

# Citizens Bancorp of Virginia, Inc.

## PRESS RELEASE - FOR IMMEDIATE DISTRIBUTION

**Dated: April 18, 2019**

### **Record First 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 record quarterly earnings of \$1.406 million, or \$.65 per share, for the period ended March 31, 2019 compared to \$1.140 million, or \$.52 per share, for the same period in 2018. The Company’s return on assets was 1.45% in 2019 versus 1.23% in 2018.

#### **Earnings Highlights**

The Company reported an increase of \$533 thousand, or 17.3%, in net interest income for the first quarter of 2019 compared to the same quarter in 2018. The increase can be attributed to higher balances and yields on loans, investments, and fed funds. The Company’s net interest margin for the first quarter of 2019 increased forty basis points from 3.69% in the first quarter of 2018 to 4.09% in 2019.

#### **Balance Sheet**

At March 31, 2019, total Company assets were \$401.3 million, an increase of \$8.3 million, or 2.12%, from December 31, 2018. The Bank’s loan portfolio ended the period at \$224.5 million, an increase of \$5.3 million from the prior year end, and total deposits increased to \$336.4 million from \$328.6 million at year end 2018. Noninterest-bearing demand deposits increased to \$69.5 million and interest-bearing deposits increased to \$266.9 million from the prior year end.

#### **Capital Strength**

The Company’s total equity at March 31, 2019 was \$52.3 million. Total risk-based capital and Tier 1 risk-based capital ratios were approximately 25.1% and 24.0%, 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 recoveries of \$26 thousand for the three months ended March 31, 2019 and net charge-offs of \$19 thousand for the same period in 2018. At March 31, 2019 Other Real Estate Owned (OREO) decreased to \$3.5 million, or by 7.22%, from December 31, 2018. 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 earnings for the first quarter of 2019, exceeding last year’s first quarter by 23.3%. The Bank experienced solid growth in loans and deposits, resulting in total assets of \$401.3 million which is the highest in Bank history.”

## **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 ten offices in the Counties of Amelia, Chesterfield, Nottoway, Mecklenburg and Prince Edward and one office in the City of Colonial Heights, 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 website: [www.cbtva.com](http://www.cbtva.com).

## **Cautionary Statement about Forward-Looking Statements**

We caution you that certain statements in this release may constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Although we believe that our expectations with respect to these forward-looking statements are based upon reasonable assumptions within the bounds of our business operations, there can be no assurance that the actual results, performance or achievements of the Company will not differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements. For more details on factors that could affect expectations, see the Company's Annual Report for the year ended December 31, 2018.

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

<b>Assets</b>	<b>(Unaudited) March 31, 2019</b>	<b>December 31, 2018</b>
Cash and due from banks	\$ 7,988	\$ 8,208
Interest-bearing deposits in banks	181	191
Federal funds sold	34,679	33,463
Securities available for sale, at fair market value	109,497	107,317
Restricted securities, at cost	510	493
Loans, net of allowance for loan losses of \$2,479 in 2019 and \$2,428 in 2018	222,012	216,779
Premises and equipment, net	7,524	7,466
Accrued interest receivable	1,792	1,741
Other assets	1,080	1,088
Bank-owned life insurance	12,596	12,508
Other real estate owned, net of valuation allowance of \$395 in 2019 and \$408 in 2018	3,497	3,769
Total assets	\$ 401,356	\$ 393,023
<b>Liabilities and Stockholders' Equity</b>		
<b>Liabilities</b>		
Deposits:		
Noninterest-bearing	\$ 69,510	\$ 65,329
Interest-bearing	266,860	263,248
Total deposits	336,370	328,577
Other borrowings	8,344	9,532
Accrued interest payable	340	284
Accrued expenses and other liabilities	4,045	3,294
Total liabilities	349,099	341,687
<b>Stockholders' Equity</b>		
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, 2,176,885 for 2019 and 2,177,926 for 2018	1,088	1,089
Additional paid-in capital	-	-
Retained earnings	53,371	52,488
Accumulated other comprehensive loss	(2,202)	(2,241)
Total stockholders' equity	52,257	51,336
Total liabilities and stockholders' equity	\$ 401,356	\$ 393,023

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

	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<b>(Unaudited)</b>	
	<b>2019</b>	<b>2018</b>
Interest and Dividend Income		
Loans, including fees	\$ 3,146	\$ 2,658
Investment securities:		
Taxable	477	314
Tax-exempt	158	179
Federal funds sold	189	185
Other	7	5
<b>Total interest and dividend income</b>	<b>3,977</b>	<b>3,341</b>
Interest Expense		
Deposits	357	259
Borrowings	12	7
<b>Total interest expense</b>	<b>369</b>	<b>266</b>
<b>Net interest income</b>	<b>3,608</b>	<b>3,075</b>
Provision for loan losses	25	-
<b>Net interest income after provision for loan losses</b>	<b>3,583</b>	<b>3,075</b>
Noninterest Income		
Service charges on deposit accounts	192	202
Net gain on sales of loans	28	24
Income from bank-owned life insurance	88	88
Interchange income, net	164	156
Other	168	158
<b>Total noninterest income</b>	<b>640</b>	<b>628</b>
Noninterest Expense		
Salaries and employee benefits	1,616	1,500
Net occupancy expense	189	176
Equipment expense	114	105
FDIC deposit insurance	27	19
Net (gain) on sale of other real estate owned	(61)	(70)
OREO expenses, net of rental income	17	13
Other	608	589
<b>Total noninterest expense</b>	<b>2,510</b>	<b>2,332</b>
<b>Income before income taxes</b>	<b>1,713</b>	<b>1,371</b>
Income taxes	307	231
<b>Net income</b>	<b>\$ 1,406</b>	<b>\$ 1,140</b>
<b>Earnings per share, basic &amp; diluted</b>	<b>\$ 0.65</b>	<b>\$ 0.52</b>

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

(Dollars in thousands, except per share data)

	Three Months Ended				
	March 31, 2019	December 31, 2018	September 30, 2018	June 30, 2018	March 31, 2018
<b>Per Share Data:</b>					
Earnings per weighted average share	\$0.65	\$0.42	\$0.59	\$0.57	\$0.52
Weighted average shares outstanding	2,177,475	2,177,926	2,177,926	2,178,527	2,180,747
Actual shares outstanding	2,176,885	2,177,926	2,177,926	2,177,926	2,179,358
Book value per share at period end	\$ 24.01	\$ 23.57	\$ 22.87	\$ 22.60	\$ 22.30
Dividend per share	\$ 0.23	\$ 0.23	\$ 0.23	\$ 0.21	\$ 0.21
<b>Performance Ratios:</b>					
Return on average assets	1.45%	0.93%	1.33%	1.30%	1.23%
Net interest margin, (FTE) <sup>1</sup>	4.09%	3.92%	3.83%	3.72%	3.69%
Efficiency ratio <sup>2</sup>	58.53%	70.42%	61.31%	61.21%	62.18%
<b>Capital and Other Ratios:</b>					
<b>(Ratios are period end, unless stated otherwise)</b>					
Tier 1 leverage ratio	13.79%	13.85%	13.91%	13.88%	13.74%
Total risk-based capital ratio	25.11%	25.36%	25.56%	25.96%	26.72%
Allowance for loan losses to total loans	1.10%	1.11%	1.06%	1.11%	1.12%
Nonaccruing loans to total loans	0.16%	0.22%	0.28%	0.31%	0.39%
Net charge-offs (net recoveries) to average loans (annualized)	-0.05%	0.01%	0.01%	-0.15%	0.04%

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

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

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