

# Citizens Bancorp of Virginia, Inc.

## PRESS RELEASE - FOR IMMEDIATE DISTRIBUTION

**Dated: July 21, 2021**

### **Solid Second Quarter 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 quarterly earnings of \$1.471 million, or \$.69 per share, for the period ended June 30, 2021 compared to \$1.301 million, or \$.60 per share, for the same period in 2020. The Company’s return on assets for the second quarter was 1.12% in 2021 versus 1.16% in 2020. The Company reported record earnings of \$3.016 million for the first six months of 2021, or \$1.41 per share, compared to \$2.739 million, or \$1.27 per share, for the prior year. This is the first time in the Company’s history that it has exceeded \$3 million in earnings for the first half of the year. As a result of this strong performance, the Board of Directors increased the quarterly dividend from \$0.24 to \$0.25 per share.

#### **Earnings Highlights**

The Company reported a decrease of \$74 thousand, or 2.1%, in net interest income for the second quarter of 2021 compared to the same quarter in 2020. The decrease can be attributed to lower yields on loans and investments as a result of the steep drop in rates. Loan fees increased by \$95 thousand, almost all of which was from the PPP loan program. Noninterest income increased \$159 thousand to \$857 thousand in 2021 from \$698 thousand in 2020. Noninterest expense increased \$106 thousand to \$2.424 million in 2021 from \$2.318 million in 2020. The Company’s net interest margin for the second quarter of 2021 was 2.78% versus 3.37% in the second quarter of 2020, primarily from the effect of a significant reduction in interest rates and the 1% rate on PPP loans.

#### **Balance Sheet**

At June 30, 2021 total Company assets were \$533.3 million, an increase of \$40.1 million from December 31, 2020. Gross loans ended the period at \$232.9 million, a decrease of \$1.9 million, and total deposits increased to \$461.1 million from \$419.1 million at year end 2020. Noninterest-bearing deposits increased to \$111.6 million and interest-bearing deposits increased to \$349.5 million.

#### **Capital Strength**

The Company’s total equity at June 30, 2021 was \$59.1 million and its Community Bank Leverage Ratio was approximately 11.45%. 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 \$5 thousand for the quarter ended June 30, 2021 compared to net charge-offs of \$3 thousand for the same period in 2020. At June 30, 2021 Other Real Estate Owned (OREO) decreased to \$2.4 million, or by 20%, from December 31, 2020. Nonaccruing loans as a percentage of loans at June 30, 2021 remained flat at a very low .01%.

President and CEO Joseph D. Borgerding commented, “Management is pleased to report that Citizens Bank & Trust Company had record earnings for the first six months of 2021, surpassing \$3 million for the first time in the

Bank's history. Growth in secondary market mortgages and government-backed Paycheck Protection loans have been big contributors to the Bank's net income. Historic deposit growth has continued during the first half of the year as deposits have increased by \$42 million. Given the Bank's strong capital position and consistent earnings, the Board of Directors approved an increase in the quarterly dividend from \$0.24 to \$0.25 per share or from \$0.96 to \$1.00 per share on an annual basis."

### **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, 2020.

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

<b>Assets</b>	<b>(Unaudited) June 30, 2021</b>	<b>December 31, 2020</b>
	<b>2021</b>	<b>2020</b>
Cash and due from banks	\$ 8,411	\$ 7,636
Interest-bearing deposits in banks	1,332	6,951
Federal funds sold	65,975	42,336
Securities available for sale, at fair market value	199,902	176,051
Restricted securities, at cost	403	527
Loans, net of allowance for loan losses of \$2,993 in 2021 and \$2,996 in 2020	229,907	231,845
Premises and equipment, net	8,688	8,953
Accrued interest receivable	1,556	1,761
Other assets	1,301	859
Bank-owned life insurance	13,441	13,255
Other real estate owned, net of valuation allowance of \$266 in 2021 and \$291 in 2020	2,370	2,964
	<b>\$ 533,286</b>	<b>\$ 493,138</b>
<b>Liabilities and Stockholders' Equity</b>		
<b>Liabilities</b>		
Deposits:		
Noninterest-bearing	\$ 111,577	\$ 99,661
Interest-bearing	349,483	319,426
Total deposits	461,060	419,087
Other borrowings	8,767	11,894
Accrued interest payable	230	321
Accrued expenses and other liabilities	4,159	3,512
Total liabilities	474,216	434,814
<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, 2,134,631 for 2021 and 2,143,660 for 2020	1,067	1,072
Additional paid-in capital	-	-
Retained earnings	59,403	57,656
Accumulated other comprehensive loss	(1,400)	(404)
Total stockholders' equity	59,070	58,324
Total liabilities and stockholders' equity	<b>\$ 533,286</b>	<b>\$ 493,138</b>

**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)	
	2021	2020	2021	2020
Interest and Dividend Income				
Loans, including fees	\$ 3,234	\$ 3,273	\$ 6,560	\$ 6,423
Investment securities:				
Taxable	364	463	721	1,005
Tax-exempt	66	113	144	236
Federal funds sold	29	9	47	140
Other	10	27	30	34
<b>Total interest and dividend income</b>	<b>3,703</b>	<b>3,885</b>	<b>7,502</b>	<b>7,838</b>
Interest Expense				
Deposits	307	410	638	836
Borrowings	8	13	18	26
<b>Total interest expense</b>	<b>315</b>	<b>423</b>	<b>656</b>	<b>862</b>
<b>Net interest income</b>	<b>3,388</b>	<b>3,462</b>	<b>6,846</b>	<b>6,976</b>
Provision for loan losses	-	250	-	250
<b>Net interest income after provision for loan losses</b>	<b>3,388</b>	<b>3,212</b>	<b>6,846</b>	<b>6,726</b>
Noninterest Income				
Service charges on deposit accounts	133	110	273	305
Net gain on calls of securities	-	-	2	31
Net gain on sales of loans	125	105	263	158
Income from bank-owned life insurance	93	93	187	187
Interchange income, net	276	214	494	375
Other	230	176	428	338
<b>Total noninterest income</b>	<b>857</b>	<b>698</b>	<b>1,647</b>	<b>1,394</b>
Noninterest Expense				
Salaries and employee benefits	1,540	1,359	3,014	2,950
Net occupancy expense	153	165	331	339
Equipment expense	131	130	271	255
FDIC deposit insurance	32	15	62	17
Net gain on sale of other real estate owned	(111)	(23)	(192)	(126)
OREO expenses, net of rental income	6	(1)	20	10
Other	673	673	1,256	1,319
<b>Total noninterest expense</b>	<b>2,424</b>	<b>2,318</b>	<b>4,762</b>	<b>4,764</b>
<b>Income before income taxes</b>	<b>1,821</b>	<b>1,592</b>	<b>3,731</b>	<b>3,356</b>
Income taxes	350	291	715	617
<b>Net income</b>	<b>\$ 1,471</b>	<b>\$ 1,301</b>	<b>\$ 3,016</b>	<b>\$ 2,739</b>
<b>Earnings per share, basic &amp; diluted</b>	<b>\$ 0.69</b>	<b>\$ 0.60</b>	<b>\$ 1.41</b>	<b>\$ 1.27</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, 2021	March 31, 2021	December 31, 2020	September 30, 2020	June 30, 2020
<b>Per Share Data:</b>					
Earnings per weighted average share	\$0.69	\$0.72	\$0.56	\$0.50	\$0.60
Weighted average shares outstanding	2,137,051	2,143,378	2,145,262	2,149,820	2,154,274
Actual shares outstanding	2,134,631	2,142,731	2,143,660	2,147,311	2,150,654
Book value per share at period end	\$ 27.67	\$ 27.08	\$ 27.21	\$ 27.10	\$ 26.94
Dividend per share	\$ 0.25	\$ 0.24	\$ 0.24	\$ 0.24	\$ 0.24
<b>Performance Ratios:</b>					
Return on average assets	1.12%	1.25%	0.99%	0.93%	1.16%
Net interest margin, (FTE) <sup>1</sup>	2.78%	3.02%	3.17%	3.19%	3.37%
Efficiency ratio <sup>2</sup>	56.87%	54.77%	65.45%	63.58%	55.33%
<b>Capital and Other Ratios:</b>					
<b>(Ratios are period end, unless stated otherwise)</b>					
Tier 1 leverage ratio	11.45%	11.85%	12.28%	12.60%	12.88%
Allowance for loan losses to total loans	1.28%	1.31%	1.28%	1.24%	1.19%
Nonaccruing loans to total loans	0.01%	0.06%	0.07%	0.08%	0.08%
Net charge-offs (net recoveries) to average loans (annualized)	0.01%	0.00%	-0.01%	0.02%	0.00%

<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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