

# Citizens Bancorp of Virginia, Inc.

## PRESS RELEASE - FOR IMMEDIATE DISTRIBUTION

**Dated: July 7, 2020**

### **Solid Second 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 quarterly earnings of \$1.301 million, or \$.60 per share, for the period ended June 30, 2020 compared to \$1.345 million, or \$.62 per share, for the same period in 2019. The Company's return on assets for the second quarter was 1.16% in 2020 versus 1.35% in 2019. The Company reported earnings of \$2.739 million for the first six months of 2020, or \$1.27 per share, compared to \$2.751 million, or \$1.26 per share, for the prior year. The COVID-19 pandemic had a material effect on interest rates and economic activity as the Federal Reserve dramatically lowered interest rates across the yield curve and Congress approved the expenditure of several trillion dollars in stimulus. The Bank participated in the Paycheck Protection Program (PPP), approving over 400 loans totaling in excess of \$24 million for small businesses in our markets. These loans are providing much needed financial assistance to our customers during these trying times.

#### **Earnings Highlights**

The Company reported a decrease of \$163 thousand, or 4.5%, in net interest income for the second quarter of 2020 compared to the same quarter in 2019. The decrease can be attributed to lower yields on loans, investments, and fed funds as a result of the steep drop in rates at the end of March. Noninterest income increased \$16 thousand to \$698 thousand in 2020 from \$682 thousand in 2019. Noninterest expense decreased \$326 thousand to \$2.318 million in 2020 from \$2.644 million in 2019 primarily from the accounting for the origination of the PPP loans. The Company's net interest margin for the second quarter of 2020 was 3.37% versus 4.01% in the second quarter of 2019 as a result of the significant reduction in interest rates. The provision for loan losses was \$250 thousand for the second quarter of 2020, compared to \$25 thousand in 2019, because of the uncertainty over the long term economic effect of the pandemic and the expiration of government stimulus in the near term.

#### **Balance Sheet**

At June 30, 2020 total Company assets were \$458.1 million, an increase of \$46.0 million from December 31, 2019. Gross loans ended the period at \$240.8 million, an increase of \$11.3 million, and total deposits increased to \$384.7 million from \$343.6 million at year end 2019. Noninterest-bearing deposits increased to \$92.5 million and interest-bearing deposits increased to \$292.2 million.

#### **Capital Strength**

The Company's total equity at June 30, 2020 was \$57.9 million. The Company's Community Bank Leverage Ratio was approximately 12.88%. This ratio significantly exceeds 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 \$3 thousand for the quarter ended June 30, 2020 compared to net charge-offs of \$7 thousand for the same period in 2019. At June 30, 2020 Other Real Estate Owned (OREO) decreased to \$3.3 million, or by 6.3%, from December 31, 2019. Nonaccruing loans as a percentage of loans at June 30, 2020 remained flat.

President and CEO Joseph D. Borgerding commented, “Management is very pleased with our strong earnings of \$2.739 million for the first six months of 2020. Earnings were down slightly from 2019 as interest rates have dropped to historic levels. The Bank made a provision for loan losses of \$250 thousand because of the economic uncertainty created by the COVID-19 pandemic. I am extremely proud of our staff in facilitating over \$24 million in PPP loans to bring some relief to our small business customers during these economically challenging times. We have also seen record growth in deposits as balances have grown by \$41.1 million this year. We remain a highly rated, safe and competitive bank based on our strong capital level, liquidity and earnings. We have experienced many economic challenges in our 147 year history and we remain steadfast in supporting our customers and communities.”

### **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, 2019.

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

<b>Assets</b>	<b>(Unaudited) June 30, 2020</b>	<b>December 31, 2019</b>
Cash and due from banks	\$ 6,651	\$ 6,828
Interest-bearing deposits in banks	9,196	200
Federal funds sold	50,409	34,256
Securities available for sale, at fair market value	125,691	115,241
Restricted securities, at cost	527	510
Loans, net of allowance for loan losses of \$2,857 in 2020 and \$2,594 in 2019	237,985	226,890
Premises and equipment, net	9,113	9,314
Accrued interest receivable	1,708	1,767
Other assets	454	698
Bank-owned life insurance	13,066	12,879
Other real estate owned, net of valuation allowance of \$335 in 2020 and \$339 in 2019	3,262	3,483
Total assets	\$ 458,062	\$ 412,066
<b>Liabilities and Stockholders' Equity</b>		
<b>Liabilities</b>		
Deposits:		
Noninterest-bearing	\$ 92,517	\$ 67,340
Interest-bearing	292,222	276,302
Total deposits	384,739	343,642
Other borrowings	11,178	9,884
Accrued interest payable	310	424
Accrued expenses and other liabilities	3,898	2,946
Total liabilities	400,125	356,896
<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, 2,150,654 for 2020 and 2,174,102 for 2019	1,075	1,087
Additional paid-in capital	-	-
Retained earnings	56,570	55,419
Accumulated other comprehensive gain (loss)	292	(1,336)
Total stockholders' equity	57,937	55,170
Total liabilities and stockholders' equity	\$ 458,062	\$ 412,066

**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)	
	2020	2019	2020	2019
Interest and Dividend Income				
Loans, including fees	\$ 3,273	\$ 3,165	\$ 6,423	\$ 6,311
Investment securities:				
Taxable	463	517	1,005	994
Tax-exempt	113	148	236	306
Federal funds sold	9	194	140	383
Other	27	7	34	14
<b>Total interest and dividend income</b>	<b>3,885</b>	<b>4,031</b>	<b>7,838</b>	<b>8,008</b>
Interest Expense				
Deposits	410	395	836	752
Borrowings	13	11	26	23
<b>Total interest expense</b>	<b>423</b>	<b>406</b>	<b>862</b>	<b>775</b>
<b>Net interest income</b>	<b>3,462</b>	<b>3,625</b>	<b>6,976</b>	<b>7,233</b>
Provision for loan losses	250	25	250	50
<b>Net interest income after provision for loan losses</b>	<b>3,212</b>	<b>3,600</b>	<b>6,726</b>	<b>7,183</b>
Noninterest Income				
Service charges on deposit accounts	110	214	305	406
Net gain on calls of securities	-	-	31	-
Net gain on sales of loans	105	37	158	65
Income from bank-owned life insurance	93	93	187	181
Interchange income, net	214	164	375	328
Other	176	174	338	342
<b>Total noninterest income</b>	<b>698</b>	<b>682</b>	<b>1,394</b>	<b>1,322</b>
Noninterest Expense				
Salaries and employee benefits	1,359	1,859	2,950	3,475
Net occupancy expense	165	162	339	351
Equipment expense	130	94	255	208
FDIC deposit insurance	15	25	17	52
Net (gain) on sale of other real estate owned	(23)	(163)	(126)	(224)
OREO expenses, net of rental income	(1)	23	10	40
Other	673	644	1,319	1,252
<b>Total noninterest expense</b>	<b>2,318</b>	<b>2,644</b>	<b>4,764</b>	<b>5,154</b>
<b>Income before income taxes</b>	<b>1,592</b>	<b>1,638</b>	<b>3,356</b>	<b>3,351</b>
Income taxes	291	293	617	600
<b>Net income</b>	<b>\$ 1,301</b>	<b>\$ 1,345</b>	<b>\$ 2,739</b>	<b>\$ 2,751</b>
<b>Earnings per share, basic &amp; diluted</b>	<b>\$ 0.60</b>	<b>\$ 0.62</b>	<b>\$ 1.27</b>	<b>\$ 1.26</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, 2020	March 31, 2020	December 31, 2019	September 30, 2019	June 30, 2019
<b>Per Share Data:</b>					
Earnings per weighted average share	\$0.60	\$0.66	\$0.47	\$0.59	\$0.62
Weighted average shares outstanding	2,154,274	2,170,943	2,174,564	2,175,619	2,176,885
Actual shares outstanding	2,150,654	2,159,873	2,174,102	2,175,352	2,176,885
Book value per share at period end	\$ 26.94	\$ 26.53	\$ 25.38	\$ 25.34	\$ 24.91
Dividend per share	\$ 0.24	\$ 0.24	\$ 0.24	\$ 0.24	\$ 0.23
<b>Performance Ratios:</b>					
Return on average assets	1.16%	1.38%	1.00%	1.27%	1.35%
Net interest margin, (FTE) <sup>1</sup>	3.37%	3.70%	3.83%	3.92%	4.01%
Efficiency ratio <sup>2</sup>	55.33%	57.67%	68.74%	62.96%	60.85%
<b>Capital and Other Ratios:</b>					
<b>(Ratios are period end, unless stated otherwise)</b>					
Tier 1 leverage ratio	12.88%	13.69%	13.86%	13.99%	13.84%
Allowance for loan losses to total loans	1.19%	1.14%	1.13%	1.12%	1.13%
Nonaccruing loans to total loans	0.08%	0.13%	0.13%	0.21%	0.18%
Net charge-offs (net recoveries) to average loans (annualized)	0.00%	-0.03%	0.01%	-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.

CONTACT: Geoffrey C. Warner  
EVP and Chief Financial Officer  
Voice: 434-292-8100 or E-mail: [Geoffrey.Warner@cbtva.com](mailto:Geoffrey.Warner@cbtva.com)

\*\*\*\*\*