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Oak View National Bank Announces Third Quarter Earnings

Warrenton, VA., November 7, 2017--Oak View National Bank (OTC Pink: OAKV) reported net income for the quarter ended September 30, 2017 of \$240,659, compared to net income of \$335,333 for the third quarter of 2016. Basic and diluted earnings per share for the third quarter of 2017 were \$0.08 compared with \$0.12 per share in the third quarter of 2016. Return on average assets (ROAA) was .46% and return on average equity (ROAE) was 4.70% for the third quarter of 2017 compared to .71% and 7.15% respectively for the third quarter of 2016. For the nine months ended September 30, 2017, the Bank reported net income of \$794,927 compared to net income of \$827,660 reported for the nine months ending September 30, 2016, a decrease of 4.0%. Basic and diluted earnings per share for the nine months ending September 30, 2017 were \$0.28 versus \$0.29 for the nine months ending September 30, 2016.

Michael Ewing, Vice Chairman of the Board and CEO said, "Although the changes we made to increase our growth rate have had a short term impact on our profitability through higher loan loss provisions and higher noninterest expenses, we believe the benefits will be realized in 2018 and beyond. We are very pleased with the additions we have made to our loan production staff and the increased loan origination capability it has brought to the Bank."

The Bank is considered "well capitalized" according to regulatory guidelines. Regulatory capital ratios at September 30, 2017 were 9.80% Tier 1 leverage ratio and 13.18% Tier 1 capital ratio compared to 9.96% Tier 1 leverage ratio and 14.12% Tier 1 capital ratio at September 30, 2016. Capital ratios declined as capital was deployed to fund growth in loans and deposits.

The net interest margin was 3.73% for the quarter ended September 30, 2017 compared to 3.76% for the quarter ending September 30, 2016. The average yield on earning assets increased to 4.38% for the quarter ending September 30, 2017 from 4.32% for the quarter ending September 30, 2016 and the cost of funds increased by 13 basis points to .84% in the third quarter of 2017 from .71% for third quarter of 2016. The ratio of average interest-earning assets to interest bearing liabilities was to 128.22% for the quarter ending September 30, 2017 compared to 129.11% for the quarter ending September 30, 2016.

Loans, net of unearned interest and deferred costs, increased 11.3% to \$174.5 million at the end of the third quarter 2017 compared to \$156.7 million at September 30, 2016. Credit quality remained sound as the bank only had two non-performing loans at September 30, 2017 totaling \$81,890. For the quarter ending September 30, 2017 there was a loan loss provision of \$52,342 compared to a loan loss provision of \$28,241 for the quarter ending September 30, 2016. The allowance for loan losses was \$1.71 million or .98% of total loans at September 30, 2017 compared to \$1.60 million or 1.02% of total loans at September 30, 2016.

Total deposits ended the quarter at \$167.2 million, representing an increase of 10% compared to \$152.1 million at the end of the third quarter of 2016. Total bank assets ended the quarter at \$209.4 million, representing an annual growth rate of 6.9% compared to the same period last year.

Noninterest income increased by \$7,386 or 4.7% to \$163,833 for the quarter ending September 30, 2017 from higher levels of card fee income and service charges on deposit accounts partially offset by lower BOLI income and other non-interest income.

Noninterest expenses increased by \$174,561 or 15.2% for the quarter ending September 30, 2017, the majority of which was attributable to increases in personnel costs, promotional and marketing costs, and volume driven increases in data processing costs partially offset by reductions in professional service costs.

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 and surrounding counties with offices in Warrenton, Marshall and Culpeper. Visit us at www.oakviewbank.com. Member FDIC.

Oak View National Bank was awarded a 5-star rating by BauerFinancial in January 2016, and as such is recognized as one of the strongest financial institutions in the country. BauerFinancial, Inc. is the nation's leading independent bank and credit union rating firm. www.bauerfinancial.com 800.388.6686.

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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**

September 30, 2017 and 2016

	(Unaudited)	
	2017	2016
Assets		
Cash and due from banks	\$ 2,850,285	\$ 2,062,192
Interest-bearing deposits in other banks	15,963,299	22,811,691
Securities held to maturity, at cost	2,650,151	1,900,420
Fed Funds Sold	1,104,000	54,000
Restricted stock, at cost	1,738,000	1,827,750
Loans, net of allowance for loan losses of \$1,713,518.13 and \$1,601,692.34 for 2017 and 2016, respectively	172,794,877	155,145,566
Premises and equipment, net	5,739,437	5,886,266
Accrued interest receivable	540,213	441,191
BOLI investment	4,829,611	4,701,000
Deferred tax asset	837,785	818,118
Other assets	393,498	315,160
Total assets	<u>\$ 209,441,156</u>	<u>\$ 195,963,353</u>
Liabilities and Shareholders' Equity		
Liabilities		
Deposits:		
Noninterest bearing	\$ 36,908,265	\$ 36,139,242
Savings, interest-bearing checking and money market accounts	66,519,222	59,958,745
Time, \$100,000 and over	56,780,767	33,427,452
Other time	7,024,697	22,568,141
Total deposits	\$ 167,232,951	\$ 152,093,580
Federal Home Loan Bank advances	20,900,000	23,900,000
Accrued expenses and other liabilities	963,529	804,141
Total liabilities	<u>\$ 189,096,480</u>	<u>\$ 176,797,721</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, 2,873,456 shares issued and outstanding	\$ 2,873,456	\$ 2,873,456
Additional paid-in capital	17,427,382	17,347,988
Retained earnings (deficit)	43,838	(1,055,813)
Accumulated other comprehensive income	--	--
Total shareholders' equity	<u>\$ 20,344,676</u>	<u>\$ 19,165,632</u>
Total liabilities and shareholders' equity	<u>\$ 209,441,156</u>	<u>\$ 195,963,353</u>

OAK VIEW NATIONAL BANK				
Statements of Operations				
	Three Months Ending September 30,		Nine Months Ending September 30,	
	2017	2016	2017	2016
	(Unaudited)		(Unaudited)	
Interest and Dividend Income				
Interest and fees on loans	\$ 2,013,667	\$ 1,843,681	\$ 5,844,058	\$ 5,367,337
Interest on held to maturity securities	29,690	18,788	89,782	48,539
Dividends on restricted stock	20,566	23,304	64,643	63,027
Interest on interest-bearing deposits in other banks	65,932	60,079	191,046	184,593
Interest on federal funds sold	13,439	4,254	40,374	7,586
Total interest and dividend income	<u>\$ 2,143,294</u>	<u>\$ 1,950,107</u>	<u>\$ 6,229,903</u>	<u>\$ 5,671,081</u>
Interest Expense				
Interest on deposits	\$ 243,196	\$ 193,680	\$ 669,897	\$ 577,939
Interest on Federal Home Loan Bank advances	77,218	55,892	191,479	157,123
Interest on federal funds purchased	-	229.05	-	1,173
Total interest expense	<u>\$ 320,414</u>	<u>\$ 249,802</u>	<u>\$ 861,376</u>	<u>\$ 736,236</u>
Net Interest Income	<u>\$ 1,822,880</u>	<u>\$ 1,700,305</u>	<u>\$ 5,368,527</u>	<u>\$ 4,934,845</u>
Provision for Loan Losses	<u>52,342</u>	<u>28,242</u>	<u>70,042</u>	<u>119,190</u>
Net interest income after provision for loan losses	<u>\$ 1,770,538</u>	<u>\$ 1,672,063</u>	<u>\$ 5,298,486</u>	<u>\$ 4,815,655</u>
Noninterest Income				
Service charges on deposit accounts	\$ 23,688	\$ 16,230	\$ 60,075	\$ 43,898
Card Fee Income	57,921	46,833	156,019	134,568
Income on BOLI	31,984	35,173	94,555	104,386
Other income	50,241	58,212	132,225	161,316
Total Noninterest Income	<u>\$ 163,833</u>	<u>\$ 156,447</u>	<u>\$ 442,874</u>	<u>\$ 444,169</u>
Noninterest Expenses				
Salaries and employee benefits	\$ 946,419	\$ 826,348	\$ 2,822,375	\$ 2,429,370
Occupancy and equipment expense	130,814	122,291	393,041	397,498
Professional services	76,909	112,473	235,007	283,801
Data processing	198,679	187,038	585,774	545,058
Promotional and marketing	60,634	25,168	129,757	75,704
Other operating expenses	127,788	93,363	391,082	320,613
Total noninterest expenses	<u>\$ 1,541,242</u>	<u>\$ 1,366,681</u>	<u>\$ 4,557,037</u>	<u>\$ 4,052,044</u>
Net Income Before Tax	<u>\$ 393,129</u>	<u>\$ 461,830</u>	<u>\$ 1,184,323</u>	<u>\$ 1,207,780</u>
Income tax expense	<u>152,470</u>	<u>126,497</u>	<u>389,400</u>	<u>380,120</u>
Net income	<u>\$ 240,659</u>	<u>\$ 335,333</u>	<u>\$ 794,924</u>	<u>\$ 827,660</u>
Earnings per Share , basic and diluted	<u>\$ 0.08</u>	<u>\$ 0.12</u>	<u>\$ 0.28</u>	<u>\$ 0.29</u>