

Citizens Bancorp of Virginia, Inc.

PRESS RELEASE - FOR IMMEDIATE DISTRIBUTION

Dated: February 8, 2018

Solid 2017 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 \$3.502 million, or \$1.60 per share, for the year ended December 31, 2017 compared to \$3.501 million, or \$1.60 per share, for the same period in 2016. The Company's return on assets was .95% in 2017 versus .99% in 2016.

It is important to note that on December 22, 2017 the President signed the "Tax Cuts & Jobs Act", which lowered the Company's tax rate from 34% to 21% beginning in 2018. Under U.S. Generally Accepted Accounting Principles (GAAP), the effect that changes in tax laws or rates have on the carrying value of deferred tax assets/liabilities is recognized in income tax expense in the period in which the legislation is enacted. As a result, the Company was required to remeasure the carrying value of its net deferred tax assets at the new tax rate, which resulted in a one-time increase in its income tax expense of \$311 thousand. Excluding this one-time adjustment, the Company would have reported record earnings of \$3.812 million or \$1.75 per share and the Company's return on assets would have been 1.06%.

Earnings Highlights

For the year, net interest income increased \$649 thousand in 2017 compared to 2016. The Company's net interest margin increased from 3.59% in 2016 to 3.64% in 2017. The increase in net interest income is due to a \$560 thousand increase in interest income, primarily from the growth in the loan portfolio and the increase in the average fed funds rate, and a decrease in interest expense of \$70 thousand. Noninterest income increased \$72 thousand to \$2.843 million in 2017 from \$2.771 in 2016. Noninterest expense increased \$215 thousand to \$9.468 million in 2017 from \$9.253 million in 2016.

For the fourth quarter, the Company reported an increase of \$196 thousand in net interest income in 2017 compared to same quarter in 2016. The increase was primarily due to an increase in loan balances and a decrease in interest expense. The Company's net interest margin increased 9 basis points from 3.52% in the fourth quarter of 2016 to 3.61% in 2017.

Balance Sheet

At December 31, 2017, total Company assets were \$375.5 million, an increase of \$10.2 million, or 2.79%, from December 31, 2016. The Bank's loan portfolio ended the period at \$193.6 million, an increase of \$8.4 million from the prior year end, and total deposits increased to \$313.9 million from \$304.6 million at year end 2016. Noninterest-bearing demand deposits increased to \$62.2 million, or by 9.54%, and interest-bearing deposits increased to \$251.6 million, or by 1.57%, from the prior year end.

Capital Strength

The Company's total equity at December 31, 2017 was \$48.7 million. Total risk-based capital and Tier 1 risk-based capital ratios were approximately 27.0% and 25.8%, 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. The Company reported net charge-offs of \$19 thousand for the twelve months ended December 31, 2017 and net recoveries of \$38 thousand for the same period in 2016. Nonaccruing loans as a percentage of loans decreased to 0.35% as of December 31, 2017 from .88% at December 31, 2016. At December 31, 2017, Other Real Estate Owned (OREO) decreased to \$4.2 million, or by 7.28%, from December 31, 2016.

President and CEO Joseph D. Borgerding commented, "Exclusive of a one-time tax adjustment resulting from the passage of the "Tax Cuts and Jobs Act", the Bank had record earnings of \$3.81 million. Accounting rules require banks to adjust the carrying value of deferred tax assets for the change in tax rates, which is recognized as additional income tax expense. This one-time adjustment is a small price to pay for the long term financial benefit the Bank will realize from the substantial reduction in the corporate tax rate. Management is very pleased with the loan and deposit growth in 2017 as loans grew by \$8.4 million and deposits by \$9.3 million."

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, 2016.

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

Assets	(Unaudited) December 31, 2017	December 31, 2016
Cash and due from banks	\$ 5,877	\$ 6,553
Interest-bearing deposits in banks	177	175
Federal funds sold	54,342	57,059
Securities available for sale, at fair market value	96,287	91,296
Restricted securities, at cost	484	469
Loans, net of allowance for loan losses of \$2,237 in 2017 and \$2,256 in 2016	191,339	182,884
Premises and equipment, net	7,396	7,737
Accrued interest receivable	1,592	1,505
Other assets	1,682	1,351
Bank-owned life insurance	12,149	11,785
Other real estate owned, net of valuation allowance of \$417 in 2017 and \$417 in 2016	4,206	4,536
	\$ 375,531	\$ 365,350
Liabilities and Stockholders' Equity		
Liabilities		
Deposits:		
Noninterest-bearing	\$ 62,233	\$ 56,815
Interest-bearing	251,642	247,745
Total deposits	313,875	304,560
Other borrowings	9,481	11,166
Accrued interest payable	215	200
Accrued expenses and other liabilities	3,283	2,106
Total liabilities	326,854	318,032
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, 2,181,858 for 2017 and 2,185,326 for 2016	1,091	1,093
Additional paid-in capital	-	-
Retained earnings	49,579	47,889
Accumulated other comprehensive loss	(1,993)	(1,664)
Total stockholders' equity	48,677	47,318
Total liabilities and stockholders' equity	\$ 375,531	\$ 365,350

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

	Three Months Ended December 31, (Unaudited)		Twelve Months Ended December 31, (Unaudited)	
	2017	2016	2017	2016
Interest and Dividend Income				
Loans, including fees	\$ 2,598	\$ 2,545	\$ 10,349	\$ 10,172
Investment securities:				
Taxable	301	259	1,147	1,004
Tax-exempt	196	205	793	867
Federal funds sold	167	67	573	241
Other	7	5	20	18
Total interest and dividend income	3,269	3,081	12,882	12,302
Interest Expense				
Deposits	257	264	1,028	1,098
Borrowings	7	8	30	29
Total interest expense	264	272	1,058	1,127
Net interest income	3,005	2,809	11,824	11,175
Provision for loan losses	-	-	-	-
Net interest income after provision for loan losses	3,005	2,809	11,824	11,175
Noninterest Income				
Service charges on deposit accounts	201	202	773	807
Net gain on sale of land, premises and equipment	-	-	3	-
Net gain on calls of securities	-	-	-	4
Net gain on sales of loans	48	48	150	138
Income from bank-owned life insurance	90	95	364	375
ATM fee income	291	271	1,150	1,077
Other	148	121	403	370
Total noninterest income	778	737	2,843	2,771
Noninterest Expense				
Salaries and employee benefits	1,470	1,476	5,736	5,512
Net occupancy expense	167	157	629	632
Equipment expense	124	106	414	396
FDIC deposit insurance	27	28	94	166
Net gain on sale of other real estate owned	(103)	(10)	(126)	(56)
OREO expenses, net of rental income	30	13	32	46
Other	745	656	2,689	2,557
Total noninterest expense	2,460	2,426	9,468	9,253
Income before income taxes	1,323	1,120	5,199	4,693
Income taxes	670	291	1,697	1,192
Net income	\$ 653	\$ 829	\$ 3,502	\$ 3,501
Earnings per share, basic & diluted	\$ 0.30	\$ 0.38	\$ 1.60	\$ 1.60

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

(Dollars in thousands, except per share data)

	Three Months Ended				
	December 31, 2017	September 30, 2017	June 30, 2017	March 31, 2017	December 31, 2016
Per Share Data:					
Earnings per weighted average share	\$0.30	\$0.46	\$0.44	\$0.41	\$0.38
Weighted average shares outstanding	2,181,858	2,181,858	2,182,563	2,185,326	2,185,611
Actual shares outstanding	2,181,858	2,181,858	2,181,858	2,185,326	2,185,326
Book value per share at period end	\$ 22.31	\$ 22.57	\$ 22.36	\$ 21.98	\$ 21.65
Dividend per share	\$ 0.21	\$ 0.21	\$ 0.20	\$ 0.20	\$ 0.20
Performance Ratios:					
Return on average assets	0.72%	1.07%	1.05%	1.00%	0.91%
Net interest margin, (FTE) ¹	3.61%	3.71%	3.58%	3.66%	3.52%
Efficiency ratio ²	63.40%	61.94%	61.83%	64.25%	66.48%
Capital and Other Ratios:					
(Ratios are period end, unless stated otherwise)					
Tier 1 leverage ratio	13.68%	13.72%	13.60%	13.66%	13.63%
Total risk-based capital ratio	26.97%	27.22%	26.94%	26.92%	26.83%
Allowance for loan losses to total loans	1.16%	1.19%	1.19%	1.20%	1.22%
Nonaccruing loans to total loans	0.35%	0.33%	0.45%	0.43%	0.88%
Net charge-offs (net recoveries) to average loans (annualized)	0.05%	0.00%	-0.01%	0.00%	-0.05%

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

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

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