

# Citizens Bancorp of Virginia, Inc.

## PRESS RELEASE - FOR IMMEDIATE DISTRIBUTION

**Dated: July 11, 2019**

### **Record First Six Months 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 quarterly earnings of \$1.345 million, or \$.62 per share, for the period ended June 30, 2019 compared to \$1.235 million, or \$.57 per share, for the same period in 2018. The Company’s return on assets for the second quarter was 1.35% in 2019 versus 1.30% in 2018. The Company reported record earnings of \$2.751 million for the first six months of 2019, or \$1.26 per share, compared to \$2.375 million, or \$1.09 per share, for the prior year.

#### **Earnings Highlights**

The Company reported an increase of \$446 thousand, or 14.0%, in net interest income for the second 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 second quarter of 2019 increased twenty-nine basis points from 3.72% in the second quarter of 2018 to 4.01% in 2019.

#### **Balance Sheet**

At June 30, 2019, total Company assets were \$400.5 million, an increase of \$7.5 million from December 31, 2018. Gross loans ended the period at \$221.0 million, an increase of \$1.8 million, and total deposits increased to \$335.3 million from \$328.6 million at year end 2018. Noninterest-bearing demand deposits increased to \$71.7 million and interest-bearing deposits remained flat at \$263.6 million.

#### **Capital Strength**

The Company’s total equity at June 30, 2019 was \$54.2 million. Total risk-based capital and Tier 1 risk-based capital ratios were approximately 25.7% and 24.6%, 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 \$7 thousand for the quarter ended June 30, 2019 and net recoveries of \$74 thousand for the same period in 2018. At June 30, 2019 Other Real Estate Owned (OREO) decreased to \$3.3 million, or by 11.8%, from December 31, 2018. Nonaccruing loans as a percentage of loans remained flat at a very low .18%.

President and CEO Joseph D. Borgerding commented, “Management is pleased to announce that Citizens Bank & Trust Company had record earnings for the first half of 2019, exceeding the first six months of last year by 15.8%. This strong performance can be partially attributed to a 7.8% increase in the net interest margin. Loan and deposit growth have moderated somewhat from 2018, but remain steady for the first half of 2019.”

## **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) June 30, 2019</b>	<b>December 31, 2018</b>
Cash and due from banks	\$ 7,558	\$ 8,208
Interest-bearing deposits in banks	187	191
Federal funds sold	33,776	33,463
Securities available for sale, at fair market value	112,597	107,317
Restricted securities, at cost	510	493
Loans, net of allowance for loan losses of \$2,497 in 2019 and \$2,428 in 2018	218,522	216,779
Premises and equipment, net	8,699	7,466
Accrued interest receivable	1,771	1,741
Other assets	919	1,088
Bank-owned life insurance	12,689	12,508
Other real estate owned, net of valuation allowance of \$382 in 2019 and \$408 in 2018	3,325	3,769
Total assets	\$ 400,553	\$ 393,023
<b>Liabilities and Stockholders' Equity</b>		
<b>Liabilities</b>		
Deposits:		
Noninterest-bearing	\$ 71,654	\$ 65,329
Interest-bearing	263,599	263,248
Total deposits	335,253	328,577
Other borrowings	6,656	9,532
Accrued interest payable	314	284
Accrued expenses and other liabilities	4,101	3,294
Total liabilities	346,324	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	54,215	52,488
Accumulated other comprehensive loss	(1,074)	(2,241)
Total stockholders' equity	54,229	51,336
Total liabilities and stockholders' equity	\$ 400,553	\$ 393,023

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

	Three Months Ended June 30, (Unaudited)		Six Months Ended June 30, (Unaudited)	
	2019	2018	2019	2018
Interest and Dividend Income				
Loans, including fees	\$ 3,165	\$ 2,735	\$ 6,311	\$ 5,393
Investment securities:				
Taxable	517	344	994	658
Tax-exempt	148	173	306	352
Federal funds sold	194	200	383	385
Other	7	7	14	12
<b>Total interest and dividend income</b>	<b>4,031</b>	<b>3,459</b>	<b>8,008</b>	<b>6,800</b>
Interest Expense				
Deposits	395	272	752	531
Borrowings	11	8	23	15
<b>Total interest expense</b>	<b>406</b>	<b>280</b>	<b>775</b>	<b>546</b>
<b>Net interest income</b>	<b>3,625</b>	<b>3,179</b>	<b>7,233</b>	<b>6,254</b>
Provision for loan losses	25	-	50	-
<b>Net interest income after provision for loan losses</b>	<b>3,600</b>	<b>3,179</b>	<b>7,183</b>	<b>6,254</b>
Noninterest Income				
Service charges on deposit accounts	214	191	406	393
Net gain on sales of loans	37	34	65	58
Income from bank-owned life insurance	93	90	181	178
Interchange income, net	164	173	328	329
Other	174	176	342	334
<b>Total noninterest income</b>	<b>682</b>	<b>664</b>	<b>1,322</b>	<b>1,292</b>
Noninterest Expense				
Salaries and employee benefits	1,859	1,536	3,475	3,036
Net occupancy expense	162	159	351	335
Equipment expense	94	99	208	204
FDIC deposit insurance	25	27	52	46
Net (gain) on sale of other real estate owned	(163)	(115)	(224)	(185)
OREO expenses, net of rental income	23	23	40	36
Other	644	622	1,252	1,211
<b>Total noninterest expense</b>	<b>2,644</b>	<b>2,351</b>	<b>5,154</b>	<b>4,683</b>
<b>Income before income taxes</b>	<b>1,638</b>	<b>1,492</b>	<b>3,351</b>	<b>2,863</b>
Income taxes	293	257	600	488
<b>Net income</b>	<b>\$ 1,345</b>	<b>\$ 1,235</b>	<b>\$ 2,751</b>	<b>\$ 2,375</b>
<b>Earnings per share, basic &amp; diluted</b>	<b>\$ 0.62</b>	<b>\$ 0.57</b>	<b>\$ 1.26</b>	<b>\$ 1.09</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				
	June 30, 2019	March 31, 2019	December 31, 2018	September 30, 2018	June 30, 2018
<b>Per Share Data:</b>					
Earnings per weighted average share	\$0.62	\$0.65	\$0.42	\$0.59	\$0.57
Weighted average shares outstanding	2,176,885	2,177,475	2,177,926	2,177,926	2,178,527
Actual shares outstanding	2,176,885	2,176,885	2,177,926	2,177,926	2,177,926
Book value per share at period end	\$ 24.91	\$ 24.01	\$ 23.57	\$ 22.87	\$ 22.60
Dividend per share	\$ 0.23	\$ 0.23	\$ 0.23	\$ 0.23	\$ 0.21
<b>Performance Ratios:</b>					
Return on average assets	1.35%	1.45%	0.93%	1.33%	1.30%
Net interest margin, (FTE) <sup>1</sup>	4.01%	4.09%	3.92%	3.83%	3.72%
Efficiency ratio <sup>2</sup>	60.85%	58.53%	70.42%	61.31%	61.21%
<b>Capital and Other Ratios:</b>					
<b>(Ratios are period end, unless stated otherwise)</b>					
Tier 1 leverage ratio	13.84%	13.79%	13.85%	13.91%	13.88%
Total risk-based capital ratio	25.71%	25.11%	25.36%	25.56%	25.96%
Allowance for loan losses to total loans	1.13%	1.10%	1.11%	1.06%	1.11%
Nonaccruing loans to total loans	0.18%	0.16%	0.22%	0.28%	0.31%
Net charge-offs (net recoveries) to average loans (annualized)	0.01%	-0.05%	0.01%	0.01%	-0.15%

<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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