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Oak View National Bank Announces First Quarter 2014 Earnings

Warrenton, VA., May 9, 2014--Oak View National Bank (OTCQB: OAKV) reported net income for the quarter ended March 31, 2014 of \$72,618, compared to net income of \$213,577 for the first quarter of 2013. The Bank became fully taxable in the first quarter of 2014 and recorded an income tax expense of \$37,409 compared to an income tax benefit of \$2,881 recorded for the quarter ending March 31, 2013. Basic and diluted earnings per share for the first quarter of 2014 were \$0.03 compared with \$0.08 per share in the first quarter of 2013. Return on average assets (ROAA) was .19% and return on average equity (ROAE) was 1.85% for the first quarter of 2014 compared to .62% and 6.15% respectively for the first quarter of 2013.

Michael Ewing, Vice Chairman of the Board and CEO said, “The Bank’s lower level of profitability reported in the first quarter of 2014 is a direct result of additional expenses incurred after opening our third branch in Culpeper, Virginia in August 2013 and the Bank becoming fully taxable in the first quarter of 2014. Although the new branch may negatively impact Bank profitability as it grows to scale, the Bank believes that ultimately the branch and its new market will be an outstanding contributor to future profitability.”

Net interest margin was 3.69% for the quarter ended March 31, 2014 compared to 3.57% for the quarter ending March 31, 2013. Although the average yield on earning assets remained constant at 4.45% for both quarters, the cost of funds declined by 17 basis points to .91% in the first quarter of 2014 from 1.08% for first quarter of 2013.

Loans, net of unearned interest and deferred costs, increased 10.6% to \$124.0 million at the end of the first quarter 2014 compared to \$112.1 million at March 31, 2013. Credit quality remained sound as the bank had no non-performing assets at March 31, 2014. For the quarter ending March 31, 2014 there was a loan loss provision of \$24,166 compared to a loan loss provision reversal of \$9,827 for the quarter ending March 31, 2013. The increase in the allowance for loan losses was a direct result of growth in the loan portfolio as the allowance for loan losses was \$1.44 million or 1.15% of total loans at March 31, 2014 compared to \$1.40 million or 1.24% of total loans at March 31, 2013.

Total deposits ended the quarter at \$126.3 million, representing an increase of 13.5% compared to \$111.3 million at the end of the first quarter of 2013. Total bank assets ended the quarter at \$155.8 million, representing an annual growth rate of 11.3% compared to the same period last year.

Noninterest income increased by \$28,344 or 64.2% to \$72,517 for the quarter ending March 31, 2014 due to higher levels of fee income received on mortgage loans originated for the secondary market and fees received on debit and credit cards.

Noninterest expenses increased by \$267,717 or 26% for the quarter ending March 31, 2014, the majority of which was attributable to expenses incurred in the new Culpeper branch including increases in personnel costs, occupancy and equipment costs, marketing costs, and other operating expenses.

OAK VIEW NATIONAL BANK**Statements of Income**

For the Quarters Ended March 31, 2014 and 2013

(Unaudited)

	<u>2014</u>	<u>2013</u>
Interest and Dividend Income		
Interest and fees on loans	\$ 1,533,893	\$ 1,431,648
Interest on held to maturity securities	1,720	1,722
Dividends on restricted stock	13,870	10,910
Interest on interest-bearing deposits in other banks	39,657	32,555
Interest on federal funds sold	<u>2,756</u>	<u>3,770</u>
Total interest and dividend income	<u>\$ 1,591,896</u>	<u>\$ 1,480,605</u>
Interest Expense		
Interest on deposits	\$ 226,896	\$ 246,044
Interest on Federal Home Loan Bank advances	<u>44,512</u>	<u>46,481</u>
Total interest expense	<u>\$ 271,408</u>	<u>\$ 292,525</u>
Net Interest Income	\$ 1,320,488	\$ 1,188,080
Provision for Loan Losses	<u>24,166</u>	<u>(9,827)</u>
Net interest income after provision for loan losses	<u>\$ 1,296,322</u>	<u>\$ 1,197,907</u>
Noninterest Income		
Service charges on deposit accounts	\$ 1,478	\$ 1,649
Card Fee Income	\$ 26,057	\$ 18,338
Other income	<u>44,982</u>	<u>24,186</u>
Total Noninterest Income	<u>\$ 72,517</u>	<u>\$ 44,173</u>
Noninterest Expenses		
Salaries and employee benefits	\$ 748,272	\$ 627,892
Occupancy and equipment expense	145,726	100,728
Professional services	86,987	79,415
Data processing	148,171	126,080
Promotional and marketing	42,395	20,364
Other operating expenses	<u>87,260</u>	<u>76,905</u>
Total noninterest expenses	<u>\$ 1,258,811</u>	<u>\$ 1,031,384</u>
Net Income Before Tax	\$ 110,028	\$ 210,696
Income tax expense (benefit)	<u>\$ 37,410</u>	<u>(2,881)</u>
Net income	<u>\$ 72,618</u>	<u>\$ 213,577</u>
Earnings per Share , basic and diluted	<u>\$ 0.03</u>	<u>\$ 0.08</u>

OAK VIEW NATIONAL BANK**Balance Sheets**

March 31, 2014 and 2013

(Unaudited)

	<u>2014</u>	<u>2013</u>
Assets		
Cash and due from banks	\$ 1,188,264	\$ 783,993
Interest-bearing deposits in other banks	19,895,499	19,930,663
Securities held to maturity, at cost	999,937	1,000,473
Restricted stock, at cost	1,275,280	1,271,070
Loans, net of allowance for loan losses of \$1,443,070 and \$1,402,159 for 2014 and 2013, respectively	124,044,697	112,147,457
Premises and equipment, net	6,320,549	3,977,283
Accrued interest receivable	342,940	348,618
Deferred tax asset	1,544,408	327,403
Other assets	152,021	165,484
Total assets	<u>\$ 155,763,595</u>	<u>\$ 139,952,444</u>
Liabilities and Shareholders' Equity		
Liabilities		
Deposits:		
Noninterest bearing	\$ 16,255,259	\$ 15,238,457
Savings, interest-bearing checking and money market accounts	57,064,704	49,397,210
Time, \$100,000 and over	29,623,173	25,751,430
Other time	23,389,586	20,918,680
Total deposits	\$ 126,332,722	\$ 111,305,777
Federal Home Loan Bank advances	12,900,000	13,900,000
Accrued expenses and other liabilities	635,950	591,677
Total liabilities	<u>\$ 139,868,672</u>	<u>\$ 125,797,454</u>
Commitments and Contingent Liabilities	<u>\$ --</u>	<u>\$ --</u>
Shareholders' Equity		
Preferred stock		
\$ 5 par value, authorized 2,000,000 shares, None issued and outstanding	--	--
Common stock		
\$ 1 par value, authorized 10,000,000 shares, 2,618,456 shares issued and outstanding 2013 2,623,456 shares issued and outstanding 2014	\$ 2,623,456	\$ 2,618,456
Additional paid-in capital	16,344,480	16,324,480
Retained (deficit)	(3,073,013)	(4,787,946)
Accumulated other comprehensive income	--	--
Total shareholders' equity	<u>\$ 15,894,923</u>	<u>\$ 14,154,990</u>
Total liabilities and shareholders' equity	<u>\$ 155,763,595</u>	<u>\$ 139,952,444</u>