



FOR IMMEDIATE RELEASE

Oak View National Bank Announces an Increase to Income of 15.6% in Third Quarter 2019 Earnings

Warrenton, VA., October 22, 2019 –Oak View National Bank (OTC Pink: OAKV) reported net income for the quarter ended September 30, 2019 of \$568,745, compared to net income of \$492,145 for the third quarter of 2018, an increase of 15.6%. Basic and diluted earnings per share for the third quarter of 2019 were \$0.20 and \$0.19 compared with \$0.17 and \$0.17 per share in the third quarter of 2018. Return on average assets (ROAA) was .89% and return on average equity (ROAE) was 9.65% for the third quarter of 2019 compared to .81% and 9.05% respectively for the third quarter of 2018. For the nine months ending September 30, 2019, the Bank reported net income of \$1,512,555 compared to net income of \$1,231,415 reported for the nine months ending September 30, 2018, an increase of 22.8%. Basic and diluted earnings per share for the nine months ending September 30, 2019 were \$0.53 and \$0.52 versus \$0.43 and \$0.43 for the nine months ending September 30, 2018.

Michael Ewing, Vice Chairman of the Board and CEO said, “Although the Bank already enjoys outstanding credit quality, the Bank received a payoff on one of its two non-accrual loans, as well as, a payoff on one of its few substandard loans, which contributed to a reduction in the level of the allowance for loan and lease losses required for the loan portfolio, resulting in a recovery in the current quarter of \$15,700. Although we continue to see pressure on our net interest margin, we believe that the overall reduction in interest rates will have a positive impact on deposit rates. We intend to manage our asset growth to our capital levels, while seeking to increase revenues faster than non-interest expenses, as we focus on increasing our levels of non-interest income to improve our overall profitability.”

“We are also pleased to announce the addition of a seasoned loan officer in the Rappahannock and Warren County markets. A Loan Production Office will soon open in Washington, Virginia once we have secured a facility. This is a natural extension of our community banking culture into a neighboring area and is already producing great results,” Ewing continued.

The Bank is considered “well capitalized” according to regulatory guidelines. Regulatory capital ratios at September 30, 2019 were 9.36% Tier 1 leverage ratio and 12.96% Tier 1 capital ratio compared to 8.92% Tier 1 leverage ratio and 12.79% Tier 1 capital ratio at September 30, 2018.

The net interest margin was 3.50% for the quarter ended September 30, 2019 compared to 3.55% for the quarter ending September 30, 2018. The average yield on earning assets increased to 4.56% for the quarter ending September 30, 2019 from 4.46% for the quarter ending September 30, 2018 and the cost of funds increased by 23 basis points to 1.39% in the third quarter of 2019 from 1.16% for third quarter of 2018. The ratio of average interest-earning assets to interest bearing liabilities was 131.2% for the quarter ending September 30, 2019 compared to 127.4% for the quarter ending September 30, 2018.

Loans, net of unearned interest and deferred costs, increased 7.6% to \$211.9 million at the end of the third quarter 2019 compared to \$196.9 million at September 30, 2018. Credit quality remained sound as the bank only had one non-performing loans at September 30, 2019 totaling \$30,625. For the quarter ending September 30, 2019 there was a loan loss recovery of \$15,700 compared to a loan loss provision of

\$23,609 for the quarter ending September 30, 2018. The allowance for loan losses was \$1.79 million or .85% of total loans at September 30, 2019 compared to \$1.77 million or .90% of total loans at September 30, 2018.

Total deposits ended the quarter at \$200.9 million, representing an increase of 3.4% compared to \$194.3 million at the end of the third quarter of 2018. Total bank assets ended the quarter at \$255.6 million, representing an annual growth rate of 6.1% compared to the same period last year.

Noninterest income increased by \$74,485 or 42.5% to \$249,809 for the quarter ending September 30, 2019 from higher levels of card fee income and fee income on mortgage loans partially offset by lower BOLI income and lower service charges on deposit accounts.

Noninterest expenses increased by \$79,119 or 5.0% for the quarter ending September 30, 2019, the majority of which was attributable to increases in salaries and benefits from higher staffing levels, volume driven increases in data processing costs, higher employee training expense and higher franchise taxes partially offset by a reduction in professional services and promotional and marketing expenses.

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 offices in Warrenton, Marshall and Culpeper. 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

September 30, 2019 and 2018

	(Unaudited) 2019	2018
Assets		
Cash and due from banks	\$ 3,319,481	\$ 2,865,630
Interest-bearing deposits in other banks	17,054,074	16,226,304
Securities held to maturity, at cost	2,649,319	2,649,890
Fed Funds Sold	7,586,000	9,383,000
Restricted stock, at cost	2,209,219	1,987,450
Loans, net of allowance for loan losses of \$1,789,680 and \$1,765,154 for 2019 and 2018, respectively	210,112,394	195,161,542
Premises and equipment, net	5,678,502	5,731,256
Accrued interest receivable	651,841	650,311
BOLI investment	5,066,065	4,949,901
Deferred tax asset	547,590	529,200
Other real estate owned	284,083	284,083
Other assets	413,598	396,934
Total assets	\$ 255,572,166	\$ 240,815,501
Liabilities and Shareholders' Equity		
Liabilities		
Deposits:		
Noninterest bearing	\$ 47,479,934	\$ 39,783,244
Savings, interest-bearing checking and money market accounts	71,687,684	75,392,063
Time deposits	81,727,551	79,151,555
Total deposits	\$ 200,895,169	\$ 194,326,862
Federal Home Loan Bank advances	29,800,000	23,800,000
Accrued expenses and other liabilities	1,246,158	1,070,083
Total liabilities	\$ 231,941,327	\$ 219,196,945
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, 2,873,456 shares issued and outstanding	\$ 2,873,456	\$ 2,873,456
Additional paid-in capital	17,427,382	17,427,382
Retained earnings	3,330,001	1,317,718
Accumulated other comprehensive income	--	--
Total shareholders' equity	\$ 23,630,839	\$ 21,618,556
Total liabilities and shareholders' equity	\$ 255,572,166	\$ 240,815,501

OAK VIEW NATIONAL BANK				
Statements of Operations				
	Three Months Ending September 30,		Nine Months Ending September 30,	
	2019	2018	2019	2018
	(Unaudited)		(Unaudited)	
Interest and Dividend Income				
Interest and fees on loans	\$ 2,551,319	\$ 2,384,236	\$ 7,532,783	\$ 6,901,226
Interest on held to maturity securities	30,577	29,699	90,751	89,025.03
Dividends on restricted stock	34,345	33,680	93,537	86,096.11
Interest on interest-bearing deposits in other banks	92,839	81,558	275,065	224,478.64
Interest on federal funds sold	43,527	45,732	88,394	73,698.59
Total interest and dividend income	<u>\$ 2,752,607</u>	<u>\$ 2,574,905</u>	<u>8,080,530</u>	<u>7,374,524.20</u>
Interest Expense				
Interest on deposits	\$ 509,079	\$ 400,770	\$ 1,450,182	\$ 1,057,053
Interest on Federal Home Loan Bank advances	131,008	123,926	375,901	313,651.85
Interest on federal funds purchased	0	0	1,712	816.16
Total interest expense	<u>\$ 640,087</u>	<u>\$ 524,696</u>	<u>\$ 1,827,795</u>	<u>\$ 1,371,521</u>
Net Interest Income	\$ 2,112,520	\$ 2,050,209	6,252,735	6,003,003.56
Provision for Loan Losses	(15,700)	23,609	(12,211)	157,390.50
Net interest income after provision for loan losses	<u>\$ 2,128,220</u>	<u>\$ 2,026,600</u>	<u>\$ 6,264,946</u>	<u>\$ 5,845,613</u>
Noninterest Income				
Service charges on deposit accounts	\$ 26,788	\$ 29,849	\$ 84,567	\$ 83,213
Card Fee Income	82,785	68,900	226,066	191,130.79
Income on BOLI	29,345	30,054	86,269	88,825.23
Other income	110,891	46,521	289,277	165,832.38
Total Noninterest Income	<u>\$ 249,809</u>	<u>\$ 175,324</u>	<u>\$ 686,179</u>	<u>\$ 529,002</u>
Noninterest Expenses				
Salaries and employee benefits	\$ 994,612	\$ 939,370	\$ 2,990,991	\$ 2,904,375
Occupancy and equipment expense	144,280	136,239	415,650	393,934.56
Professional services	62,475	106,737	249,398	289,188.49
Data processing	257,894	236,252	749,913	676,253.56
Promotional and marketing	41,438	61,232	133,477	161,563.13
Other operating expenses	157,377	99,126	497,099	390,547.47
Total noninterest expenses	<u>\$ 1,658,075</u>	<u>\$ 1,578,956</u>	<u>\$ 5,036,529</u>	<u>\$ 4,815,862</u>
Net Income Before Tax	\$ 719,954	\$ 622,968	1,914,596	1,558,752.90
Income tax expense	151,209	130,823	402,041	327,338.09
Net income	<u>\$ 568,745</u>	<u>\$ 492,145</u>	<u>\$ 1,512,555</u>	<u>\$ 1,231,415</u>
Earnings per Share, basic	<u>\$ 0.20</u>	<u>\$ 0.17</u>	<u>\$ 0.53</u>	<u>\$ 0.43</u>
Earnings per Share, diluted	<u>\$ 0.19</u>	<u>\$ 0.17</u>	<u>\$ 0.52</u>	<u>\$ 0.43</u>