



FOR IMMEDIATE RELEASE

Oak View National Bank Announces an Increase of 106.7% in Earnings for 2018 Compared to 2017

Warrenton, VA., February 1, 2019 --Oak View National Bank (OTC Pink: OAKV) reported net income for the year ended December 31, 2018 of \$1,731,144, or \$0.60 per share compared to \$837,388 or \$.29 per share for the year ended December 31, 2017. The drop in the corporate Federal tax rate from 34% to 21% resulting from the Tax Cuts and Jobs Act significantly impacted the comparison of year-over-year earnings for community banks this year. The decrease in the tax rate became effective January 1, 2018 and resulted in a downward adjustment of the Bank's net deferred tax asset in the amount of \$327,600 or \$.11 per share, recorded as an expense in the fourth quarter of 2017. Earnings in 2018 were positively impacted by the lower tax rate by approximately \$.08 per share. Return on average assets (ROAA) was .73% and return on average equity (ROAE) was 8.14% for the year ended December 31, 2018 compared to .40% and 4.16% respectively for the year ended December 31, 2017.

Michael Ewing, Vice Chairman of the Board and CEO said, "Although we continue to see pressure on our net interest margin due to the increases in short term rates, increased revenues from our asset growth and tight control of our noninterest expenses has allowed us to report improved profitability and higher returns on both assets and equity."

At December 31, 2018, total assets were \$238.2 million, an increase of \$19.8 million or 9.1% over total assets from the prior year. Gross loans increased 9.2% to \$200.1 million at the end of 2018 compared to \$183.3 million at December 31, 2017. Total deposits ended the year at \$191.2 million, representing an increase of 8.6% compared to \$176.1 million at December 31, 2017.

Credit quality remained outstanding as the bank only had two non-performing loans at December 31, 2018 totaling \$63,489. The year ending December 31, 2018 had a loan loss provision of \$198,355 compared to a loan loss provision of \$98,335 for the year ending December 31, 2017. The allowance for loan losses was \$1.81 million or .905% of total loans at December 31, 2018 compared to \$1.74 million or .95% of total loans at December 31, 2017.

For the fourth quarter of 2018, the Bank reported net income of \$499,729 or \$.17 per share versus \$42,465 or \$.01 per share reported for the fourth quarter of 2017, an increase of \$457,264. As indicated above, the fourth quarter of 2017 was impacted by the deferred tax adjustment. Net operating income before tax for the quarter ending December 31, 2018 was \$598,368 compared to net operating income before tax of \$490,562 for the quarter ending December 31, 2017 an increase of \$107,806 or 22%. The higher pre-tax income was a result of increased net interest income from higher loan outstandings and higher levels of non-interest income which were partially offset by volume related increases in data processing cost and higher other operating expenses.

The quarter ending December 31, 2018 had a loan loss provision of \$40,964 compared to a loan loss provision of \$28,293 for the quarter ending December 31, 2017.

The net interest margin fell to 3.57% for the quarter ended December 31, 2018 compared to 3.76% for the quarter ending December 31, 2017. The average yield on earning assets increased 7 basis points to 4.51% in the quarter ending December 31, 2018, however, the cost of funds increased by 33 basis points to 1.20% from the fourth quarter of 2017. The ratio of average interest earning assets to interest bearing liabilities decreased slightly to 127.9% in the December 2018 quarter from 128.2% in the December 2017 quarter.

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.

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OAK VIEW NATIONAL BANK**Balance Sheets**

December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Assets	(Unaudited)	
Cash and due from banks	\$ 3,316,159	\$ 2,794,095
Federal funds sold	3,126,000	1,661,000
Interest-bearing deposits in other banks	16,241,844	15,896,742
Securities held to maturity, at cost	2,649,816	2,650,083
Restricted stock, at cost	1,987,450	1,756,750
Loans, net of allowance for loan losses of \$1,810,450 and \$1,741,644 for 2018 and 2017, respectively	198,461,963	181,597,454
Premises and equipment, net	5,702,669	5,729,289
Accrued interest receivable	570,768	553,165
Bank Owned Life Insurance	4,979,796	4,861,076
Deferred tax asset	547,590	529,200
Other assets	602,148	326,745
Total assets	<u>\$ 238,186,203</u>	<u>\$ 218,355,599</u>
Liabilities and Shareholders' Equity		
Liabilities		
Deposits:		
Noninterest bearing	\$ 40,049,798	\$ 37,379,508
Savings, interest-bearing checking and money market accounts	72,457,999	67,528,050
Time, \$250,000 and over	9,454,893	7,281,063
Other time	69,230,113	63,945,565
Total deposits	\$ 191,192,803	\$ 176,134,186
Federal Home Loan Bank advances	23,800,000	20,900,000
Accrued expenses and other liabilities	1,075,116	934,272
Total liabilities	<u>\$ 216,067,919</u>	<u>\$ 197,968,458</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	17,427,382
Retained earnings (deficit)	1,817,446	86,303
Accumulated other comprehensive income	--	--
Total shareholders' equity	<u>\$ 22,118,284</u>	<u>\$ 20,387,141</u>
Total liabilities and shareholders' equity	<u>\$ 238,186,203</u>	<u>\$ 218,355,599</u>

OAK VIEW NATIONAL BANK						
Statements of Operations						
For the Three Months and Years Ended December 31, 2018 and 2017						
	Three Months ending December 31,			Year Ending December 31,		
	2018	2017	% Change	2018	2017	% Change
	(Unaudited)			(Unaudited)		
Interest and Dividend Income						
Interest and fees on loans	\$ 2,397,867	\$ 2,115,704	13.34%	9,299,093	7,959,761	16.83%
Interest on held to maturity securities	29,695	38,305	-22.48%	118,720	128,088	-7.31%
Dividends on restricted stock	34,315	28,408	20.79%	120,411	93,051	29.40%
Interest on interest-bearing deposits in other banks	88,240	60,195	46.59%	312,719	251,240	24.47%
Interest on federal funds sold	56,495	5,906	856.49%	130,193	46,281	181.31%
Total interest and dividend income	<u>\$ 2,606,612</u>	<u>\$ 2,248,518</u>	15.93%	<u>9,981,136</u>	<u>8,478,421</u>	17.72%
Interest Expense						
Interest on deposits	\$ 421,259	\$ 259,009	62.64%	1,478,312	928,907	59.15%
Interest on Federal Home Loan Bank advances	120,704	83,092	45.27%	434,355	274,571	58.19%
Interest on federal funds purchased	-	428	- -	816	427	90.92%
Total interest expense	<u>\$ 541,963</u>	<u>\$ 342,529</u>	58.22%	<u>1,913,483</u>	<u>1,203,905</u>	58.94%
Net Interest Income	\$ 2,064,649	\$ 1,905,989	8.32%	8,067,653	7,274,516	10.90%
Provision for Loan Losses	40,964	28,293	44.78%	198,355	98,335	101.71%
Net interest income after provision for loan losses	<u>\$ 2,023,685</u>	<u>\$ 1,877,696</u>	7.77%	<u>7,869,298</u>	<u>7,176,181</u>	9.66%
Noninterest Income						
Service charges on deposit accounts	\$ 27,251	\$ 23,403	16.44%	110,464	83,478	32.33%
Card Fee Income	68,551	59,042	16.11%	259,682	215,062	20.75%
Income on BOLI	29,894	31,466	-4.99%	118,720	126,020	-5.79%
Other income	64,247	50,228	27.91%	230,079	182,453	26.10%
Total Noninterest Income	<u>\$ 189,943</u>	<u>\$ 164,139</u>	15.72%	<u>718,945</u>	<u>607,013</u>	18.44%
Noninterest Expenses						
Salaries and employee benefits	\$ 965,614	\$ 944,698	2.21%	3,869,989	3,767,073	2.73%
Occupancy and equipment expense	133,929	124,824	7.29%	527,863	517,866	1.93%
Professional services	83,872	103,596	-19.04%	373,061	338,603	10.18%
Data processing	236,898	208,777	13.47%	913,152	794,551	14.93%
Promotional and marketing	33,025	35,348	-6.57%	194,588	165,104	17.86%
Other operating expenses	161,922	134,030	20.81%	552,469	525,112	5.21%
Total noninterest expenses	<u>\$ 1,615,260</u>	<u>\$ 1,551,273</u>	4.12%	<u>6,431,122</u>	<u>6,108,309</u>	5.28%
Net Income Before Tax	\$ 598,368	\$ 490,562	21.98%	2,157,121	1,674,885	28.79%
Income tax expense	98,639	448,097	-77.99%	425,977	837,497	-49.14%
Net income	<u>\$ 499,729</u>	<u>\$ 42,465</u>	1076.81%	<u>1,731,144</u>	<u>837,388</u>	106.73%
Earnings per Share, basic and diluted	<u>\$ 0.17</u>	<u>\$ 0.01</u>	1076.81%	<u>\$ 0.60</u>	<u>\$ 0.29</u>	106.73%