

Citizens Bancorp of Virginia, Inc.

PRESS RELEASE - FOR IMMEDIATE DISTRIBUTION

Dated: October 22, 2018

Record Third Quarter Earnings Reported by Citizens Bancorp of Virginia, Inc.

Blackstone, Virginia Citizens Bancorp of Virginia, Inc. (the "Company") (OTCBB: CZBT), the parent company of Citizens Bank and Trust Company (the "Bank"), reported earnings of \$1.282 million, or \$.59 per share, for the quarter ended September 30, 2018 compared to \$995 thousand, or \$.46 per share, for the same period in 2017. The Company's return on assets for the third quarter was 1.33% in 2018 versus 1.07% in 2017. Earnings for the first nine months of 2018 were \$3.657 million, or \$1.68 per share, compared to \$2.849 million, or \$1.31 per share, for the prior year. The earnings for the quarter and for the nine months are both records for the Company.

Earnings Highlights

The Company reported an increase of \$279 thousand in net interest income for the third quarter of 2018 compared to the same quarter in 2017. The increase can be attributed to an increase in loan, investment, and fed fund balances as well as short-term interest rates. The Company's net interest margin for the third quarter of 2018 increased 12 basis points from 3.71% in the third quarter of 2017 to 3.83% in 2018.

Balance Sheet

At September 30, 2018, total Company assets were \$383.3 million, an increase of \$7.8 million, or 2.08%, from December 31, 2017. The Bank's loan portfolio ended the period at \$214.9 million, an increase of \$21.3 million from the prior year end, and total deposits increased to \$322.6 million from \$313.9 million at year end 2017. Noninterest-bearing demand deposits increased to \$63.0 million and interest-bearing deposits increased to \$259.6 million, or by 3.18%, from the prior year end.

Capital Strength

The Company's total equity at September 30, 2018 was \$49.8 million. Total risk-based capital and Tier 1 risk-based capital ratios were approximately 25.6% and 24.5%, respectively. Both ratios significantly exceed the current regulatory standards for well-capitalized status.

Credit Quality

The Bank's loan portfolio has continued to perform well and remains stable. Nonaccruing loans as a percentage of loans remained flat.

President and CEO Joseph D. Borgerding commented, "Management is pleased to announce that Citizens Bank & Trust Company had record third quarter and year to date earnings. The Bank's year to date net income of \$3.657 million exceeded last year by \$808 thousand, or 28.4%. The Bank continues to experience strong loan demand as loans grew by \$21.3 million from the prior year end. The Board of Directors of Citizens Bancorp of Virginia, Inc. declared a cash dividend of \$0.23 per share for the third quarter of 2018. The \$0.23 per share quarterly dividend is a 9.5% increase over the previous quarter. On an annualized basis, this is an increase from \$0.84 per share to \$0.92 per share. The Company's strong and consistent performance has allowed the Board of Directors to increase the quarterly dividend by 35% since 2013."

About Citizens Bancorp of Virginia, Inc. and Citizens Bank and Trust Company

Citizens Bank and Trust Company was founded in 1873 and is the second oldest independent bank in Virginia. The Bank has eleven offices in the Counties of Amelia, Chesterfield, Nottoway and Prince Edward, along with one branch in the city of Colonial Heights and one in the Town of South Hill, Virginia. The Bank also operates a loan production office in Powhatan, Virginia. Citizens Bancorp of Virginia, Inc. is the parent company of the Bank and is headquartered in Blackstone, Virginia. The Company's stock trades on the OTC Bulletin Board under the symbol "CZBT". Additional information on the Company and the Bank is also available at its web site: www.cbtva.com.

Cautionary Statement about Forward-Looking Statements

We caution you that certain statements in this release may constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Although we believe that our expectations with respect to these forward-looking statements are based upon reasonable assumptions within the bounds of our business operations, there can be no assurance that the actual results, performance or achievements of the Company will not differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements. For more details on factors that could affect expectations, see the Company's Annual Report for the year ended December 31, 2017.

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

Assets	(Unaudited) September 30, 2018	December 31, 2017
	2018	2017
Cash and due from banks	\$ 6,426	\$ 5,877
Interest-bearing deposits in banks	184	177
Federal funds sold	33,360	54,342
Securities available for sale, at fair market value	103,252	96,287
Restricted securities, at cost	493	484
Loans, net of allowance for loan losses of \$2,283 in 2018 and \$2,237 in 2017	212,660	191,339
Premises and equipment, net	7,256	7,396
Accrued interest receivable	1,709	1,592
Other assets	1,584	1,682
Bank-owned life insurance	12,418	12,149
Other real estate owned, net of valuation allowance of \$413 in 2018 and \$417 in 2017	3,982	4,206
	\$ 383,324	\$ 375,531
Liabilities and Stockholders' Equity		
Liabilities		
Deposits:		
Noninterest-bearing	\$ 63,004	\$ 62,233
Interest-bearing	259,602	251,642
Total deposits	322,606	313,875
Other borrowings	6,604	9,481
Accrued interest payable	243	215
Accrued expenses and other liabilities	4,059	3,283
Total liabilities	333,512	326,854
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, 2,177,926 for 2018 and 2,181,858 for 2017	1,089	1,091
Additional paid-in capital	-	-
Retained earnings	52,077	49,917
Accumulated other comprehensive loss	(3,354)	(2,331)
Total stockholders' equity	49,812	48,677
Total liabilities and stockholders' equity	\$ 383,324	\$ 375,531

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

	Three Months Ended September 30, (Unaudited)		Nine Months Ended September 30, (Unaudited)	
	2018	2017	2018	2017
Interest and Dividend Income				
Loans, including fees	\$ 2,912	\$ 2,664	\$ 8,305	\$ 7,751
Investment securities:				
Taxable	367	287	1,025	846
Tax-exempt	166	197	518	597
Federal funds sold	184	164	569	406
Other	6	4	18	13
Total interest and dividend income	3,635	3,316	10,435	9,613
Interest Expense				
Deposits	298	261	829	771
Borrowings	10	7	25	23
Total interest expense	308	268	854	794
Net interest income	3,327	3,048	9,581	8,819
Provision for loan losses	-	-	-	-
Net interest income after provision for loan losses	3,327	3,048	9,581	8,819
Noninterest Income				
Service charges on deposit accounts	204	189	597	572
Net gain on sale of land, premises and equipment	-	-	-	3
Net gain on sales of loans	27	42	85	102
Income from bank-owned life insurance	90	91	268	274
ATM fee income	312	288	928	859
Other	122	82	314	255
Total noninterest income	755	692	2,192	2,065
Noninterest Expense				
Salaries and employee benefits	1,601	1,468	4,637	4,266
Net occupancy expense	155	155	490	462
Equipment expense	103	98	307	290
FDIC deposit insurance	28	28	74	67
Net (gain) loss on sale of other real estate owned	(72)	(30)	(257)	(23)
OREO expenses, net of rental income	4	13	40	2
Other	710	646	2,066	1,944
Total noninterest expense	2,529	2,378	7,357	7,008
Income before income taxes	1,553	1,362	4,416	3,876
Income taxes	271	367	759	1,027
Net income	\$ 1,282	\$ 995	\$ 3,657	\$ 2,849
Earnings per share, basic & diluted	\$ 0.59	\$ 0.46	\$ 1.68	\$ 1.31

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

(Dollars in thousands, except per share data)

	Three Months Ended				
	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017	September 30, 2017
Per Share Data:					
Earnings per weighted average share	\$0.59	\$0.57	\$0.52	\$0.30	\$0.46
Weighted average shares outstanding	2,177,926	2,178,527	2,180,747	2,181,858	2,181,858
Actual shares outstanding	2,177,926	2,177,926	2,179,358	2,181,858	2,181,858
Book value per share at period end	\$ 22.87	\$ 22.60	\$ 22.30	\$ 22.31	\$ 22.57
Dividend per share	\$ 0.23	\$ 0.21	\$ 0.21	\$ 0.21	\$ 0.21
Performance Ratios:					
Return on average assets	1.33%	1.30%	1.23%	0.72%	1.07%
Net interest margin, (FTE) ¹	3.83%	3.72%	3.69%	3.61%	3.71%
Efficiency ratio ²	61.31%	61.21%	62.18%	63.40%	61.94%
Capital and Other Ratios:					
(Ratios are period end, unless stated otherwise)					
Tier 1 leverage ratio	13.91%	13.88%	13.74%	13.68%	13.72%
Total risk-based capital ratio	25.56%	25.96%	26.72%	26.97%	27.22%
Allowance for loan losses to total loans	1.06%	1.11%	1.12%	1.16%	1.19%
Nonaccruing loans to total loans	0.28%	0.31%	0.39%	0.35%	0.33%
Net charge-offs (net recoveries) to average loans (annualized)	0.00%	-0.15%	0.04%	0.05%	0.00%

¹ The net interest margin is reported on a fully taxable equivalent basis.

² Computed by dividing noninterest expense by the sum of net interest income (on a fully taxable equivalent basis) and noninterest income.

CONTACT: Geoffrey C. Warner
EVP and Chief Financial Officer
Voice: 434-292-8100 or E-mail: Geoffrey.Warner@cbtva.com
