

# Citizens Bancorp of Virginia, Inc.

## PRESS RELEASE - FOR IMMEDIATE DISTRIBUTION

**Dated: January 20, 2021**

### **Solid 2020 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 earnings of \$5.020 million in 2020 compared to \$5.060 million in 2019. Earnings per share were \$2.33 for the year ended December 31, 2020, unchanged from the same period in 2019. The Company's return on assets decreased to 1.11% in 2020 from 1.26% in 2019 due to an increase in average assets of \$51.3 million. Earnings for the quarter ended December 31, 2020 were \$1.198 million or \$.56 per share, compared to \$1.028 million or \$.47 per share, for the same period in 2019.

#### **Earnings Highlights**

For the year, net interest income decreased \$527 thousand in 2020 compared to 2019. The Company's net interest margin decreased to 3.35% in 2020 from 3.96% 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 and 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 decline in net interest income was offset by an increase in noninterest income and a decline in noninterest expense. Noninterest income increased \$109 thousand to \$2.858 million in 2020 from \$2.749 million in 2019. Noninterest expense decreased \$667 thousand to \$10.205 million from \$10.872 million in 2019.

The provision for loan losses of \$400 thousand for 2020, compared to \$150 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 December 31, 2020 total Company assets were \$493.1 million, an increase of \$81.0 million from December 31, 2019. Gross loans ended the period at \$234.8 million, an increase of \$5.3 million, and total deposits increased to \$419.1 million from \$343.6 million at year end 2019. Noninterest-bearing deposits increased to \$99.7 million, or by 48.0%, and interest-bearing deposits increased to \$319.4 million.

#### **Capital Strength**

The Company's total equity at December 31, 2020 was \$58.3 million. The Company's Community Bank Leverage Ratio was approximately 12.28%. 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 recoveries of \$3 thousand for the year ended December 31, 2020 compared to net recoveries of \$15 thousand for the same period in 2019. At December 31, 2020 Other Real Estate Owned (OREO) decreased to \$2.96 million, or by 14.9%,

from December 31, 2019. Nonaccrual loans as a percentage of loans decreased to .07% at December 31, 2020 from .13% at December 31, 2019.

President and CEO Joseph D. Borgerding commented, “Earnings for 2020 remain strong as the Bank surpassed \$5 million for the second time in its history. The government-backed Paycheck Protection loan program and record growth in deposits helped to offset the negative economic impact of the pandemic. Our loan officers worked tirelessly to bring relief to our small businesses and communities through the PPP loan program and other Bank products. The historically low interest rate environment will continue to put pressure on bank interest margins; however, our high level of capital and liquidity will continue to provide our customers the safety they desire during these uncertain times.”

### **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) December 31, 2020</b>	<b>December 31, 2019</b>
	<b>2020</b>	<b>2019</b>
Cash and due from banks	\$ 7,636	\$ 6,828
Interest-bearing deposits in banks	6,951	200
Federal funds sold	42,336	34,256
Securities available for sale, at fair market value	176,051	115,241
Restricted securities, at cost	527	510
Loans, net of allowance for loan losses of \$2,996 in 2020 and \$2,594 in 2019	231,845	226,890
Premises and equipment, net	8,953	9,314
Accrued interest receivable	1,761	1,767
Other assets	859	698
Bank-owned life insurance	13,255	12,879
Other real estate owned, net of valuation allowance of \$291 in 2020 and \$339 in 2019	2,964	3,483
	<b>\$ 493,138</b>	<b>\$ 412,066</b>
<b>Liabilities and Stockholders' Equity</b>		
<b>Liabilities</b>		
Deposits:		
Noninterest-bearing	\$ 99,661	\$ 67,340
Interest-bearing	319,426	276,302
Total deposits	419,087	343,642
Other borrowings	11,894	9,884
Accrued interest payable	321	424
Accrued expenses and other liabilities	3,512	2,946
Total liabilities	434,814	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, 2,143,660 for 2020 and 2,174,102 for 2019	1,072	1,087
Additional paid-in capital	-	-
Retained earnings	57,656	55,419
Accumulated other comprehensive loss	(404)	(1,336)
Total stockholders' equity	58,324	55,170
Total liabilities and stockholders' equity	<b>\$ 493,138</b>	<b>\$ 412,066</b>

**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)	
	2020	2019	2020	2019
Interest and Dividend Income				
Loans, including fees	\$ 3,380	\$ 3,191	\$ 13,078	\$ 12,669
Investment securities:				
Taxable	364	564	1,766	2,118
Tax-exempt	91	136	425	583
Federal funds sold	10	123	161	654
Other	26	7	88	29
<b>Total interest and dividend income</b>	<b>3,871</b>	<b>4,021</b>	<b>15,518</b>	<b>16,053</b>
Interest Expense				
Deposits	359	422	1,576	1,586
Borrowings	11	13	48	46
<b>Total interest expense</b>	<b>370</b>	<b>435</b>	<b>1,624</b>	<b>1,632</b>
<b>Net interest income</b>	<b>3,501</b>	<b>3,586</b>	<b>13,894</b>	<b>14,421</b>
Provision for loan losses	-	75	400	150
<b>Net interest income after provision for loan losses</b>	<b>3,501</b>	<b>3,511</b>	<b>13,494</b>	<b>14,271</b>
Noninterest Income				
Service charges on deposit accounts	128	205	566	830
Net gain on calls of securities	-	2	31	2
Net gain on sales of loans	115	41	354	147
Income from bank-owned life insurance	94	94	376	371
Interchange income, net	205	177	779	691
Other	256	175	752	708
<b>Total noninterest income</b>	<b>798</b>	<b>694</b>	<b>2,858</b>	<b>2,749</b>
Noninterest Expense				
Salaries and employee benefits	1,617	1,855	6,188	7,054
Net occupancy expense	185	156	701	681
Equipment expense	172	135	558	448
FDIC deposit insurance	28	-	73	53
Net (gain) on sale of other real estate owned	(47)	(44)	(260)	(268)
OREO expenses, net of rental income	14	95	57	180
Other	860	769	2,888	2,724
<b>Total noninterest expense</b>	<b>2,829</b>	<b>2,966</b>	<b>10,205</b>	<b>10,872</b>
<b>Income before income taxes</b>	<b>1,470</b>	<b>1,239</b>	<b>6,147</b>	<b>6,148</b>
Income taxes	272	211	1,127	1,088
<b>Net income</b>	<b>\$ 1,198</b>	<b>\$ 1,028</b>	<b>\$ 5,020</b>	<b>\$ 5,060</b>
<b>Earnings per share, basic &amp; diluted</b>	<b>\$ 0.56</b>	<b>\$ 0.47</b>	<b>\$ 2.33</b>	<b>\$ 2.33</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				
	December, 2020	September 30, 2020	June 30, 2020	March 31, 2020	December 31, 2019
<b>Per Share Data:</b>					
Earnings per weighted average share	\$0.56	\$0.50	\$0.60	\$0.66	\$0.47
Weighted average shares outstanding	2,145,262	2,149,820	2,154,274	2,170,943	2,174,564
Actual shares outstanding	2,143,660	2,147,311	2,150,654	2,159,873	2,174,102
Book value per share at period end	\$ 27.21	\$ 27.10	\$ 26.94	\$ 26.53	\$ 25.38
Dividend per share	\$ 0.24	\$ 0.24	\$ 0.24	\$ 0.24	\$ 0.24
<b>Performance Ratios:</b>					
Return on average assets	0.99%	0.93%	1.16%	1.38%	1.00%
Net interest margin, (FTE) <sup>1</sup>	3.17%	3.19%	3.37%	3.70%	3.83%
Efficiency ratio <sup>2</sup>	65.45%	63.58%	55.33%	57.67%	68.74%
<b>Capital and Other Ratios:</b>					
<b>(Ratios are period end, unless stated otherwise)</b>					
Tier 1 leverage ratio	12.28%	12.60%	12.88%	13.69%	13.86%
Allowance for loan losses to total loans	1.28%	1.24%	1.19%	1.14%	1.13%
Nonaccruing loans to total loans	0.07%	0.08%	0.08%	0.13%	0.13%
Net charge-offs (net recoveries) to average loans (annualized)	-0.01%	0.02%	0.00%	-0.03%	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.

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