

# Citizens Bancorp of Virginia, Inc.

## PRESS RELEASE - FOR IMMEDIATE DISTRIBUTION

**Dated: July 17, 2015**

### **Solid 2<sup>nd</sup> 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 earnings of \$971 thousand, or \$0.44 per share, for the quarter ended June 30, 2015, a .61% decrease from the \$977 thousand, or \$0.44 per share, reported for the comparable 2014 quarter. Earnings for the first six months of 2015 were \$2.133 million, or \$0.96 per share, compared to \$1.915 million, or \$0.85 per share for the prior year. The Company's return on assets was 1.12% and 1.15% for the 2<sup>nd</sup> quarter of 2015 and 2014, respectively.

Margin compression remains a challenge for the Company in 2015. The Company's net interest margin decreased from 4.02% in the 2<sup>nd</sup> quarter of 2014 to 3.73% in 2015. The net interest margin was positively impacted in 2014 by the recovery of interest on loans previously placed on nonaccrual. Excluding the interest recovery, the net interest margin for the 2<sup>nd</sup> quarter of 2014 would have been 3.88%. Management continues to focus on reducing operating costs. Noninterest expense for the 2<sup>nd</sup> quarter of 2015 was \$2.226 million compared to \$2.300 million in 2014, a decrease of \$74 thousand or 3.22%.

#### **Balance Sheet**

At June 30, 2015, total Company assets were \$347.5 million, an increase of \$7.2 million from December 31, 2014. The Bank's loan portfolio ended the period at \$183.0 million, basically unchanged from the prior year end.

Deposit growth was strong during the quarter as total deposits grew to \$291.0 million from \$285.5 million at year end 2014. Noninterest-bearing demand deposits increased to \$50.6 million, or by 12.83%, and interest-bearing deposits decreased to \$240.4 million, or by .10%, during the period.

#### **Capital Strength**

The Company's total equity at June 30, 2015 was \$46.5 million. Total risk-based capital and Tier 1 risk-based capital ratios were approximately 26.0% and 24.8%, 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 has reported net charge-offs of only \$18 thousand in the 2<sup>nd</sup> quarter of 2015. Nonaccruing loans as a percentage of loans increased slightly to .96% as of June 30, 2015 from .87% at December 31, 2014.

President and CEO, Joseph D. Borgerding commented, "Earnings for the first six months of 2015 exceeded last year by 11.38%. Margin compression remains a challenge for the Banking industry; however, we remain disciplined in our approach of focusing on the growth of transactional deposits, expense efficiencies and managing interest rate risk as we work to grow the loan portfolio."

### **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 offices in the Counties of Amelia, Chesterfield, Nottoway and Prince Edward, along with one branch in the city of Colonial Heights and one in the Town of South Hill, 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 web site: [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, 2014.

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

<b>Assets</b>	<b>(Unaudited) June 30, 2015</b>	<b>December 31, 2014</b>
	<b>2015</b>	<b>2014</b>
Cash and due from banks	\$ 7,177	\$ 7,290
Interest-bearing deposits in banks	163	411
Federal funds sold	31,556	23,428
Securities available for sale, at fair market value	102,283	102,332
Restricted securities, at cost	459	455
Loans, net of allowance for loan losses of \$2,277 in 2015 and \$2,331 in 2014	180,751	180,698
Premises and equipment, net	7,802	8,003
Accrued interest receivable	1,653	1,666
Other assets	1,218	1,337
Bank-owned life insurance	9,533	9,376
Other real estate owned, net of valuation allowance of \$343 in 2015 and \$322 in 2014	4,887	5,322
	<b>\$ 347,482</b>	<b>\$ 340,318</b>
<b>Liabilities and Stockholders' Equity</b>		
<b>Liabilities</b>		
Deposits:		
Noninterest-bearing	\$ 50,620	\$ 44,864
Interest-bearing	240,368	240,615
Total deposits	290,988	285,479
Other borrowings	6,948	6,695
Accrued interest payable	262	273
Accrued expenses and other liabilities	2,738	2,212
Total liabilities	300,936	294,659
<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, 2,224,609 for 2015 and 2,233,234 for 2014	1,112	1,116
Additional paid-in capital	-	-
Retained earnings	46,053	44,926
Accumulated other comprehensive loss	(619)	(383)
Total stockholders' equity	46,546	45,659
Total liabilities and stockholders' equity	<b>\$ 347,482</b>	<b>\$ 340,318</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)	
	2015	2014	2015	2014
Interest and Dividend Income				
Loans, including fees	\$ 2,551	\$ 2,783	\$ 5,114	\$ 5,521
Investment securities:				
Taxable	299	307	591	622
Tax-exempt	276	278	557	549
Federal funds sold	16	10	30	17
Other	3	9	8	19
<b>Total interest and dividend income</b>	<b>3,145</b>	<b>3,387</b>	<b>6,300</b>	<b>6,728</b>
Interest Expense				
Deposits	327	408	675	820
Borrowings	7	8	14	16
<b>Total interest expense</b>	<b>334</b>	<b>416</b>	<b>689</b>	<b>836</b>
<b>Net interest income</b>	<b>2,811</b>	<b>2,971</b>	<b>5,611</b>	<b>5,892</b>
Provision for loan losses	-	37	-	75
<b>Net interest income after provision for loan losses</b>	<b>2,811</b>	<b>2,934</b>	<b>5,611</b>	<b>5,817</b>
Noninterest Income				
Service charges on deposit accounts	261	208	467	425
Net gain on sale of land, premises and equipment	-	-	337	-
Net gain on calls of securities	5	-	5	-
Net gain on sales of loans	18	32	32	40
Income from bank-owned life insurance	81	79	157	155
ATM fee income	259	237	487	455
Other	82	109	182	202
<b>Total noninterest income</b>	<b>706</b>	<b>665</b>	<b>1,667</b>	<b>1,277</b>
Noninterest Expense				
Salaries and employee benefits	1,326	1,349	2,656	2,724
Net occupancy expense	154	171	315	329
Equipment expense	103	93	204	173
FDIC deposit insurance	51	58	101	119
Net gain on sale of other real estate owned	(36)	9	(128)	(23)
OREO expenses, net of rental income	14	15	14	36
Other	614	605	1,244	1,192
<b>Total noninterest expense</b>	<b>2,226</b>	<b>2,300</b>	<b>4,406</b>	<b>4,550</b>
<b>Income before income taxes</b>	<b>1,291</b>	<b>1,299</b>	<b>2,872</b>	<b>2,544</b>
Income taxes	320	322	739	629
<b>Net income</b>	<b>\$ 971</b>	<b>\$ 977</b>	<b>\$ 2,133</b>	<b>\$ 1,915</b>
<b>Earnings per share, basic &amp; diluted</b>	<b>\$ 0.44</b>	<b>\$ 0.44</b>	<b>\$ 0.96</b>	<b>\$ 0.85</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, 2015	March 31, 2015	December 31, 2014	September 30, 2014	June 30, 2014
<b>Per Share Data:</b>					
Earnings per weighted average share	\$0.44	\$0.52	\$0.36	\$0.42	\$0.44
Weighted average shares outstanding	2,225,687	2,231,451	2,233,384	2,235,059	2,240,122
Actual shares outstanding	2,224,609	2,230,234	2,333,234	2,233,959	2,238,509
Book value per share at period end	\$ 20.92	\$ 20.91	\$ 20.45	\$ 20.62	\$ 20.44
Dividend per share	\$ 0.19	\$ 0.19	\$ 0.19	\$ 0.19	\$ 0.18
<b>Performance Ratios:</b>					
Return on average assets	1.12%	1.37%	0.94%	1.08%	1.15%
Net interest margin, (FTE) <sup>1</sup>	3.73%	3.81%	3.85%	3.87%	4.02%
Efficiency ratio <sup>2</sup>	60.89%	55.87%	66.88%	62.08%	60.93%
<b>Capital and Other Ratios:</b>					
<b>(Ratios are period end, unless stated otherwise)</b>					
Tier 1 leverage ratio	13.57%	13.62%	13.59%	13.41%	13.26%
Total risk-based capital ratio	25.99%	25.66%	25.14%	24.73%	24.58%
Allowance for loan losses to total loans	1.24%	1.26%	1.27%	1.29%	1.27%
Nonaccruing loans to total loans	0.96%	0.88%	0.87%	1.34%	1.60%
Net charge-offs (net recoveries) to average loans (annualized)	0.04%	0.08%	0.21%	0.03%	0.10%

<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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