loans to borrowers whose credit quality has clearly deteriorated and are at risk of further decline unless active measures are taken to correct the situation.

Grade 7 – This grade includes "Substandard" loans, in accordance with regulatory guidelines, for which the accrual of interest may or may not have been stopped. This grade also includes loans where interest is more than 120 days past due and not fully secured and loans where a specific valuation allowance may be necessary, but does not exceed 30% of the principal balance.

Grade 8 – This grade includes "Doubtful" loans, in accordance with regulatory guidelines. Such loans are placed on nonaccrual status and may be dependent upon collateral having a value that is difficult to determine or upon some near-term event which lacks certainty. Additionally, these loans generally have a specific valuation allowance in excess of 30% of the principal balance.

Grade 9 – This grade includes "Loss" loans, in accordance with regulatory guidelines. Such loans are to be charged-off or charged-down when payment is acknowledged to be uncertain or when the timing or value of payments cannot be determined. "Loss" is not intended to imply that the loan or some portion of it will never be repaid, nor does it in any way imply that there has been a forgiveness of debt.

(Remainder of this page intentionally left blank)

Note 3. Loans and Allowance for Credit Losses (continued)

The following table presents the Company's recorded investment in loans by credit quality and by year of origination as of December 31, 2023, net of unearned fees and costs:

	Term Loans by Year of Origination					
At December 31, 2023	2023	2022	2021	Prior	Revolving	Total
			(In thousands)			
Residential 1-4 family						
Pass	$ 29,953	$ 26,389	$ 14,583	$ 42,684	$ 224	$ 113,833
Special Mention	-	-	-	-	-	-
Substandard	-	-	-	393	-	393
Total 1-4 family	$ 29,953	26,389	14,583	43,077	224	$ 114,226
Home equity						
Pass	$ -	$ -	$ -	$ -	$ 10,336	$ 10,336
Special Mention	-	-	-	-	-	-
Substandard	-	-	-	-	-	-
Total home equity	$ -	$ -	$ -	$ -	$ 10,336	$ 10,336
Commercial real estate owner occupied						
Pass	$ 7,152	$ 5,833	$ 7,331	$ 7,940	$ 847	$ 29,103
Special Mention	-	-	-	-	-	-
Substandard	-	-	-	-	-	-
Total commercial real estate	$ 7,152	$ 5,833	$ 7,331	$ 7,940	$ 847	$ 29,103
Commercial real estate non-owner occupied						
Pass	$ 6,312	$ 7,802	$ 7,019	$ 5,269	$ 2,117	$ 28,519
Special Mention	-	-	-	-	-	-
Substandard	-	-	-	-	-	-
Total commercial real estate	$ 6,312	$ 7,802	$ 7,019	$ 5,269	$ 2,117	$ 28,519
Farmland						
Pass	$ 4,198	$ 5,356	$ 2,256	$ 4,301	$ 2,267	$ 18,378
Special Mention	-	-	-	-	-	-
Substandard	-	-	-	-	-	-
Total farmland	$ 4,198	$ 5,356	$ 2,256	$ 4,301	$ 2,267	$ 18,378
Construction						
Pass	$ 12,957	$ 5,447	$ 3,055	$ 1,042	$ 438	$ 22,939
Special Mention	12	-	42	-	-	54
Substandard	-	-	-	-	-	-
Total construction	$ 12,969	$ 5,447	$ 3,097	$ 1,042	$ 438	$ 22,993
Commercial and industrial						
Pass	$ 6,735	$ 2,644	$ 1,227	$ 1,125	$ 5,410	$ 17,141
Special Mention	-	-	-	-	-	-
Substandard	-	-	-	-	-	-
Total commercial and industrial	$ 6,735	$ 2,644	$ 1,227	$ 1,125	$ 5,410	$ 17,141
Consumer						
Pass	$ 5,710	$ 2,995	$ 1,524	$ 1,042	$ 244	$ 11,515
Special Mention	-	-	-	-	-	-
Substandard	-	2	31	4	-	37
Total Consumer	$ 5,710	$ 2,997	$ 1,555	$ 1,046	$ 244	$ 11,552
Current period gross write-offs	$ -	$ -	$ -	$ 47	$ -	$ 47

Note 3. Loans and Allowance for Credit Losses (continued)

The following table presents credit quality by loan class as of December 31, 2022, net of unearned fees and costs:

At December 31, 2022	Pass	Watch	Special Mention	Substandard	Doubtful	Loss	Total
				(In thousands)			
Residential Real Estate:							
1-4 family	$ 95,588	$ 2,595	$ -	$ 423	$ -	$ -	$ 98,606
Home equity	9,569	512	-	-	-	-	10,081
Commercial Real Estate:							
Owner occupied	26,109	1,146	-	-	-	-	27,255
Non-owner occupied	26,484	-	-	-	-	-	26,484
Farmland	19,050	-	-	-	-	-	19,050
Construction	17,684	44	-	-	-	-	17,728
Total real estate loans	194,484	4,297	-	423	-	-	199,204
Commercial and industrial	13,988	326	-	-	-	-	14,314
Consumer	10,666	78	28	10	-	-	10,782
Total loans	$ 219,138	$ 4,701	$ 28	$ 433	$ -	$ -	$ 224,300

The following table is a summary of the Company's nonaccrual loans by major categories for the periods indicated.

	CECL			Incurred Loss
	December 31, 2023			December 31, 2022
(In Thousands)	Nonaccrual Loans with No allowance	Nonaccrual Loans with and Allowance	Total Nonaccrual Loans	Nonaccrual Loans
		(In thousands)		
Consumer	$ 23	$ -	$ 23	$ 3
Total loans	$ 23	$ -	$ 23	$ 3

Note 3. Loans and Allowance for Credit Losses (continued)

The Company has certain loans for which repayment is dependent upon the operation or sale of collateral, as the borrower is experiencing financial difficulty. The underlying collateral can vary based upon the type of loan. The following provides more detail about the types of collateral that secure collateral-dependent loans:

- Commercial real estate loans can be secured by either owner-occupied commercial real estate or non-owner-occupied investment real estate. Typically, owner-occupied commercial real estate loans are secured by office buildings, warehouses, manufacturing facilities and other commercial and industrial properties occupied by operating companies. Non-owner-occupied commercial real estate loans are generally secured by office buildings and complexes, retail facilities, multifamily complexes, land under development, industrial properties as well as other commercial or industrial real estate.
- Residential real estate loans are typically secured by first mortgages, and in some cases could be secured by a second mortgage.
- Home equity lines of credit are generally secured by second mortgages on residential real estate property.
- Consumer loans are generally secured by automobiles, motorcycles, recreational vehicles and other personal property. Some consumer loans are unsecured and have no underlying collateral.

The following table details the amortized cost of collateral dependent loans:

(In Thousands)	**December 31, 2023**
	(In thousands)
Residential Real Estate:	
1-4 family	$ 393
Total loans	$ 393

Note 3. Loans and Allowance for Credit Losses (continued)

The following table details activity in the allowance for expected credit losses by portfolio segment for the year ended December 31, 2023 (in thousands). Allocation of a portion of the allowance to one category of loans does not preclude its availability to absorb losses in other categories.

2023	Residential Real Estate	Commercial Real Estate	Farmland	Construction	Commercial and Industrial	Consumer	Unallocated	Total
Beginning balance	$ 1,170	$ 602	$ 182	$ 183	$ 110	$ 92	$ (99)	$ 2,240
Adjustment to allowance for adoption of ASU 2016-13	$ 28	$ 51	$ 122	$ (9)	$ 187	$ 42	$ 99	$ 520
(Recovery of)Provision for credit losses	469	(25)	(67)	106	(179)	32	(126)	210
Charge-offs	-	-	-	-	-	(47)	-	(47)
Recoveries	11	2	-	1	27	5	-	46
Net (charge-offs) recoveries	11	2	-	1	27	(42)	-	(1)
Ending balance	$ 1,678	$ 630	$ 237	$ 281	$ 145	$ 124	$ (126)	$ 2,969

(Remainder of this page intentionally left blank)

Note 3. Loans and Allowance for Credit Losses (continued)

Prior to the adoption of ASC 326 on January 1, 2023, the Company calculated the allowance for probable loan losses under the incurred loss methodology. The following table details activity in the allowance for probable loan losses by portfolio segment for the year ended December 31, 2022 (in thousands). Allocation of a portion of the allowance to one category of loans does not preclude its availability to absorb losses in other categories.

2022	Residential Real Estate	Commercial Real Estate	Farmland	Construction	Commercial and Industrial	Consumer	Unallocated	Total
Beginning balance	$ 1,226	$ 642	$ 120	$ 291	$ 119	$ 111	$ 252	$ 2,761
Provision for loan losses	(64)	(41)	62	(110)	(9)	(7)	(351)	(520)
Charge-offs	-	-	-	-	(1)	(28)	-	(29)
Recoveries	8	1	-	2	1	16	-	28
Net (charge-offs) recoveries	8	1	-	2	-	(12)	-	(1)
Ending balance	$ 1,170	$ 602	$ 182	$ 183	$ 110	$ 92	$ (99)	$ 2,240
Period-end amount allocated to:								
Loans individually evaluated for impairment	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Loans collectively evaluated for impairment	1,170	602	182	183	110	92	(99)	2,240
Ending balance	$ 1,170	$ 602	$ 182	$ 183	$ 110	$ 92	$ (99)	$ 2,240
Total Loans	$ 108,687	$ 53,739	$ 19,050	$ 17,728	$ 14,314	$ 10,782	$ -	$ 224,300
Loans individually evaluated for impairment	1,221	-	-	73	-	-	-	1,294
Loans collectively evaluated for impairment	107,466	53,739	19,050	17,655	14,314	10,782	-	223,006

Note 3. Loans and Allowance for Credit Losses (continued)

Unfunded Commitments

The Company maintains a separate reserve for credit losses on off-balance-sheet credit exposures, including unfunded loan commitments, which is included in other liabilities on the consolidated balance sheet. The reserve for credit losses on off-balance-sheet credit exposures is adjusted as a provision for credit losses in the income statement. The estimate includes consideration of the likelihood that funding will occur and an estimate of expected credit losses on commitments expected to be funded over its estimated life, utilizing the same models and approaches for the Company's other loan portfolio segments described above, as these unfunded commitments share similar risk characteristics as its loan portfolio segments. The Company as identified the unfunded portion of certain lines of credit as unconditionally cancellable credit exposures, meaning the Company can cancel the unfunded commitment at any time. No credit loss estimate is reported for off-balance-sheet credit exposures that are unconditionally cancellable by the Company or for undrawn amounts under such arrangements that may be drawn prior to the cancellation of the arrangement.

On January 1, 2023, the Company recorded an adjustment for unfunded commitments of $63,261 for the adoption of ASC Topic 326. For the year ended December 31, 2023, the Company recorded no additional provision for credit losses for unfunded commitments. At December 31, 2023, the liability for credit losses on off-balance-sheet credit exposures included in other liabilities was $63,261.

Note 4. Other Real Estate Owned

An analysis of other real estate owned follows:

	Years Ended December 31, 2023	2022
	(In thousands)	
Balance at beginning of year	$ 1,116	$ 2,103
Disposals	(542)	(1,093)
Change in valuation allowance	32	-
Change in accumulated depreciation	26	106
Balance at end of year	$ 632	$ 1,116

Expenses (income) applicable to other real estate owned include the following:

	Years Ended December 31, 2023	2022
	(In thousands)	
Net gain on sales of real estate	$ (96)	$ (631)
Operating expense, net of rental income	14	66
	$ (82)	$ (565)

There were no loans secured by 1-4 family residential properties included in the OREO chart above at December 31, 2023. Loans secured by 1-4 family residential properties totaled $86 thousand at December 31, 2022. Loans secured by 1-4 family residential properties in the process of foreclosure totaled $31 thousand at December 31, 2023.

Note 5. Premises and Equipment

A summary of the cost and accumulated depreciation of premises and equipment follows:

	December 31, 2023	December 31, 2022
	(In thousands)	
Land	$ 2,485	$ 2,485
Buildings	11,424	11,369
Furniture, fixtures and equipment	5,763	5,681
	19,672	19,535
Accumulated depreciation	(11,921)	(11,345)
	$ 7,751	$ 8,190

Depreciation expense for the years ended December 31, 2023 and 2022 totaled $578,048 and $604,731 respectively.

The Bank owns all branch locations except the Goochland loan production office. The Goochland loan production office is under a lease agreement for one year. The current lease term is scheduled to end January 30, 2024 and is renewable for an additional one year term. The lease is classified as an operating lease. Pursuant to the terms of the lease agreement, future minimum rent commitments are $10,800.

Note 6. Deposits

The aggregate amounts of time deposits greater than $250,000 at December 31, 2023 and 2022 were $51,370,948 and $33,779,994, respectively.

At December 31, 2023, the scheduled maturities of time deposits are as follows:

	(In thousands)
2024	$ 92,899
2025	12,174
2026	3,443
2027	3,148
2028	2,944
	$ 114,608

For the years ended December 31, 2023 and 2022, there was one customer relationship with balances in deposit accounts exceeding 5% of outstanding deposits. This customer relationship comprised 5.57% of the outstanding deposits at December 31, 2023 and 6.49% of the outstanding deposits at December 31, 2022.

Note 6. Deposits (continued)

At December 31, 2023 and 2022, overdraft deposits reclassified to loans totaled $23,954 and $32,861, respectively.

At December 31, 2023 and 2022, total deposits for related parties amounted to $10,677,741 and $8,144,122, respectively.

Note 7. FHLB Advances

The Bank maintains a line of credit secured by residential loans and commercial real estate loans under a blanket lien agreement with the Federal Home Loan Bank of Atlanta (FHLB). For the years ended December 31, 2023 and December 31, 2022, the Bank had no outstanding advances with the FHLB.

The Bank's available credit facility was $48,142,001 at December 31, 2023.

Note 8. Other Borrowings

Other borrowings include commercial customer deposit balances that are invested overnight into an investment sweeps product. The balances held in this deposit-alternative investment vehicle are not insured by the FDIC; however, the Bank pledges U.S. government securities sufficient to cover the balances held in these accounts.

The Bank also has available credit facilities with several correspondent banks totaling $31,373,993 at December 31, 2023.

Note 9. Off-Balance Sheet Arrangements, Commitments, Guarantees and Contingencies

Financial Instruments with Off-Balance Sheet Risk

The Company is a party to credit related financial instruments with off-balance-sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit, standby letters of credit and commercial letters of credit. Such commitments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the consolidated balance sheets.

The Company's exposure to credit loss is represented by the contractual amount of these commitments. The Company follows the same credit policies in making commitments as it does for on-balance sheet instruments.

At December 31, 2023 and 2022, the following financial instruments were outstanding:

	2023	2022
	(In thousands)	
Commitments to extend credit	$ 39,363	$ 43,271
Standby letters of credit	952	1,358

Note 9. Off-Balance Sheet Arrangements, Commitments, Guarantees and Contingencies (continued)

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. The commitments for equity lines of credit may expire without being drawn upon; therefore, the total commitment amounts do not necessarily represent future cash requirements. The amount of collateral obtained, if it is deemed necessary by the Company, is based on management's credit evaluation of the customer.

Unfunded commitments under commercial lines of credit, revolving credit lines and overdraft protection agreements are commitments for possible future extensions of credit to existing customers. These lines of credit are uncollateralized and usually do not contain a specified maturity date and may not be drawn upon to the total extent to which the Company is committed.

Standby letters of credit are conditional commitments issued by the Company to guarantee the performance of a customer to a third party. Those letters of credit are primarily issued to support public and private borrowing arrangements. All letters of credit issued have expiration dates within one year. The credit risk involved in issuing letters of credit is the same as that involved in extending loan facilities to customers. The Company generally holds collateral supporting these commitments, if deemed necessary.

Rate Lock Commitments on Loans Held for Sale

At December 31, 2023, the Company had no rate lock commitments to originate mortgage loans. The Company will enter into corresponding commitments with third party investors to sell loans of on a best efforts basis. Under the contractual relationship with these investors, the Company is obligated to sell the loans, and the investors are obligated to purchase the loans, only if the loans close. No other obligation exists. As a result of these contractual relationships with these investors, the Company is not exposed to losses nor will it realize gains related to its rate lock commitments due to changes in interest rates. There was no balance at December 31, 2023 and the balance at December 31, 2022 was deemed immaterial. If the loan defaults within the first 120 days, the Company will have to buy it back.

Credit Card Guarantees

The Company from time to time guarantees the credit card debt of certain customers to the merchant bank that issues the cards. At December 31, 2023, guarantees outstanding totaled $0.

Change-of-Control Agreements

The Company has change-in-control agreements with certain executive officers. The agreements provide for the continuity of base salary and entitle each named executive officer to participate in the incentive, savings, and retirement benefits and payments in the event of the termination of employment following a change-in-control. If employment terminates without "cause", for "good reason", or during the "window period" (as these terms are defined in the agreements), the executive will be entitled to receive a lump sum payment of one and one-half times base salary and the continuation of employee welfare benefits for 24 months following the date of termination.

Note 10. Income Taxes

The Company files income tax returns with the U.S. Federal government and the Commonwealth of Virginia. With few exceptions, the Company is no longer subject to U.S. Federal income and state tax examinations by tax authorities for years prior to 2020.

Allocation of income tax expense between current and deferred portions is as follows:

	Years Ended December 31,	
	2023	**2022**
Current tax expense	$ 2,100,380	$ 1,693,878
Deferred tax (benefit) expense	(114,278)	308,069
	$ 1,986,102	$ 2,001,947

The reasons for the differences between the statutory Federal income tax rate and the effective tax rates are summarized as follows:

	Years Ended December 31,	
	2023	**2022**
Computed "expected" tax expense	$ 2,201,158	$ 2,134,332
Tax-exempt income	(216,762)	(133,156)
Other, net	1,706	771
	$ 1,986,102	$ 2,001,947

The Bank is subject to a Bank Franchise Tax that is imposed by the Commonwealth of Virginia. The Bank Franchise Tax is not an income tax and as such the tax cost is included in other noninterest expense.

(Remainder of this page intentionally left blank)

Note 10. Income Taxes (continued)

The components of the net deferred tax assets, included in other assets, are as follows:

	December 31, 2023	December 31, 2022
Deferred tax assets:		
Allowance for credit losses	$ 575,776	$ 386,978
Nonaccrual loan interest	344	1
Deferred loan fees	88,898	58,528
Accrued pension	53,669	- -
Nonqualified plan	408,494	352,404
Impairment - other real estate owned	- -	6,767
Unrealized loss on securities available for sale	3,262,406	4,328,373
Other asset impairment	8,070	8,070
Deferred tax assets	4,397,657	5,141,121
Deferred tax liabilities:		
Depreciation	293,748	344,222
Discount accretion on securities	375,177	139,677
Accrued pension	- -	66,565
Deferred tax liabilities	668,925	550,464
Net deferred tax assets	$ 3,728,732	$ 4,590,657

(Remainder of this page intentionally left blank)

Note 11. Employee Benefit Plans

The Company offers a number of benefit plans to its employees. Among them are a 401(k) plan, a nonqualified compensation plan and a defined benefit plan, which are described below:

401(k) Plan

The Company offers a 401(k) plan for the benefit of all employees who have attained the age of 18 and completed three months of continuous service. The plan allows participating employees to contribute amounts up to the limits set by the Internal Revenue Service and permits the Company to make discretionary contributions to the plan in such amounts as the Board of Directors may determine to be appropriate. The Company presently makes matching contributions equal to 50% of the first six percent of an employee's compensation contributed to the plan. Contributions made to the plan by the Company for the years ended December 31, 2023 and 2022 were $108,802 and $115,410, respectively.

Nonqualified Compensation Plan

Effective January 1, 2013 the Company established a Nonqualified Compensation Plan. The participants under the plan are credited with a percentage of their total compensation each year. Participants are also credited each December 31 with interest on their previous year-end plan balance at the same rate being earned by participants in the Cash Balance Plan. Plan balances are fully vested at all times. The expense for the years ended December 31, 2023 and 2022 was $280,483 and $271,283, respectively.

Defined Benefit Pension Plan

The Company has a non-contributory, defined benefit pension plan. Employees hired on or after October 11, 2012 are not eligible to participate in the plan. Previously, the plan provided benefits based on the participant's years of service and five year average final compensation. As of December 31, 2012, the Company changed the plan to a Cash Balance Plan, covering all employees who meet the eligibility requirements. Under the Cash Balance Plan, the benefit account for each participant will grow each year with annual pay credits based on age and years of service and monthly interest credits based on the prior year's December average yield on 10-year Treasuries, with a minimum of 3%.

At a minimum, our funding policy is to make annual contributions as permitted or required by regulations. For the year ended December 31, 2023, the Company was not required to make a contribution. For the year ended December 31, 2022, the Company made a cash contribution of $1,400,000.

Note 11. Employee Benefit Plans (continued)

Additional information regarding the Company's pension plan is presented below in accordance with ASC 715-30-25 for all years. The measurement date used for the pension disclosure is December 31.

	Years Ended December 31,	
	2023	**2022**
Change in Benefit Obligation		
Benefit obligation, beginning	$ 6,091,346	$ 9,425,049
Service cost	250,189	347,682
Interest cost	296,307	240,670
Actuarial loss (gain)	507,709	(2,269,576)
Benefits paid	(1,335,044)	(1,738,100)
Loss due to settlement	10,232	85,621
Benefit obligation, ending	5,820,739	6,091,346
Change in Plan Assets		
Fair value of plan assets, beginning	6,381,453	8,637,314
Actual return on plan assets	550,227	(1,917,761)
Employer contributions	- -	1,400,000
Benefits paid	(1,335,044)	(1,738,100)
Fair value of plan assets, ending	5,596,636	6,381,453
Funded Status at the end of year	$ (224,103)	$ 290,107
Amounts Recognized in Accumulated Other Comprehensive Loss		
Net actuarial loss	$ 1,939,725	$ 2,184,918
Prior service cost	- -	(89,381)
Deferred taxes	(407,342)	(440,063)
Net amount recognized	$ 1,532,383	$ 1,655,474

The accumulated benefit obligation for the defined benefit pension plan was $5,820,739 and $6,091,346, at December 31, 2023 and 2022, respectively.

Note 11. Employee Benefit Plans (continued)

	Years Ended December 31, 2023	Years Ended December 31, 2022
Components of Net Periodic Benefit Cost		
Service cost	$ 250,189	$ 347,682
Interest cost	296,307	240,670
Expected return on plan assets	(408,362)	(549,074)
Amortization of prior service cost	(89,381)	(154,327)
Recognized net loss due to settlement	445,867	425,706
Recognized net actuarial loss	175,402	141,966
Net periodic benefit cost	670,022	452,623
Other Changes in Plan Assets and Benefit Obligations Recognized in Other Comprehensive Loss		
Net actuarial gain	(245,193)	(284,792)
Amortization of prior service cost	89,381	154,327
Total recognized in other comprehensive loss	(155,812)	(130,465)
Total Recognized in Net Pension Benefit Cost and Other Comprehensive Loss	$ 514,210	$ 322,158

The weighted-average assumptions used in the measurement of the Company's benefit obligation are shown in the following table:

	2023	2022
Discount rate	4.75%	5.00%
Expected return on plan assets	7.00%	7.00%
Rate of compensation increase	3.00%	3.00%

The weighted-average assumptions in the measurement of the Company's net periodic pension costs are shown in the following table:

	2023	2022
Discount rate	5.00%	2.75%

Note 11. Employee Benefit Plans (continued)

Long-Term Rate of Return

The plan sponsor selects the expected long-term rate-of-return-on-assets assumption in consultation with its investment advisors and actuary. This rate is intended to reflect the average rate of earnings expected to be earned on the funds invested or to be invested to provide plan benefits. Historical performance is reviewed, especially with respect to real rates of return (net of inflation), for the major asset classes held or anticipated to be held by the trust and for the trust itself. Undue weight is not given to recent experience that may not continue over the measurement period with higher significance placed on current forecasts of future long-term economic conditions.

Because assets are held in a qualified trust, anticipated returns are not reduced for taxes. Further, solely for this purpose, the plan is assumed to continue in force and not terminate during the period in which assets are invested; however, consideration is given to the potential impact of current and future investment policy, cash flow into and out of the trust, and expenses (both investment and non-investment) typically paid from plan assets (to the extent such expenses are not explicitly estimated within periodic cost).

Asset Allocation

The pension plan's weighted-average asset allocations as December 31, 2023 and 2022, by asset category are as follows:

	2023	2022
Asset Category		
Mutual funds - fixed income	49%	48%
Mutual funds - equity	51%	52%
Total	100%	100%

The trust fund is sufficiently diversified to maintain a reasonable level of risk without imprudently sacrificing return with a targeted asset allocation of 50% fixed income and 50% equities. The investment manager selects investment fund managers with demonstrated experience and expertise and funds with demonstrated historical performance for the implementation of the plan's investment strategy. The investment manager will consider both actively and passively managed investment strategies and will allocate funds across the asset classes to develop an efficient investment structure.

Note 11. Employee Benefit Plans (continued)

The following table sets forth by level, within the fair value hierarchy, the plan's assets at fair value as of December 31, 2023 and 2022.

	December 31, 2023			
	Level I	Level II	Level III	Total
Assets:				
Mutual funds - equity	$ 2,854,284	-	-	$ 2,854,284
Mutual funds - fixed income	2,742,352	-	-	2,742,352
Total assets at fair value	$ 5,596,636	$ -	$ -	$ 5,596,636

	December 31, 2022			
	Level I	Level II	Level III	Total
Assets:				
Mutual funds - equity	$ 3,063,097	-	-	$ 3,063,097
Mutual funds - fixed income	3,318,356	-	-	3,318,356
Total assets at fair value	$ 6,381,453	$ -	$ -	$ 6,381,453

It is the responsibility of the trustee to administer the investments of the trust within reasonable costs, being careful to avoid sacrificing quality. These costs include, but are not limited to, management and custodial fees, consulting fees, transaction costs and other administrative costs chargeable to the trust.

The Company does not expect to make a contribution to its pension plan in 2024.

Estimated future benefit payments, which reflect expected future service as appropriate, are as follows:

2024	$ 482,843
2025	80,926
2026	271,255
2027	1,225,442
2028	444,297
2029-2033	2,540,752
	$ 5,045,515

Note 12. Other Expense

The principal components of other expense in the statements of income are:

	2023	2022
Accounting and audit fees	$ 209,375	$ 182,918
Debit card/ATM expense	323,974	280,359
Bank franchise tax	426,320	337,547
Directors fees	288,675	291,059
Internet banking expense	286,756	255,224
Legal fees	11,663	13,196
Marketing	45,931	40,667
Software	164,791	136,807
Stationery and supplies	174,499	91,427
Telephone	94,482	89,173
Other (includes no items in excess of 1% of total revenues)	759,518	665,849
	$ 2,785,984	$ 2,384,226

(Remainder of this page intentionally left blank)

Note 13. Accumulated Other Comprehensive Income (Loss)

Changes in each component of accumulated other comprehensive income (loss) were as follows:

	Net Unrealized Gains (Losses) on Available for Sale Securities	Change in Unfunded Pension Liability	Accumulated Other Comprehensive Income (Loss)
Balance at December 31, 2021	**$ (188,361)**	**$ (1,758,539)**	**$ (1,946,900)**
Unrealized losses on securities available for sale, net of tax of $4,278,357	(16,094,773)	-	(16,094,773)
Reclassification adjustment for loss on calls of securities, net of tax of $(55)(1)	206	-	206
Change in pension plan assets and benefit obligations, net of tax of $(59,810)	-	224,986	224,986
Amortization of prior service cost net of tax of $32,409 (2)	-	(121,918)	(121,918)
Balance at December 31, 2022	**(16,282,928)**	**(1,655,471)**	**(17,938,399)**
Unrealized gains on securities available for sale, net of tax of $(1,065,809)	4,009,471	-	4,009,471
Reclassification adjustment for loss on calls of securities, net of tax of $(158)(1)	593	-	593
Change in pension plan assets and benefit obligations, net of tax of $(51,491)	-	193,702	193,702
Amortization of prior service cost net of tax of $18,770 (2)	-	(70,611)	(70,611)
Balance at December 31, 2023	**$ (12,272,864)**	**$ (1,532,380)**	**$ (13,805,244)**

(1) Included on income statement in "Net gain (loss) on calls of securities".
(2) Included on income statement in "Salaries and employee benefits".

(Remainder of this page intentionally left blank)

Note 14. Regulatory Matters

Regulatory Capital Requirements

The Bank is subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory and additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the Company's and the Bank's financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Bank must meet specific capital guidelines that involve quantitative measures of assets, liabilities, and certain off-balance-sheet items as calculated under regulatory accounting practices. The capital amounts and classifications are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors. Prompt corrective action provisions are not applicable to bank holding companies.

As of December 31, 2023, the most recent notification from the Federal Reserve Bank categorized the Bank as well capitalized under the framework for prompt corrective action. To be categorized as well capitalized, an institution must maintain minimum total risk-based, Tier 1 risk-based, and Tier 1 leverage ratios as set forth in the table. There are no conditions or events since that notification that management believes have changed the Bank's categorization.

Community Bank Leverage Ratio. As a result of the Economic Growth, Regulatory Relief, and Consumer Protection Act ("EGRRCPA"), the federal banking agencies were required to develop a Community Bank Leverage Ratio (the ratio of a bank's tangible equity capital to average total consolidated assets) for banking organizations with assets of less than $10 billion, such as the Bank. In 2019, the federal banking agencies jointly issued a final rule that provides for an optional, simplified measure of capital adequacy, the Community Bank Leverage Ratio Framework (CBLR framework), for qualifying community banking organizations, consistent with Section 201 of the EGRRCPA. The final rule became effective on January 1, 2020 and was elected by the Bank as of March 31, 2020. In April 2020, the federal banking agencies issued an interim final rule that makes temporary changes to the CBLR framework, pursuant to section 4012 of the Coronavirus Aid, Relief, and Economic Security (CARES) act, and a second interim final rule that provides a graduated increase in the CBLR requirement after the expiration of the temporary changes implemented pursuant to section 4012 of the CARES Act.

The CBLR removes the requirement for a qualifying banking organization to calculate and report risk-based capital but rather only requires a Tier 1 to average assets (leverage) ratio. Qualifying banking organizations that elect to use the CBLR framework and that maintain a leverage ratio of greater than required minimums will be considered to have satisfied the generally applicable risk based and leverage capital requirements in the agencies' capital rules and, if applicable, will be considered to have met the well capitalized ratio requirements for purposes of section 38 of the Federal Deposit Insurance Act. Under the interim final rules the community bank leverage ratio minimum requirement is 9% for calendar year 2022 and beyond. The interim rule allows for a two-quarter grace period to correct a ratio that falls below the required amount, provided that the bank maintains a leverage ratio greater than 8%.

Under the final rule, an eligible banking organization can opt out of the CBLR framework and revert to the risk-weighting framework without restriction. As of December 31, 2023, both the Company and Bank were qualifying community banking organizations as defined by the federal banking agencies and elected to measure capital adequacy under the CBLR framework.

Note 14. Regulatory Matters (continued)

The Bank's actual capital amounts and ratios as of December 31, 2023 and 2022 are presented in the table below:

	Actual		To Be Well Capitalized Under Prompt Corrective Action Regulations (CBLR Framework)	
	Amount	**Ratio**	**Amount**	**Ratio**
		(Amounts in thousands)		
As of December 31, 2023:				
Tier 1 Capital to Average Assets	$ 73,073	12.858%	$ 51,146	9.000%

	Actual		To Be Well Capitalized Under Prompt Corrective Action Regulations (CBLR Framework)	
	Amount	**Ratio**	**Amount**	**Ratio**
		(Amounts in thousands)		
As of December 31, 2022:				
Tier 1 Capital to Average Assets	$ 67,397	11.256%	$ 53,888	9.000%

Restriction on Dividends

The Bank is subject to certain restrictions on the amount of dividends it may pay without prior regulatory approval. The Bank normally restricts dividends to a lesser amount. At December 31, 2023, retained earnings of approximately $15,216,895 were available for the payment of dividends without prior regulatory approval.

Note 15. Fair Value Measurements

Current accounting pronouncements require disclosure of the estimated fair value of financial instruments. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. With the exception of certain marketable securities and one-to-four-family residential mortgage loans originated for sale, the Company's financial instruments are not readily marketable and market prices do not exist. The Company, in attempting to comply with accounting disclosure pronouncements, has not attempted to market its financial instruments to potential buyers, if any exist. Since negotiated prices in illiquid markets depend upon the then present motivations of the buyer and seller, it is reasonable to assume that actual sales prices could vary widely from any estimate of fair value made without the benefit of negotiations. Additionally, changes in market interest rates can dramatically impact the value of financial instruments in a short period of time. Finally, the Company expects to retain substantially all assets and liabilities measured at fair value to their maturity or call date. Accordingly, the fair values disclosed herein are unlikely to represent the instruments' liquidation values, and do not with the exception of securities and loans, consider exit costs since they cannot be reasonably estimated by us.

Accounting principles establish a three-level valuation hierarchy for fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The three levels are defined as follows:

- Level 1 Inputs to the valuation methodology are quoted prices for similar assets and liabilities in active markets.
- Level 2 Inputs to the valuation methodology included quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

(Remainder of this page intentionally left blank)

Note 15. Fair Value Measurements (continued)

The estimated fair values, and related carrying or notional amounts, of the Company's financial instruments are as follows:

		Fair Value Measurements at December 31, 2023 Using			
Description	Balance as of December 31, 2023	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance
			(Dollars in thousands)		
Financial Assets:					
Cash and cash equivalents	$ 47,336	$ 47,336	$ -	$ -	$ 47,336
Securities available for sale	226,138	-	226,138	-	226,138
Restricted securities	558	-	558	-	558
Loans, Net	249,279	-	-	246,330	246,330
Accrued interest receivable	2,241	-	2,241	-	2,241
Bank-owned life insurance	15,734	-	15,734	-	15,734
Financial liabilities:					
Deposits	$ 484,033	$ -	$ 483,917	$ -	$ 483,917
Other borrowings	5,632	-	5,632	-	5,632
Accrued interest payable	1,236	-	1,236	-	1,236

		Fair Value Measurements at December 31, 2022 Using			
Description	Balance as of December 31, 2022	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance
			(Dollars in thousands)		
Financial Assets:					
Cash and cash equivalents	$ 82,752	$ 82,752	$ -	$ -	$ 82,752
Securities available for sale	235,567	-	235,567	-	235,567
Restricted securities	440	-	440	-	440
Loans, Net	222,060	-	-	221,098	221,098
Accrued interest receivable	2,098	-	2,098	-	2,098
Bank-owned life insurance	16,076	-	16,076	-	16,076
Financial liabilities:					
Deposits	$ 512,477	$ -	$ 512,035	$ -	$ 512,035
Other borrowings	8,500	-	8,500	-	8,500
Accrued interest payable	215	-	215	-	215

Note 15. Fair Value Measurements (continued)

The Company assumes interest rate risk as part of its normal operations. As a result, the fair values of the Company's financial instruments will change when interest rate levels change and that change may be either favorable or unfavorable to the Company. Management attempts to match maturities of assets and liabilities to the extent possible to minimize interest rate risk; however, borrowers with fixed rate obligations are less likely to prepay in a rising rate environment and more likely to prepay in a falling rate environment. Conversely, depositors who are receiving fixed rates are more likely to withdraw funds before maturity in a rising rate environment and less likely to do so in a falling rate environment. Management monitors rates and maturities of assets and liabilities and attempts to minimize interest rate risk by adjusting terms of new loans and deposits and by investing in securities with terms that mitigate the Company's overall interest rate risk.

(Remainder of this page intentionally left blank)

Note 15. Fair Value Measurements (continued)

The following tables present the balances of financial assets measured at fair value on a recurring basis as of December 31, 2023 and 2022:

		Fair Value Measurements at December 31, 2023 Using		
Description	**Balance as of December 31, 2023**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
		(Dollars in thousands)		
Assets:				
Securities available for sale				
U.S. Government and federal agency	$ 125,443	$ -	$ 125,443	$ -
State and municipal	22,518	-	22,518	-
Agency mortgage-backed	78,177	-	78,177	-

		Fair Value Measurements at December 31, 2022 Using		
Description	**Balance as of December 31, 2022**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
		(Dollars in thousands)		
Assets:				
Securities available for sale				
U.S. Government and federal agency	$ 125,979	$ -	$ 125,979	$ -
State and municipal	23,180	-	23,180	-
Agency mortgage-backed	86,408	-	86,408	-

Note 15. Fair Value Measurements (continued)

The following describes the valuation techniques used by the Company to measure certain financial assets and liabilities recorded at fair value on a recurring basis in the financial statements:

Securities available for sale: Securities available for sale are recorded at fair value on a recurring basis. Fair value measurement is based upon quoted market prices, when available (Level 1). If quoted market prices are not available, fair values are measured utilizing independent valuation techniques of identical or similar securities for which significant assumptions are derived primarily from or corroborated by observable market data. Third party vendors compile prices from various sources and may determine the fair value of identical or similar securities by using pricing models that consider observable market data (Level 2).

Accounting principles permit the measurement of certain assets at fair value on a nonrecurring basis. Adjustments to the fair value of these assets usually result from the application of lower-of-cost-or-market accounting or write-downs of individual assets.

The following table summarizes the Company's assets that were measured at fair value on a non-recurring basis during the period:

		Carrying value at December 31, 2023		
Description	Balance as of December 31, 2023	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
		(Dollars in thousands)		
Assets:				
Other real estate owned	$ 633	$ -	$ -	$ 633

		Carrying value at December 31, 2022		
Description	Balance as of December 31, 2022	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
		(Dollars in thousands)		
Assets:				
Other real estate owned	$ 1,030	$ -	$ -	$ 1,030

Note 15. Fair Value Measurements (continued)

The following tables display quantitative information about Level 3 Fair Value Measurements at December 31, 2023 and December 31, 2022 (dollars in thousands):

	Quantitative information about Level 3 Fair Value Measurements for December 31, 2023				
	Fair Value	Valuation Techniques(s)	Unobservable Input	Range	Weighted Average Range
Assets					
Other real estate owned	$ 633	Market comparables	Discount to market comparables (1)	6%	6%

(1) A discount percentage is applied based on current market conditions and experience within the local markets.

	Quantitative information about Level 3 Fair Value Measurements for December 31, 2022				
	Fair Value	Valuation Techniques(s)	Unobservable Input	Range	Weighted Average Range
Assets					
Other real estate owned	$ 1,030	Market comparables	Discount to market comparables (1)	6%	6%

(1) A discount percentage is applied based on current market conditions and experience within the local markets.

(Remainder of this page intentionally left blank)

Note 15. Fair Value Measurements (continued)

The following describes the valuation techniques used by the Company to measure certain assets recorded at fair value on a nonrecurring basis in the financial statements:

Other Real Estate Owned: The carrying amount of real estate owned by the Bank resulting from foreclosure is estimated at the fair value of the real estate based on an observable market price or a current appraised value less selling costs. If carried at market price based on appraised value using observable market data, it is recorded as nonrecurring Level 2. When an appraised value is not available or is not current, or management determines the fair value of the real estate is further impaired below the appraised value or there is no observable market price, the Bank records the real estate as nonrecurring Level 3. If properties are being rented and thus the carrying value is reduced by accumulated depreciation, the property is not considered to be carried at fair value.

Note 16. Subsequent Events

The Company evaluates subsequent events that have occurred after the balance sheet date, but before the financial statements are issued. There are two types of subsequent events (1) recognized, or those that provide additional evidence about conditions that existed at the date of the balance sheet, including the estimates inherent in the process of preparing financial statements, and (2) non-recognized, or those that provide evidence about conditions that did not exist at the date of the balance sheet but arose about that date.

Subsequent events have been considered through March 18, 2024, the date financial statements were available to be issued. Based on the evaluation, the Company did not identify any recognized or non-recognized subsequent events that would have required adjustment to or disclosure in the audited financial statements.

Note 17. Condensed Parent Company Financial Statements

The following parent company accounting policies should be read in conjunction with the related condensed balance sheets, statements of income, and statements of cash flows.

The investment in subsidiary is accounted for using the equity method of accounting. The parent company and its subsidiary file a consolidated federal income tax return. The subsidiary's individual tax provision and liability are stated as if it filed a separate return and any benefits or detriments of filing the consolidated tax return are absorbed by the parent company.

The parent company's principal asset is its investment in its wholly-owned subsidiary. Dividends from the subsidiary and interest from the parent company's investment portfolio are the sources of cash flow for the parent company. The payment of dividends by the subsidiary is restricted by various statutory limitations. Banking regulations also prohibit extensions of credit by the Bank to the parent company unless appropriately secured by assets.

Condensed Parent Company Financial Statements

Balance Sheets
December 31, 2023 and 2022

Assets	2023	2022
Cash	$ 756,278	$ 688,949
Investment in subsidiary	59,269,668	49,460,540
Securities available for sale at fair value	42,733	52,613
Other assets	288,476	283,558
Total assets	$ 60,357,155	$ 50,485,660
Liabilities and Stockholders' Equity		
Other liabilities	$ 662,437	$ 642,444
Stockholders' equity	59,694,718	49,843,216
Total liabilities and stockholders' equity	$ 60,357,155	$ 50,485,660

Statements of Income
For the Years Ended December 31, 2023 and 2022

	2023	2022
Dividends from subsidiary	$ 2,900,000	$ 2,950,000
Interest income on investments	1,852	2,269
Total interest and dividend income	2,901,852	2,952,269
Noninterest expense - other	687,022	685,994
Income before income taxes	2,214,830	2,266,275
Allocated income tax benefit	143,318	143,582
Income before equity in undistributed earnings of subsidiary	2,358,148	2,409,857
Equity in undistributed earnings of subsidiary	6,137,453	5,751,682
Net income	$ 8,495,601	$ 8,161,539

Condensed Parent Company Financial Statements

Statements of Cash Flows
For the Years Ended December 31, 2023 and 2022

	2023	2022
Cash Flows from Operating Activities		
Net income	$ 8,495,601	$ 8,161,539
Adjustments to reconcile net income to net cash provided by operating activities:		
Equity in undistributed earnings of subsidiary	(6,137,453)	(5,751,682)
Net accretion of securities	(7)	(16)
Changes in other assets and liabilities:		
Increase in other assets	(5,105)	(27,338)
Increase in other liabilities	19,991	19,462
Net cash provided by operating activities	2,373,027	2,401,965
Cash Flows from Investing Activities		
Maturities and prepayments of securities	10,780	17,346
Net cash provided by investing activities	10,780	17,346
Cash Flows from Financing Activities		
Repurchase of common stock	(43,750)	(131,875)
Dividends paid	(2,272,728)	(2,169,951)
Net cash used in financing activities	(2,316,478)	(2,301,826)
Increase in cash and cash equivalents	67,329	117,485
Cash and Cash Equivalents		
Beginning of year	688,949	571,464
End of year	$ 756,278	$ 688,949

CELEBRATING 150 YEARS

While the world is very different from that of 1873

when Citizens Bank & Trust Company modestly took its place among the financial institutions of Virginia, our commitment to our employees, customers, and shareholders, and our investments in the well-being of the communities we serve remain at the core of who we are.

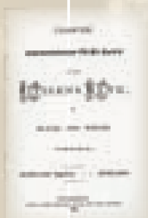
Citizens Bank & Trust Company's practice is to keep moving forward while remaining true to our vision and values. Though the original officers of Citizens Bank & Trust Company - *William H. Mann*, *B.W. Thomas*, and *Thomas C. Parrack* - may not have imagined today's digital banking environment, we believe that they would recognize their legacy of service and the original underlying values that continue to guide us today.

Our 150th anniversary provides us an opportunity to reflect and to celebrate our progress and milestone achievements.

150 YEARS OF EXCEEDING EXPECTATIONS

1873

On the 4th day of August, 1873 the Circuit Court of Nottoway granted a charter of incorporation for Citizens Bank.



1881

The Bank's third location was built and occupied in 1881 and was located on what is now Broad Street.

1893

The Bank erected Blackstone's first skyscraper and its fourth home. This building, was destroyed by fire in 1965.

1921

Completed and occupied on May 25, 1921, this location on South Main Street has served CB&T customers for 102 years.

1923

Installation of the Bank's clock, which is a town landmark and has served faithfully for 100 years.

1966

A drive-in facility was opened on the corner of Main and Broad where the Bank's 1893 skyscraper was formerly located.

1972

The Main Office was expanded in 1972, and in the same year CB&T opened a full service branch on Second Street in Crewe.

1985

Continuing growth in Nottoway County, the Bank opened its third full service branch in the town of Burkeville.

1988

With three branches in Nottoway County, the Bank expanded into Amelia County, opening its fourth branch location.

1991

The Bank purchased the office of First Colonial Savings and Loan in the Blackstone Shopping Center to serve as its fifth branch location.

1993

The Bank continued its growth into Prince Edward County and opened its first Farmville branch location on West Third Street.

1996

Offering customers more convenience, the Bank built and opened its second Farmville branch on South Main Street.

2004

In 2004, the Bank opened a branch in Chesterfield County. In 2014, a newly constructed branch was built on Iron Bridge Road.

2005

A ninth full service branch was opened in the city of Colonial Heights near South Park mall.

2006

CB&T expanded into Mecklenburg County in November 2006 with the opening of a branch on East Atlantic Street in South Hill.

2019

In 2017, a Loan Production Office was opened in Powhatan and a full service branch was opened in October 2019.


150

BLACKSTONE MAIN OFFICE

PICTURED LEFT TO RIGHT | FRONT TO BACK:

Lindsey May • Melissa Hart • Vickie Cumbea • April Long • Connie Wilkinson • Jennifer West • Tabitha Poore • Theresa Hardaway • Patricia Williamson • Anessa Acors • Sarah Hudgins • Lisa Whitehead • Shonte Braxton • Tera Henderson • Bill Collins • Amy Taylor • Michelle Fulford • Jessica Atkins • Tina Wyatt • Dianne Hudson • Eric Stiles • Mark Reitz • Chris Bacon • Taylor Quicke • Joseph Borgerding • Robert Motley

AMELIA BRANCH

PICTURED LEFT TO RIGHT:

Jessica Grey • Ginger Ferguson • Elizabeth Chambers • Caroline French

BLACKSTONE SHOPPING CENTER

PICTURED LEFT TO RIGHT:

Taylor Neathery • Heidi Poe • Kyndal Hanson • Gloria Robertson

COMMITTED TO OUR COMMUNITY

Citizens Bank & Trust Company's commitment to taking care of our community is fundamental to who we are as a company. We view this as both a responsibility and an opportunity to create a better future for everyone. Through sponsorships, donations, and volunteerism, we look for creative partnerships to make a difference.


Citizens Bank & Trust
COMPANY
Merry Christmas
Citizens Bank & Trust
COMPANY

Our employees and their commitment to excellence are the real driving force of our success.

Technology alone cannot deliver a meaningful customer experience. W*hat we do*, *how we do it*, and *who does it* has allowed us to provide a personalized banking experience for 150 years.

PICTURED ABOVE: *Following a career spanning five decades, Joy C. Hawkins retired from CB&T as the second longest-serving employee in the Bank's history! After joining the Bank in July 1973, Joy consistently delivered a high standard of customer service in a variety of diverse roles including Bookkeeper, Teller, and Support Specialist for the Dealer Division, Loan Operations, and Risk Management. With her friendly demeanor, positive attitude, and willingness to serve, she was always a customer favorite and an inspiration to her co-workers.*

OUR VALUED EMPLOYEES

45 PLUS YEARS OF SERVICE

Lynn K. Shekleton*
Executive Vice President |
Human Resources & Branch Administration
Blackstone Main Office

40 - 44 YEARS OF SERVICE

Theresa W. Hardaway
Assistant Vice President |
Loan Processor
Blackstone Main Office

Tamra M. Reekes
Vice President |
Corporate Support Services |
BSA Officer | Investor Relations
Blackstone Main Office

35 - 39 YEARS OF SERVICE

Mary H. Bishop
Vice President |
Mortgage Loan Originator
Blackstone Main Office

N. Blair Myers
Assistant Vice President |
Loan Support Supervisor
Blackstone Main Office

Connie H. Wilkinson
Vice President |
Operations Supervisor
Blackstone Main Office

Patricia P. Williamson
Operations Specialist
Blackstone Main Office

30 - 34 YEARS OF SERVICE

Robin E. Gough
Vice President | Branch Manager
Amelia Office

Dianne H. Hudson
Vice President |
Accounts Payable Clerk |
Human Resources
Blackstone Main Office

Alice M. Hurte
Part-Time Teller
Crewe Office

Gloria F. Robertson
Assistant Vice President |
Branch Manager
Blackstone Shopping Center

Lisa H. Whitehead
Senior Vice President | Controller
Blackstone Main Office

25 - 29 YEARS OF SERVICE

Joyce M. Dooley
Head Teller
Blackstone Drive In

Mary E. Rhodes
Head Teller
Amelia Office

20 - 24 YEARS OF SERVICE

Anessa S. Acors
Vice President | Senior Loan Processor | Loan Services Manager
Blackstone Main Office

Rhonda E. Arnold
Vice President | Branch Manager
Farmville Offices

Kay F. Baughan
Vice President | Branch Manager
Crewe & Burkeville Offices

Joseph D. Borgerding*
Chief Executive Officer
Blackstone Main Office

Ginger P. Ferguson
Branch Operations Manager
Amelia Office

Joellen R. Franklin
Customer Service Representative |
Branch Support Specialist
Farmville South Office

Melissa B. Hart
Assistant Vice President |
Facilities Manager |
Security Officer
Blackstone Main Office

Jennifer L. Hoskinson
Branch Support Specialist
Crewe Office

Kristie L. Martin-Wallace
Senior Vice President |
Compliance | Credit Review |
Risk Management
Blackstone Main Office

Shirley M. Mercier
Teller
Burkeville Office

Tina M. Wyatt
Operations Specialist
Blackstone Main Office

**Denotes Officer of Citizens Bancorp of Virginia, Inc. and Citizens Bank & Trust Company*

OUR VALUED EMPLOYEES

15 - 19 YEARS OF SERVICE

Sonya P. Bullock
Loan Processor
Blackstone Main Office

Ann S. Butler
Internal Audit Manager
Blackstone Main Office

Darlene A. Colbert
Head Teller
Chester Office

William J. Collins, III
Vice President | Commercial Lender | OREO Manager
Blackstone & Farmville Offices

Sertear S. Copeland
Head Teller | Customer Service Representative
Farmville South Office

Michelle M. Fulford
Compliance Support Specialist
Blackstone Main Office

Cetric A. Gayles
Executive Vice President | Chief Credit Officer
Blackstone Main Office

Kimberly N. Gerner
Vice President | Branch Manager
Colonial Heights Office

April S. Long
Assistant Vice President | Loan Officer
Blackstone Main Office

Lindsey I. May
Operations Specialist | Marketing
Blackstone Main Office

Jason E. Powers
Facilities Specialist
Blackstone Main Office

P. Ward Shelton
Vice President | Commercial Lender
Chester Office

Eric R. Stiles
Vice President | Information Technology
Blackstone Main Office

10-14 YEARS OF SERVICE

Christopher H. Bacon
BSA Compliance Support Specialist | BSA Coordinator
Blackstone Main Office

Sheila G. Drown
Head Teller
Colonial Heights Office

Tamara D. Jones
Branch Operations Specialist
Colonial Heights Office

Valerie C. Lawson
Teller
Crewe Office

C. Taylor Quicke
President
Blackstone Main Office

Malika L. Rhodes
Branch Team Leader | Operations Specialist
Chester Office

Patricia B. Schellhaus
Teller
Blackstone Drive In

Abbe P. Thomas
Head Teller | Customer Service Representative
South Hill Office

5 - 9 YEARS OF SERVICE

Jessica A. Adkins
Loan Support Specialist
Blackstone Main Office

Vickie L. Cumbea
Operations Assistant | Funds Transfer Specialist
Blackstone Main Office

Tera N. Henderson
Head Teller | Teller Trainer
Blackstone Main Office

Sarah T. Hudgins
Risk Management Specialist
Blackstone Main Office

James F. Keller
Vice President | Commercial Lender
Powhatan Office

Michael R. Lynn, II
Vice President | Commercial Lender
Blackstone & South Hill Offices

Brittany A. Madison
Branch Manager
Powhatan Office

Heidi H. Poe
Teller
Blackstone Shopping Center

Edna V. Saul
Teller
Crewe Office

OUR VALUED EMPLOYEES

5 - 9 YEARS CONTINUED

Amy B. Taylor
Branch Manager
Blackstone Main Office

4 OR LESS YEARS OF SERVICE

Shonte' L. Braxton
Teller | Customer Service Representative
Blackstone Main Office

Elizabeth P. Chambers
Teller
Amelia Office

Caroline E. French
Teller | Customer Service Representative
Amelia Office

Jessica K. Grey
Teller
Amelia Office

Rachel M. Guevara
Teller
Farmville Offices

Jennifer S. Gunter
Part-Time Teller
Farmville Offices

Crystal E. Howell
Business Development Officer | Mortgage Lender
Goochland Office

Angelique D. Jackson
Teller
Farmville Offices

Charlene G. Jones - Villedrouin
Part-Time Teller
Chester Office

Gordon Todd Keso
Courier
Blackstone Main Office

Victoria L. LaVelle
Part-Time Teller
Blackstone Main Office

Taylor O. McNutt
Part-Time Teller
Powhatan Office

Abigail M. Montanye
Teller
Farmville West Office

Robert H. Motley
Credit Analyst
Blackstone Main Office

Taylor S. Neathery
Teller
Blackstone Shopping Center

Tabitha R. Poore
Senior Vice President | Finance Manager | Operations Officer
Blackstone Main Office

Megan L. Porter
Teller
Blackstone Main Office

Lori K. Powell
Part-Time Floating Teller
Powhatan Office

Jeffrey T. Powers
Financial Consultant
Blackstone Main Office

Madison L. Poythress
Teller
South Hill Office

Kaitlyn E. Pridemore
Part-Time Teller
Blackstone Main Office

Daniel S. Rowell
Teller
Crewe Office

L. Alexander Schwabenton
Client Service Representative
Colonial Heights Office

Isaac R. Shook
Part-Time Teller
Farmville South Office

Tiffany L. Siffert
Floating Teller
Chester Office

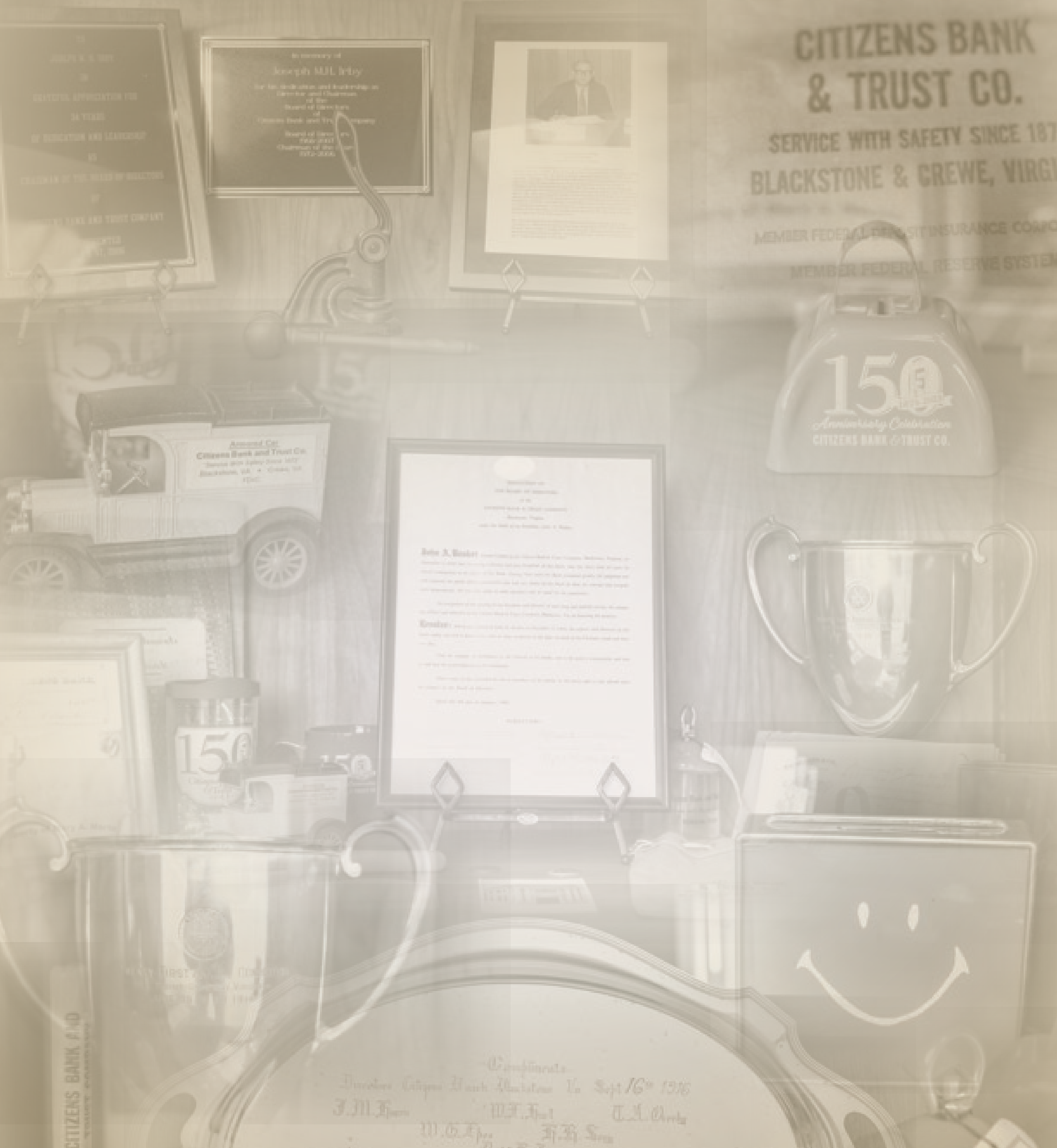
Bernice Smith
Teller
Farmville South Office

Heather M. Virgulto
Part-Time Teller
Blackstone Main Office

Jennifer S. West
Loan Support Specialist
Blackstone Main Office

Allison R. Wilburn
Part-Time Floating Teller
Blackstone Main Office

PICTURED ABOVE: *This facility, located at the corner of North Main and West Broad Street in Blackstone, was constructed in 1893 as the fourth home for Citizens Bank & Trust Company in its first twenty years of existence. The Bank was located on the first floor and the Masonic Lodge and National Guard used the second and third floors. The building was later occupied by Winn Brothers Furniture Company until it was destroyed by fire in 1965. The Bank's Drive-In branch presently operates on the site.*



ACKNOWLEDGEMENTS:
Many thanks to the individuals who contributed to the successful completition of this publication. Their dedication, expertise, and collaborative spirit were instrumental in the realization of this commemorative sesquicentenial report.

Content & Publication Design: Lindsey May*; Citizens Bank & Trust Company*

Photography: Carl Bassfield; *In-Depth Productions, LLC* | Robert Harris*; Robert Harris Photography* | Lindsey May ; *Citizens Bank & Trust Company*

Editors: Lisa Whitehead | Lynn Shekleton | Tabitha Poore | Tamra Reekes | Taylor Quicke; *Citizens Bank & Trust Company*

Citizens Bancorp of Virginia, Inc.

CONTACT US

126 South Main Street
Blackstone, VA 23824

1.800.550.1873

www.cbtva.com

AN EXTRAORDINARY ACCOMPLISHMENT