

Citizens Bancorp of Virginia, Inc.

PRESS RELEASE - FOR IMMEDIATE DISTRIBUTION

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Record 2018 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 earnings of \$4.569 million in 2018 compared to \$3.502 million in 2017. Earnings per share were \$2.10 for the year ended December 31, 2018 versus \$1.60 for the same period in 2017, or an increase of 31%. The Company's return on assets improved to 1.20% in 2018 from .95% in 2017. Earnings for the quarter ended December 31, 2018 were \$912 thousand, or \$.42 per share, compared to \$653 thousand, or \$.30 per share, for the same period in 2017. The Bank experienced loan growth of \$25 million, the second largest in its history, and ended the year with a record high of \$219.2 million in gross loans.

Earnings Highlights

The Bank attained record earnings for the year in spite of a \$277 thousand charge to pension expense in the fourth quarter resulting from lump sum payments to retirees of accrued pension benefits. Pension accounting rules require the acceleration and immediate recognition of certain long-term, deferred pension costs when cumulative lump sum distributions during a year exceed a threshold amount.

For the year, net interest income increased \$1.231 million in 2018 compared to 2017. The Company's net interest margin increased from 3.64% in 2017 to 3.79% in 2018. The increase in net interest income can be attributed primarily to much greater loan balances, increases in short-term interest rates, and the continued ability to attract low cost deposits. Loan income increased by \$977 thousand and investment and fed fund income by \$376 thousand. The increase in interest income was partially offset by a \$127 thousand increase in interest expense. Noninterest income increased \$155 thousand to \$2.998 million in 2018 from \$2.843 in 2017. Noninterest expense increased \$934 thousand to \$10.402 million in 2018 from \$9.468 million in 2017. \$778 thousand of the increase was related to salaries and employee benefits, which includes pension expense.

The Company reported an increase of \$469 thousand in net interest income for the fourth quarter of 2018 compared to the same quarter in 2017. The increase can be attributed to an increase in loan and investment balances as well as short-term interest rates. The Company's net interest margin for the fourth quarter of 2018 increased 31 basis points from 3.61% in the fourth quarter of 2017 to 3.92% in 2018. Earnings for the fourth quarter of each year were impacted by unusual events. The fourth quarter of 2017 was impacted by the recognition of a \$311 thousand charge to income tax expense related to changes in the tax law. The \$277 thousand charge to pension expense noted previously was incurred in the fourth quarter of 2018.

Balance Sheet

At December 31, 2018 total Company assets were \$393.0 million, an increase of \$17.5 million, or 4.66%, from December 31, 2017. The Bank's loan portfolio ended the period at \$219.2 million, an increase of \$25.6 million from the prior year end, and total deposits increased to \$328.6 million from \$313.9 million, or by \$14.7 million. Noninterest-bearing demand deposits increased to \$65.3 million and interest-bearing deposits increased to \$263.2 million, or by 4.61%, from the prior year end.

Capital Strength

The Company's total equity at December 31, 2018 was \$51.3 million. Total risk-based capital and Tier 1 risk-based capital ratios were approximately 25.4% and 24.3%, 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 \$42 thousand for the twelve months ended December 31, 2018 and net charge-offs of \$19 thousand for the same period in 2017. At December 31, 2018 Other Real Estate Owned (OREO) decreased to \$3.8 million, or by 10.39%, from December 31, 2017. 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 2018. The Bank's net income for 2018 of \$4.569 million exceeded last year by \$1.067 million, or 30.5%. The Bank grew loans by \$25 million and deposits by \$14.7 million resulting in the highest loan balances in the Bank's history. The Bank's new loan production office in Powhatan, Virginia has generated significant loan growth complementing solid loan and deposit growth throughout our branch network."

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) December 31, 2018	December 31, 2017
	2018	2017
Cash and due from banks	\$ 8,208	\$ 5,877
Interest-bearing deposits in banks	191	177
Federal funds sold	33,463	54,342
Securities available for sale, at fair market value	107,317	96,287
Restricted securities, at cost	493	484
Loans, net of allowance for loan losses of \$2,428 in 2018 and \$2,237 in 2017	216,779	191,339
Premises and equipment, net	7,466	7,396
Accrued interest receivable	1,741	1,592
Other assets	1,088	1,682
Bank-owned life insurance	12,508	12,149
Other real estate owned, net of valuation allowance of \$408 in 2018 and \$417 in 2017	3,769	4,206
	\$ 393,023	\$ 375,531
Liabilities and Stockholders' Equity		
Liabilities		
Deposits:		
Noninterest-bearing	\$ 65,329	\$ 62,233
Interest-bearing	263,248	251,642
Total deposits	328,577	313,875
Other borrowings	9,532	9,481
Accrued interest payable	284	215
Accrued expenses and other liabilities	3,294	3,283
Total liabilities	341,687	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	52,488	49,917
Accumulated other comprehensive loss	(2,241)	(2,331)
Total stockholders' equity	51,336	48,677
Total liabilities and stockholders' equity	\$ 393,023	\$ 375,531

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)	
	2018	2017	2018	2017
Interest and Dividend Income				
Loans, including fees	\$ 3,021	\$ 2,598	\$ 11,326	\$ 10,349
Investment securities:				
Taxable	420	301	1,445	1,147
Tax-exempt	171	196	689	793
Federal funds sold	186	167	755	573
Other	7	7	25	20
Total interest and dividend income	3,805	3,269	14,240	12,882
Interest Expense				
Deposits	319	257	1,148	1,028
Borrowings	12	7	37	30
Total interest expense	331	264	1,185	1,058
Net interest income	3,474	3,005	13,055	11,824
Provision for loan losses	150	-	150	-
Net interest income after provision for loan losses	3,324	3,005	12,905	11,824
Noninterest Income				
Service charges on deposit accounts	220	201	817	773
Net gain on sale of land, premises and equipment	-	-	-	3
Net gain on sales of loans	32	48	117	150
Income from bank-owned life insurance	91	90	359	364
Debit/ATM card income	319	291	1,247	1,150
Other	144	148	458	403
Total noninterest income	806	778	2,998	2,843
Noninterest Expense				
Salaries and employee benefits	1,877	1,470	6,514	5,736
Net occupancy expense	179	167	669	629
Equipment expense	119	124	426	414
FDIC deposit insurance	26	27	100	94
Net (gain) on sale of other real estate owned	(25)	(103)	(282)	(126)
OREO expenses, net of rental income	89	30	129	32
Other	780	745	2,846	2,689
Total noninterest expense	3,045	2,460	10,402	9,468
Income before income taxes	1,085	1,323	5,501	5,199
Income taxes	173	670	932	1,697
Net income	\$ 912	\$ 653	\$ 4,569	\$ 3,502
Earnings per share, basic & diluted	\$ 0.42	\$ 0.30	\$ 2.10	\$ 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, 2018	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017
Per Share Data:					
Earnings per weighted average share	\$0.42	\$0.59	\$0.57	\$0.52	\$0.30
Weighted average shares outstanding	2,177,926	2,177,926	2,178,527	2,180,747	2,181,858
Actual shares outstanding	2,177,926	2,177,926	2,177,926	2,179,358	2,181,858
Book value per share at period end	\$ 23.57	\$ 22.87	\$ 22.60	\$ 22.30	\$ 22.31
Dividend per share	\$ 0.23	\$ 0.23	\$ 0.21	\$ 0.21	\$ 0.21
Performance Ratios:					
Return on average assets	0.93%	1.33%	1.30%	1.23%	0.72%
Net interest margin, (FTE) ¹	3.92%	3.83%	3.72%	3.69%	3.61%
Efficiency ratio ²	70.42%	61.31%	61.21%	62.18%	63.40%
Capital and Other Ratios:					
(Ratios are period end, unless stated otherwise)					
Tier 1 leverage ratio	13.85%	13.91%	13.88%	13.74%	13.68%
Total risk-based capital ratio	25.36%	25.56%	25.96%	26.72%	26.97%
Allowance for loan losses to total loans	1.11%	1.06%	1.11%	1.12%	1.16%
Nonaccruing loans to total loans	0.22%	0.28%	0.31%	0.39%	0.35%
Net charge-offs (net recoveries) to average loans (annualized)	0.01%	0.01%	-0.15%	0.04%	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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