

Citizens Bancorp of Virginia, Inc.

PRESS RELEASE - FOR IMMEDIATE DISTRIBUTION

Dated: January 23, 2020

Record 2019 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 \$5.060 million in 2019 compared to \$4.569 million in 2018. Earnings per share were \$2.33 for the year ended December 31, 2019 versus \$2.10 for the same period in 2018, or an increase of 11%. The Company's return on assets improved to 1.26% in 2019 from 1.20% in 2018. Earnings for the quarter ended December 31, 2019 were \$1.028 million or \$.47 per share, compared to \$912 thousand or \$.42 per share, for the same period in 2018.

Earnings Highlights

For the year, net interest income increased \$1.366 million in 2019 compared to 2018. The Company's net interest margin increased from 3.79% in 2018 to 3.96% in 2019. The increase in net interest income can be attributed to higher balances and yields on loans, investments and fed funds. Loan interest increased by \$1.343 million and investment and fed fund interest by \$466 thousand. The increase in interest income was partially offset by \$447 thousand increase in interest expense. Noninterest income increased \$44 thousand to \$2.749 in 2019 from \$2.705 in 2018. Noninterest expense increased \$763 thousand to \$10.872 million in 2019 from \$10.109 in 2018.

The Company reported an increase of \$112 thousand, or 3.2%, in net interest income for the fourth 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 fourth quarter was 3.83% versus 3.92% in the fourth quarter of 2018, primarily from the effect of three Federal Reserve rate decreases in 2019.

Balance Sheet

At December 31, 2019 total Company assets were \$412.1 million, an increase of \$19 million from December 31, 2018. Gross loans ended the period at \$229.5 million, an increase of \$10.3 million, and total deposits increased to \$343.6 million from \$328.6 million at year end 2018. Noninterest-bearing deposits increased to \$67.3 million and interest-bearing deposits increased to \$276.3 million.

Capital Strength

The Company's total equity at December 31, 2019 was \$55.2 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 recoveries of \$15 thousand for the year ended December 31, 2019 compared to net recoveries of \$42 thousand for the same period in 2018. At December 31, 2019 Other Real Estate Owned (OREO) decreased to \$3.5 million, or by 7.6%, from December 31, 2018. Nonaccruing loans as a percentage of loans at December 31, 2019 had decreased to a very low .13% from .22% for the same period in 2018.

President and CEO Joseph D. Borgerding commented, "Management is pleased to report that Citizens Bank & Trust Company had record earnings for 2019, exceeding \$5 million in earnings for the first time in the history of our Bank. The Bank exceeded another milestone by surpassing \$400 million in assets. Loans grew by \$10.3 million while deposits grew by \$15 million. Our branch in Powhatan is profitable after only three months of operation. Management and the Board of Directors are extremely pleased with our 2019 performance and feel we are well-positioned for future success."

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, 2018.

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

Assets	(Unaudited) December 31, 2019	December 31, 2018
Cash and due from banks	\$ 6,828	\$ 8,208
Interest-bearing deposits in banks	200	191
Federal funds sold	34,256	33,463
Securities available for sale, at fair market value	115,241	107,317
Restricted securities, at cost	510	493
Loans, net of allowance for loan losses of \$2,594 in 2019 and \$2,428 in 2018	226,890	216,779
Premises and equipment, net	9,314	7,466
Accrued interest receivable	1,767	1,741
Other assets	698	1,088
Bank-owned life insurance	12,879	12,508
Other real estate owned, net of valuation allowance of \$339 in 2019 and \$408 in 2018	3,483	3,769
Total assets	\$ 412,066	\$ 393,023
Liabilities and Stockholders' Equity		
Liabilities		
Deposits:		
Noninterest-bearing	\$ 67,340	\$ 65,329
Interest-bearing	276,302	263,248
Total deposits	343,642	328,577
Other borrowings	9,884	9,532
Accrued interest payable	424	284
Accrued expenses and other liabilities	2,946	3,294
Total liabilities	356,896	341,687
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, 2,174,102 for 2019 and 2,177,926 for 2018	1,087	1,089
Additional paid-in capital	-	-
Retained earnings	55,419	52,488
Accumulated other comprehensive loss	(1,336)	(2,241)
Total stockholders' equity	55,170	51,336
Total liabilities and stockholders' equity	\$ 412,066	\$ 393,023

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)	
	2019	2018	2019	2018
Interest and Dividend Income				
Loans, including fees	\$ 3,191	\$ 3,021	\$ 12,669	\$ 11,326
Investment securities:				
Taxable	564	420	2,118	1,445
Tax-exempt	136	171	583	689
Federal funds sold	123	186	654	755
Other	7	7	29	25
Total interest and dividend income	4,021	3,805	16,053	14,240
Interest Expense				
Deposits	422	319	1,586	1,148
Borrowings	13	12	46	37
Total interest expense	435	331	1,632	1,185
Net interest income	3,586	3,474	14,421	13,055
Provision for loan losses	75	150	150	150
Net interest income after provision for loan losses	3,511	3,324	14,271	12,905
Noninterest Income				
Service charges on deposit accounts	205	220	830	817
Net gain on calls of securities	2	-	2	-
Net gain on sales of loans	41	32	147	117
Income from bank-owned life insurance	94	91	371	359
Interchange income, net	177	180	691	675
Other	175	212	708	737
Total noninterest income	694	735	2,749	2,705
Noninterest Expense				
Salaries and employee benefits	1,855	1,877	7,054	6,514
Net occupancy expense	156	179	681	669
Equipment expense	135	119	448	426
FDIC deposit insurance	-	26	53	100
Net (gain) on sale of other real estate owned	(44)	(25)	(268)	(282)
OREO expenses, net of rental income	95	89	180	129
Other	769	709	2,724	2,553
Total noninterest expense	2,966	2,974	10,872	10,109
Income before income taxes	1,239	1,085	6,148	5,501
Income taxes	211	173	1,088	932
Net income	\$ 1,028	\$ 912	\$ 5,060	\$ 4,569
Earnings per share, basic & diluted	\$ 0.47	\$ 0.42	\$ 2.33	\$ 2.10

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, 2019	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018
Per Share Data:					
Earnings per weighted average share	\$0.47	\$0.59	\$0.62	\$0.65	\$0.42
Weighted average shares outstanding	2,174,564	2,175,619	2,176,885	2,177,475	2,177,926
Actual shares outstanding	2,174,105	2,175,352	2,176,885	2,176,885	2,177,926
Book value per share at period end	\$ 25.38	\$ 25.34	\$ 24.91	\$ 24.01	\$ 23.57
Dividend per share	\$ 0.24	\$ 0.24	\$ 0.23	\$ 0.23	\$ 0.23
Performance Ratios:					
Return on average assets	1.00%	1.27%	1.35%	1.45%	0.93%
Net interest margin, (FTE) ¹	3.83%	3.92%	4.01%	4.09%	3.92%
Efficiency ratio ²	68.74%	62.96%	60.85%	58.53%	70.42%
Capital and Other Ratios:					
(Ratios are period end, unless stated otherwise)					
Tier 1 leverage ratio	13.86%	13.99%	13.84%	13.79%	13.85%
Total risk-based capital ratio	25.70%	25.63%	25.71%	25.11%	25.36%
Allowance for loan losses to total loans	1.13%	1.12%	1.13%	1.10%	1.11%
Nonaccruing loans to total loans	0.13%	0.21%	0.18%	0.16%	0.22%
Net charge-offs (net recoveries) to average loans (annualized)	0.01%	-0.01%	0.01%	-0.05%	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.

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