

Citizens Bancorp of Virginia, Inc.

PRESS RELEASE - FOR IMMEDIATE DISTRIBUTION

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Solid Third 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 \$1.083 million, or \$.50 per share, for the period ended September 30, 2020 compared to \$1.281 million, or \$.59 per share, for the same period in 2019. The Company's return on assets for the third quarter was .93% in 2020 versus 1.27% in 2019. The Company reported earnings of \$3.822 million for the first nine months of 2020, or \$1.77 per share, compared to \$4.032 million, or \$1.85 per share, for the prior year. Net of the increase in the provision for loan losses, earnings for the first nine months of 2020 would have been slightly ahead of the same period in 2019. The Company's return on assets for the first nine months of 2020 was 1.15% versus 1.36% for the same period in 2019.

Earnings Highlights

The Company reported a decrease of \$185 thousand, or 5.1%, in net interest income for the third 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. Noninterest income decreased \$67 thousand to \$666 thousand in 2020 from \$733 thousand in 2019. Noninterest expense decreased \$140 thousand to \$2.612 million in 2020 from \$2.752 million in 2019. The Company's net interest margin for the third quarter of 2020 was 3.19% versus 3.92% in the third quarter of 2019 as a result of the significant reduction in interest rates and the impact of the 1% rate on the Paycheck Protection Program (PPP) loans. The COVID-19 pandemic has had a material effect on economic activity which has caused the Federal Reserve to dramatically decrease interest rates across the yield curve. The provision for loan losses of \$150 thousand for the third quarter of 2020, compared to \$25 thousand in 2019, was deemed prudent due to the uncertainty over the long term economic effect of the pandemic and the expiration of government stimulus.

Balance Sheet

At September 30, 2020 total Company assets were \$465.7 million, an increase of \$53.6 million from December 31, 2019. Gross loans ended the period at \$242.3 million, an increase of \$12.8 million, and total deposits increased to \$395.0 million from \$343.6 million at year end 2019. Noninterest-bearing deposits increased to \$94.4 million and interest-bearing deposits increased to \$300.5 million.

Capital Strength

The Company's total equity at September 30, 2020 was \$58.2 million. The Company's Community Bank Leverage Ratio was approximately 12.60%. 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 \$14 thousand for the quarter ended September 30, 2020 compared to net recoveries of \$4 thousand for the same period in 2019. At September 30, 2020 Other Real Estate Owned (OREO) decreased to \$3.2 million, or

by 8.4%, from December 31, 2019. Nonaccruing loans as a percentage of loans at September 30, 2020 remained flat.

President and CEO Joseph D. Borgerding commented, "Management is pleased with our consistent earnings given the economic uncertainties created by the pandemic. Year to date earnings would be slightly above last year exclusive of the \$400 thousand provision for loan losses. Management believes it was prudent to increase the allowance for loan losses given the unknown financial impact to some industries. We have experienced record deposit growth as balances have increased by \$51.3 million, or 14.9%. The historically low interest environment will continue to be a drag on the performance of the entire banking industry. Citizens Bank & Trust remains well-positioned to continue to show solid performance versus its peers."

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.

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)

Assets	(Unaudited) September 30, 2020	December 31, 2019
	2020	2019
Cash and due from banks	\$ 7,073	\$ 6,828
Interest-bearing deposits in banks	8,198	200
Federal funds sold	35,239	34,256
Securities available for sale, at fair market value	147,634	115,241
Restricted securities, at cost	527	510
Loans, net of allowance for loan losses of \$2,993 in 2020 and \$2,594 in 2019	239,276	226,890
Premises and equipment, net	9,072	9,314
Accrued interest receivable	1,716	1,767
Other assets	615	698
Bank-owned life insurance	13,161	12,879
Other real estate owned, net of valuation allowance of \$313 in 2020 and \$339 in 2019	3,190	3,483
	\$ 465,701	\$ 412,066
Liabilities and Stockholders' Equity		
Liabilities		
Deposits:		
Noninterest-bearing	\$ 94,445	\$ 67,340
Interest-bearing	300,547	276,302
Total deposits	394,992	343,642
Other borrowings	8,204	9,884
Accrued interest payable	332	424
Accrued expenses and other liabilities	3,991	2,946
Total liabilities	407,519	356,896
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, 2,147,311 for 2020 and 2,174,102 for 2019	1,074	1,087
Additional paid-in capital	-	-
Retained earnings	57,058	55,419
Accumulated other comprehensive gain (loss)	50	(1,336)
Total stockholders' equity	58,182	55,170
Total liabilities and stockholders' equity	\$ 465,701	\$ 412,066

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)	
	2020	2019	2020	2019
Interest and Dividend Income				
Loans, including fees	\$ 3,275	\$ 3,167	\$ 9,698	\$ 9,478
Investment securities:				
Taxable	397	560	1,402	1,554
Tax-exempt	98	141	334	447
Federal funds sold	11	148	151	531
Other	28	8	62	22
Total interest and dividend income	3,809	4,024	11,647	12,032
Interest Expense				
Deposits	381	412	1,217	1,164
Borrowings	11	10	37	33
Total interest expense	392	422	1,254	1,197
Net interest income	3,417	3,602	10,393	10,835
Provision for loan losses	150	25	400	75
Net interest income after provision for loan losses	3,267	3,577	9,993	10,760
Noninterest Income				
Service charges on deposit accounts	133	219	438	625
Net gain on calls of securities	-	-	31	-
Net gain on sales of loans	81	41	239	106
Income from bank-owned life insurance	95	96	282	277
Interchange income, net	199	186	574	514
Other	158	191	496	533
Total noninterest income	666	733	2,060	2,055
Noninterest Expense				
Salaries and employee benefits	1,621	1,724	4,571	5,199
Net occupancy expense	177	174	516	525
Equipment expense	131	105	386	313
FDIC deposit insurance	28	1	45	53
Net (gain) on sale of other real estate owned	(87)	-	(213)	(224)
OREO expenses, net of rental income	33	45	43	85
Other	709	703	2,028	1,955
Total noninterest expense	2,612	2,752	7,376	7,906
Income before income taxes	1,321	1,558	4,677	4,909
Income taxes	238	277	855	877
Net income	\$ 1,083	\$ 1,281	\$ 3,822	\$ 4,032
Earnings per share, basic & diluted	\$ 0.50	\$ 0.59	\$ 1.77	\$ 1.85

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, 2020	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019
Per Share Data:					
Earnings per weighted average share	\$0.50	\$0.60	\$0.66	\$0.47	\$0.59
Weighted average shares outstanding	2,149,820	2,154,274	2,170,943	2,174,564	2,175,619
Actual shares outstanding	2,147,311	2,150,654	2,159,873	2,174,102	2,175,352
Book value per share at period end	\$ 27.10	\$ 26.94	\$ 26.53	\$ 25.38	\$ 25.34
Dividend per share	\$ 0.24	\$ 0.24	\$ 0.24	\$ 0.24	\$ 0.24
Performance Ratios:					
Return on average assets	0.93%	1.16%	1.38%	1.00%	1.27%
Net interest margin, (FTE) ¹	3.19%	3.37%	3.70%	3.83%	3.92%
Efficiency ratio ²	63.58%	55.33%	57.67%	68.74%	62.96%
Capital and Other Ratios:					
(Ratios are period end, unless stated otherwise)					
Tier 1 leverage ratio	12.60%	12.88%	13.69%	13.86%	13.99%
Allowance for loan losses to total loans	1.24%	1.19%	1.14%	1.13%	1.12%
Nonaccruing loans to total loans	0.08%	0.08%	0.13%	0.13%	0.21%
Net charge-offs (net recoveries) to average loans (annualized)	0.02%	0.00%	-0.03%	0.01%	-0.01%

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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