



FOR IMMEDIATE RELEASE

Oak View National Bank Announces an Increase of 33.1% in Second Quarter 2020 Earnings

Warrenton, VA., July 27, 2020 – **Oak View National Bank (OTC Pink: OAKV)** reported net income for the quarter ended June 30, 2020 increased 33.1% to \$673,574 compared to \$506,002 for the second quarter of 2019 and net income for the six months of \$860,119 compared to \$943,809 for the six months ended June 30, 2019. Basic and diluted earnings per share for the second quarter of 2020 were \$0.23 compared with \$0.18 per share in the second quarter of 2019 and \$.30 for the six months ended June 30, 2020 compared to \$.33 for the six months ended June 30, 2019.

Return on average assets (ROAA) was .89% for the second quarter of 2020 compared to .82% for the second quarter of 2019 and .62% for the six months ended June 30, 2020 compared to .78% for the six months ended June 30, 2019.

Return on average equity (ROAE) was 10.89% for the second quarter of 2020 compared to 8.90% for the second quarter of 2019 and 7.04% for the six months ended June 30, 2020 compared to 8.43% for the six months ended June 30, 2019.

Michael Ewing, Vice Chairman and CEO said, “Although Oak View continues to be impacted by the events surrounding the COVID-19 pandemic, our participation in the SBA Payroll Protection Program (PPP) has allowed us to receive approvals for \$25.4MM in forgivable loans under this government program as of June 30, 2020, which has provided much needed assistance to over 360 small businesses in our communities. In addition, the Bank has received over \$1.1MM in fee income related to these loans which will be amortized, net of the related costs, over the life of the loan under current accounting standards. Most of that interest income will be booked as earnings at the time each loan is forgiven by the SBA,” Mr. Ewing went on to indicate that, “The Bank had no past due loans as of June 30, 2020 and only one non-performing loan totaling \$27,475, and it is protected by an 85% guarantee from the SBA. In addition, an in-depth analysis of our loan portfolio indicated that large additional reserves beyond those taken last quarter were not necessary as of June 30, 2020 and although the environment continues to be challenging, we are hopeful that the worst is behind us and that the balance of the year will show marked improvement.”

The net interest margin of the Bank was temporarily impacted in the second quarter of 2020. A very large short term deposit that was invested in overnight Fed Funds at the extremely low Fed Funds rate significantly changed the mix in interest earning assets for the quarter. As of June 30, 2020 the deposit had left the Bank. In addition, the increased balance in the SBA Payroll Protection Program loans at comparatively lower yields also had an impact. The net interest margin decreased to 2.90% for the quarter ended June 30, 2020 compared to 3.61% for the quarter ending June 30, 2019. The average yield on earning assets decreased 105 basis points to 3.63% for the quarter ending June 30, 2020 from 4.68% for the quarter ending June 30, 2019 and the cost of funds decreased by 24 basis points to 1.16% in the second quarter of 2020 from 1.40% for second quarter of 2019. The ratio of average interest-earning assets to interest bearing liabilities increased to 157.49% for the quarter ending June 30, 2020 from 130.5% for the quarter ending June 30, 2019.

Loans, net of unearned interest and deferred fees/costs, increased 12.6% to \$234.8 million at the end of the second quarter 2020 compared to \$208.6 million at June 30, 2019 and included \$25.8 million in SBA guaranteed Payroll Protection Program loans. The bank had one non-performing loan as of June 30, 2020 totaling \$27,475 and for the quarter ending June 30, 2020. There was a loan loss provision of \$61,511 for the quarter ending June 30, 2020 compared to a loan loss provision recovery of \$12,682 for the quarter ending June 30, 2019. The allowance for loan losses was \$2.03 million or .86% of total loans at June 30, 2020 compared to \$1.80 million or .87% of total loans at June 30, 2019. Excluding Paycheck Protection Program loans, the allowance for loan losses would have been .97% at June 30, 2020.

Total deposits ended the quarter at \$232.0 million, representing an increase of 15.7% compared to \$200.6 million at the end of the second quarter of 2019. Total bank assets ended the quarter at \$280.2 million, representing an annual growth rate of 11.9% compared to the same period last year.

Noninterest income decreased by \$23,239 or 9.8% to \$214,676 for the quarter ending June 30, 2020 compared to the quarter ending June 30, 2019 primarily due to lower levels of service charges on deposit accounts and lower levels of fees on mortgage loans originated for the secondary market.

Noninterest expenses decreased by \$325,976 or 19.1% for the quarter ending June 30, 2019 reflecting the increased level of costs deferred due to the high volume of loans originated under the SBA Payroll Protection Program.

Oak View National Bank is a locally owned and managed community bank offering a full range of financial services for commercial and retail customers, as well as not-for-profit entities. Oak View National Bank serves Fauquier, Culpeper, Rappahannock and surrounding counties with full-service offices in Warrenton, Marshall and Culpeper and a loan production office in Washington, Virginia. Visit us at www.oakviewbank.com. Member FDIC.

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For additional information, contact Jennifer Knighting, Senior Vice President/Director of Sales & Marketing, Oak View National Bank, at 540-825-2570.

OAK VIEW NATIONAL BANK**Balance Sheets**

June 30, 2020 and 2019

	(Unaudited)	
	2020	2019
Assets		
Cash and due from banks	\$ 4,119,735	\$ 3,516,391
Federal funds sold	12,074,000	7,110,000
Interest-bearing deposits in other banks	14,124,000	15,990,961
Securities held to maturity, at cost	2,649,354	2,649,286
Restricted stock, at cost	1,978,305	2,039,219
Loans, net of allowance for loan losses of \$2,030,444 and \$1,805,492 for 2020 and 2019, respectively	232,798,728	206,769,726
Premises and equipment, net	5,532,648	5,675,176
Accrued interest receivable	845,832	658,274
BOLI investment	5,149,525	5,036,719
Deferred tax asset	483,249	547,590
Other assets	471,686	551,801
Total assets	<u>\$ 280,227,062</u>	<u>\$ 250,545,144</u>
Liabilities and Shareholders' Equity		
Liabilities		
Deposits:		
Noninterest bearing	\$ 71,777,659	\$ 44,229,975
Savings, interest-bearing checking and money market accounts	82,911,971	76,057,646
Time deposits	77,357,397	80,272,034
Total deposits	\$ 232,047,027	\$ 200,559,655
Federal Home Loan Bank advances	21,800,000	25,800,000
Accrued expenses and other liabilities	1,243,515	1,123,395
Total liabilities	<u>\$ 255,090,542</u>	<u>\$ 227,483,050</u>
Commitments and Contingent Liabilities	\$ --	\$ --
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, 2,893,002 shares issued and outstanding at 6-30-2020; 2,873,456 shares issued and outstanding at 6-30-2019	\$ 2,893,002	\$ 2,873,456
Additional paid-in capital	17,521,203	17,427,382
Retained earnings	4,722,315	2,761,256
Accumulated other comprehensive income	--	--
Total shareholders' equity	<u>\$ 25,136,520</u>	<u>\$ 23,062,094</u>
Total liabilities and shareholders' equity	<u>\$ 280,227,062</u>	<u>\$ 250,545,144</u>

OAK VIEW NATIONAL BANK						
Statements of Operations						
For the Three and Six Months Ended June 30, 2020 and 2019						
	Three Months ending June 30,			Six Months ending June 30,		
	2020	2019	% Change	2020	2019	% Change
	(Unaudited)			(Unaudited)		
Interest and Dividend Income						
Interest and fees on loans	\$ 2,456,092	\$ 2,544,570	-3.48%	\$ 4,856,133	\$ 4,981,463	-2.52%
Interest on held to maturity securities	30,393	30,545	-0.50%	60,939	60,175	1.27%
Dividends on restricted stock	25,809	28,879	-10.63%	57,722	59,192	-2.48%
Interest on interest-bearing deposits in other banks	86,812	92,100	-5.74%	181,794	182,226	-0.24%
Interest on federal funds sold	7,491	22,246	-66.33%	72,596	44,867	61.80%
Total interest and dividend income	<u>\$ 2,606,598</u>	<u>\$ 2,718,340</u>	-4.11%	<u>\$ 5,229,183</u>	<u>\$ 5,327,923</u>	-1.85%
Interest Expense						
Interest on deposits	\$ 436,546	\$ 493,112	-11.47%	\$ 937,845	\$ 941,103	-0.35%
Interest on Federal Home Loan Bank advances	89,723	126,813	-29.25%	212,568	244,893	-13.20%
Interest on federal funds purchased	-	1,712	0.00%	-	1,712	-100.00%
Total interest expense	<u>\$ 526,269</u>	<u>\$ 621,637</u>	-15.34%	<u>\$ 1,150,413</u>	<u>\$ 1,187,708</u>	-3.14%
Net Interest Income	<u>\$ 2,080,329</u>	<u>\$ 2,096,703</u>	-0.78%	<u>\$ 4,078,771</u>	<u>\$ 4,140,215</u>	-1.48%
Provision for Loan Losses	<u>61,511</u>	<u>(12,682)</u>	-585.01%	<u>324,968</u>	<u>3,489</u>	9214.23%
Net interest income after provision for loan losses	<u>\$ 2,018,819</u>	<u>\$ 2,109,386</u>	-4.29%	<u>\$ 3,753,803</u>	<u>\$ 4,136,726</u>	-9.26%
Noninterest Income						
Service charges on deposit accounts	\$ 14,970	\$ 28,524	-47.52%	\$ 43,235	\$ 57,779	-25.17%
Card Fee Income	79,440	78,479	1.22%	156,855	143,281	9.47%
Income on BOLI	27,089	28,699	-5.61%	54,382	56,923	-4.47%
Other income	93,177	102,213	-8.84%	188,493	178,386	5.67%
Total Noninterest Income	<u>\$ 214,676</u>	<u>\$ 237,915</u>	-9.77%	<u>\$ 442,964</u>	<u>\$ 436,370</u>	1.51%
Noninterest Expenses						
Salaries and employee benefits	\$ 703,640	\$ 990,931	-28.99%	\$ 1,732,404	\$ 1,996,379	-13.22%
Occupancy and equipment expense	142,608	136,488	4.48%	288,877	271,370	6.45%
Professional services	90,598	100,490	-9.84%	171,882	186,923	-8.05%
Data processing	246,330	252,763	-2.55%	529,845	492,019	7.69%
Promotional and marketing	35,412	51,762	-31.59%	67,683	92,039	-26.46%
Other operating expenses	162,280	174,412	-6.96%	317,318	339,722	-6.59%
Total noninterest expenses	<u>\$ 1,380,869</u>	<u>\$ 1,706,845</u>	-19.10%	<u>\$ 3,108,009</u>	<u>\$ 3,378,454</u>	-8.00%
Net Income Before Tax	<u>\$ 852,626</u>	<u>\$ 640,456</u>	33.13%	<u>\$ 1,088,758</u>	<u>\$ 1,194,642</u>	-8.86%
Income tax expense	179,051	134,454	33.17%	228,639	250,833	-8.85%
Net income	<u>\$ 673,574</u>	<u>\$ 506,002</u>	33.12%	<u>\$ 860,119</u>	<u>\$ 943,809</u>	-8.87%
Earnings per Share, basic and diluted	<u>\$ 0.23</u>	<u>\$ 0.18</u>	32.22%	<u>\$ 0.30</u>	<u>\$ 0.33</u>	-9.31%
Earnings per Share, diluted	<u>\$ 0.23</u>	<u>\$ 0.18</u>		<u>\$ 0.30</u>	<u>\$ 0.33</u>	