

# Citizens Bancorp of Virginia, Inc.

## PRESS RELEASE - FOR IMMEDIATE DISTRIBUTION

**Dated: October 15, 2019**

### **Record First Nine Months Earnings and Dividend Increase 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 earnings of \$4.032 million for the first nine months of 2019, or \$1.85 per share, compared to \$3.657 million, or \$1.68 per share, for the prior year. Earnings for the third quarter were \$1.281 million compared to \$1.282 million for the same period in 2018. Net income on a per share basis was \$.59 for both periods. The return on assets for the third quarter was 1.27% in 2019 versus 1.33% in 2018. The Company also announced an increase in its quarterly dividend from \$0.23 to \$0.24 per share. The Company’s strong performance has allowed the Board of Directors to increase the quarterly dividend by 41% since 2013.

#### **Earnings Highlights**

The Company reported an increase of \$275 thousand, or 8.3%, in net interest income for the third 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 increased nine basis points from 3.83% in the third quarter of 2018 to 3.92% in 2019.

#### **Balance Sheet**

At September 30, 2019 total Company assets were \$402.0 million, an increase of \$9.0 million from December 31, 2018. Gross loans ended the period at \$224.7 million, an increase of \$5.4 million, and total deposits increased to \$334.6 million from \$328.6 million at year end 2018. Noninterest-bearing deposits increased to \$68.1 million and interest-bearing deposits increased to \$266.5 million.

#### **Capital Strength**

The Company’s total equity at September 30, 2019 was \$55.1 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. The Company reported net recoveries of \$4 thousand for the quarter ended September 30, 2019 and net charge-offs of \$8 thousand for the same period in 2018. At September 30, 2019 Other Real Estate Owned (OREO) decreased to \$3.5 million, or by 7.1%, from December 31, 2018. Nonaccruing loans as a percentage of loans remained flat at a very low .21%.

President and CEO Joseph D. Borgerding commented, “Management is pleased to report that Citizens Bank & Trust Company had record earnings for the first nine months of 2019, exceeding the first nine months of last year by 10.25%. As a result of the Company’s consistent performance, the Board of Directors approved an increase in the quarterly dividend to \$0.24 per share beginning in the third quarter. The Company’s stock continues to be an attractive investment with a current dividend yield of 3.77%. On October 4, 2019 we celebrated the Grand

Opening of our newest branch in Powhatan. We are very excited about the Bank's growth potential in this vibrant, growing community."

### **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 locations in the Counties of Amelia, Chesterfield, Nottoway, Mecklenburg, Powhatan and Prince Edward and one location in the City of Colonial Heights, 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) September 30, 2019</b>	<b>December 31, 2018</b>
Cash and due from banks	\$ 7,376	\$ 8,208
Interest-bearing deposits in banks	194	191
Federal funds sold	25,151	33,463
Securities available for sale, at fair market value	118,607	107,317
Restricted securities, at cost	510	493
Loans, net of allowance for loan losses of \$2,526 in 2019 and \$2,428 in 2018	222,132	216,779
Premises and equipment, net	9,153	7,466
Accrued interest receivable	1,776	1,741
Other assets	861	1,088
Bank-owned life insurance	12,785	12,508
Other real estate owned, net of valuation allowance of \$386 in 2019 and \$408 in 2018	3,502	3,769
Total assets	\$ 402,047	\$ 393,023
<b>Liabilities and Stockholders' Equity</b>		
<b>Liabilities</b>		
Deposits:		
Noninterest-bearing	\$ 68,094	\$ 65,329
Interest-bearing	266,481	263,248
Total deposits	334,575	328,577
Other borrowings	7,471	9,532
Accrued interest payable	385	284
Accrued expenses and other liabilities	4,502	3,294
Total liabilities	346,933	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, 2,175,352 for 2019 and 2,177,926 for 2018	1,088	1,089
Additional paid-in capital	-	-
Retained earnings	54,942	52,488
Accumulated other comprehensive loss	(916)	(2,241)
Total stockholders' equity	55,114	51,336
Total liabilities and stockholders' equity	\$ 402,047	\$ 393,023

**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)	
	2019	2018	2019	2018
Interest and Dividend Income				
Loans, including fees	\$ 3,167	\$ 2,912	\$ 9,478	\$ 8,305
Investment securities:				
Taxable	560	367	1,554	1,025
Tax-exempt	141	166	447	518
Federal funds sold	148	184	531	569
Other	8	6	22	18
<b>Total interest and dividend income</b>	<b>4,024</b>	<b>3,635</b>	<b>12,032</b>	<b>10,435</b>
Interest Expense				
Deposits	412	298	1,164	829
Borrowings	10	10	33	25
<b>Total interest expense</b>	<b>422</b>	<b>308</b>	<b>1,197</b>	<b>854</b>
<b>Net interest income</b>	<b>3,602</b>	<b>3,327</b>	<b>10,835</b>	<b>9,581</b>
Provision for loan losses	25	-	75	-
<b>Net interest income after provision for loan losses</b>	<b>3,577</b>	<b>3,327</b>	<b>10,760</b>	<b>9,581</b>
Noninterest Income				
Service charges on deposit accounts	219	204	625	597
Net gain on sales of loans	41	27	106	85
Income from bank-owned life insurance	96	90	277	268
Interchange income, net	186	166	514	495
Other	191	191	533	525
<b>Total noninterest income</b>	<b>733</b>	<b>678</b>	<b>2,055</b>	<b>1,970</b>
Noninterest Expense				
Salaries and employee benefits	1,724	1,601	5,199	4,637
Net occupancy expense	174	155	525	490
Equipment expense	105	103	313	307
FDIC deposit insurance	1	28	53	74
Net (gain) on sale of other real estate owned	-	(72)	(224)	(257)
OREO expenses, net of rental income	45	4	85	40
Other	703	633	1,955	1,844
<b>Total noninterest expense</b>	<b>2,752</b>	<b>2,452</b>	<b>7,906</b>	<b>7,135</b>
<b>Income before income taxes</b>	<b>1,558</b>	<b>1,553</b>	<b>4,909</b>	<b>4,416</b>
Income taxes	277	271	877	759
<b>Net income</b>	<b>\$ 1,281</b>	<b>\$ 1,282</b>	<b>\$ 4,032</b>	<b>\$ 3,657</b>
<b>Earnings per share, basic &amp; diluted</b>	<b>\$ 0.59</b>	<b>\$ 0.59</b>	<b>\$ 1.85</b>	<b>\$ 1.68</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				
	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018	September 30, 2018
<b>Per Share Data:</b>					
Earnings per weighted average share	\$0.59	\$0.62	\$0.65	\$0.42	\$0.59
Weighted average shares outstanding	2,175,619	2,176,885	2,177,475	2,177,926	2,177,926
Actual shares outstanding	2,175,352	2,176,885	2,176,885	2,177,926	2,177,926
Book value per share at period end	\$ 25.34	\$ 24.91	\$ 24.01	\$ 23.57	\$ 22.87
Dividend per share	\$ 0.24	\$ 0.23	\$ 0.23	\$ 0.23	\$ 0.23
<b>Performance Ratios:</b>					
Return on average assets	1.27%	1.35%	1.45%	0.93%	1.33%
Net interest margin, (FTE) <sup>1</sup>	3.92%	4.01%	4.09%	3.92%	3.83%
Efficiency ratio <sup>2</sup>	62.96%	60.85%	58.53%	70.42%	61.31%
<b>Capital and Other Ratios:</b>					
<b>(Ratios are period end, unless stated otherwise)</b>					
Tier 1 leverage ratio	13.99%	13.84%	13.79%	13.85%	13.91%
Total risk-based capital ratio	25.63%	25.71%	25.11%	25.36%	25.56%
Allowance for loan losses to total loans	1.12%	1.13%	1.10%	1.11%	1.06%
Nonaccruing loans to total loans	0.21%	0.18%	0.16%	0.22%	0.28%
Net charge-offs (net recoveries) to average loans (annualized)	-0.01%	0.01%	-0.05%	0.01%	0.01%

<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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