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Oak View National Bank Announces Third Quarter Earnings

Warrenton, VA., November 2, 2020 – Oak View National Bank (OTC Pink: OAKV) reported net income for the quarter ended September 30, 2020 of \$571,113, compared to net income of \$568,745 for the third quarter of 2019. Basic and diluted earnings per share for the third quarter of 2020 were \$0.20 compared with \$0.20 and \$0.19 per share respectively in the third quarter of 2019. For the nine months ended September 30, 2020, the Bank reported net income of \$1,431,232 compared to net income of \$1,512,555 reported for the nine months ending September 30, 2019. Basic and diluted earnings per share for the nine months ending September 30, 2020 were \$0.50 versus \$0.53 and \$0.52 respectively for the nine months ending September 30, 2019.

Return on average assets (ROAA) was .81% for the third quarter of 2020 compared to .89% for the third quarter of 2019 and .68% for the nine months ended September 30, 2020 compared to .82% for the nine months ended September 30, 2019.

Return on average equity (ROAE) was 8.88% for the third quarter of 2020 compared to 9.65% for the third quarter of 2019 and 7.67% for the nine months ended September 30, 2020 compared to 8.85% for the nine months ended September 30, 2019.

Michael Ewing, Vice Chairman of the Board and CEO, said, “As previously reported the Bank participated in the SBA Payroll Protection Program (PPP) and now has \$26.3MM in outstanding loans under the government program. No loans were forgiven by the SBA in the third quarter and the approximately \$1.2MM in fee income received on these loans continues to be amortized, net of the related costs, over the life of the loans under current accounting standards. In the event the loans are forgiven by the SBA the remaining balance will be recognized as income.” Mr. Ewing went on to indicate that, “The Bank had no past due loans as of September 30, 2020 and only one non-performing loan totaling \$25,675. Although the business environment remains challenging, we have seen improvement in the third quarter and are hopeful that the trend will continue for the remainder of the year. Loan deferrals approved early in the pandemic have materially improved, from 9% of the loan portfolio as of March 31, 2020 to less than 2% as of September 30, 2020.”

“In addition to the improvements in the business environment in the third quarter, an announcement on October 1 that a major competitor in our local market plans to merge with an out-of-town bank, leaving Oak View as the only community bank headquartered in the market is expected to have a positive effect on the Bank’s rate of growth,” continued Mr. Ewing.

The Bank is considered “well capitalized” according to regulatory guidelines. The Bank’s Community Bank Leverage Ratio was 9.16% as of September 30, 2020.

The net interest margin was 3.30% for the quarter ended September 30, 2020 compared to 3.50% for the quarter ending September 30, 2019. The average yield on earning assets decreased to 3.99% for the quarter ending September 30, 2020 from 4.56% for the quarter ending September 30, 2019 and was impacted by the lower yielding PPP loans as well as the lower interest rate environment. The cost of

funds decreased by 41 basis points to .98% in the third quarter of 2020 from 1.39% for third quarter of 2019. The ratio of average interest-earning assets to interest bearing liabilities was 141.09% for the quarter ending September 30, 2020 compared to 131.2% for the quarter ending September 30, 2019.

Loans, net of unearned interest and deferred costs, increased 13.8% to \$241.1 million at the end of the third quarter 2020 compared to \$211.9 million at September 30, 2019 and included \$26.3MM of SBA PPP loans. For the quarter ending September 30, 2020 there was a loan loss provision of \$47,291 compared to a loan loss recovery of \$15,700 for the quarter ending September 30, 2019. The allowance for loan losses was \$2.08 million or .86% of total loans at September 30, 2020 compared to \$1.79 million or .85% of total loans at September 30, 2019. Excluding the SBA PPP loans which are 100% guaranteed by the SBA, the loan loss provision would be .97% of outstanding loans.

Total deposits ended the quarter at \$246.1 million, representing an increase of 22.5% compared to \$200.9 million at the end of the third quarter of 2019. Total bank assets ended the quarter at \$295.0 million, representing an annual growth rate of 15.4% compared to the same period last year.

Noninterest income increased by \$95,198 or 38.1% to \$345,007 for the quarter ending September 30, 2020 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 \$121,172 or 7.3% for the quarter ending September 30, 2020, the majority of which was attributable to increases in salaries and benefits and higher professional services expense from higher FDIC insurance costs partially offset by a reduction in 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 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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OAK VIEW NATIONAL BANK**Balance Sheets**

September 30, 2020 and 2019

	(Unaudited)	
	2020	2019
Assets		
Cash and due from banks	\$ 4,205,419	\$ 3,319,481
Interest-bearing deposits in other banks	13,110,801	17,054,074
Securities held to maturity, at cost	2,649,536	2,649,319
Fed Funds Sold	21,573,000	7,586,000
Restricted stock, at cost	1,893,305	2,209,219
Loans, net of allowance for loan losses of \$2,077,596 and \$1,789,680 for 2020 and 2019, respectively	239,010,984	210,112,394
Premises and equipment, net	5,516,817	5,678,502
Accrued interest receivable	900,591	651,841
BOLI investment	5,177,255	5,066,065
Deferred tax asset	483,249	547,590
Other real estate owned	--	284,083
Other assets	443,032	413,598
Total assets	<u>\$ 294,963,989</u>	<u>\$ 255,572,166</u>
Liabilities and Shareholders' Equity		
Liabilities		
Deposits:		
Noninterest bearing	\$ 77,227,502	\$ 47,479,934
Savings, interest-bearing checking and money market accounts	91,002,455	71,687,684
Time deposits	77,906,494	81,727,551
Total deposits	\$ 246,136,451	\$ 200,895,169
Federal Home Loan Bank advances	21,800,000	29,800,000
Accrued expenses and other liabilities	1,299,605	1,246,158
Total liabilities	<u>\$ 269,236,056</u>	<u>\$ 231,941,327</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, 2,896,502 shares issued and outstanding 9-30-2020 2,873,456 shares issued and outstanding 9-30-2019	\$ 2,896,502	\$ 2,873,456
Additional paid-in capital	17,538,003	17,427,382
Retained earnings	5,293,428	3,330,001
Accumulated other comprehensive income	--	--
Total shareholders' equity	<u>\$ 25,727,933</u>	<u>\$ 23,630,839</u>
Total liabilities and shareholders' equity	<u>\$ 294,963,989</u>	<u>\$ 255,572,166</u>

OAK VIEW NATIONAL BANK

Statements of Operations

	Three Months Ending September 30,		Nine Months Ending September 30,	
	2020	2019	2020	2019
	(Unaudited)		(Unaudited)	
Interest and Dividend Income				
Interest and fees on loans	\$ 2,542,890	\$ 2,551,319	\$ 7,399,023	\$ 7,532,783
Interest on held to maturity securities	30,147	30,577	91,086	90,751
Dividends on restricted stock	20,134	34,345	77,856	93,537
Interest on interest-bearing deposits in other banks	73,996	92,839	255,790	275,065
Interest on federal funds sold	1,844	43,527	74,440	88,394
Total interest and dividend income	<u>\$ 2,669,011</u>	<u>\$ 2,752,607</u>	<u>7,898,195</u>	<u>8,080,530</u>
Interest Expense				
Interest on deposits	\$ 393,423	\$ 509,079	\$ 1,331,268	\$ 1,450,182
Interest on Federal Home Loan Bank advances	69,797	131,008	282,365	375,901
Interest on federal funds purchased	1,114	0	1,114	1,712
Total interest expense	<u>\$ 464,333</u>	<u>\$ 640,087</u>	<u>\$ 1,614,747</u>	<u>\$ 1,827,795</u>
Net Interest Income	\$ 2,204,678	\$ 2,112,520	6,283,448	6,252,735
Provision for Loan Losses	47,291	(15,700)	372,259	(12,211)
Net interest income after provision for loan losses	<u>\$ 2,157,387</u>	<u>\$ 2,128,220</u>	<u>\$ 5,911,189</u>	<u>\$ 6,264,946</u>
Noninterest Income				
Service charges on deposit accounts	\$ 17,333	\$ 26,788	\$ 60,567	\$ 84,567
Card Fee Income	93,960	82,785	250,815	226,066
Income on BOLI	27,730	29,345	82,112	86,269
Other income	205,985	110,891	394,478	289,277
Total Noninterest Income	<u>\$ 345,007</u>	<u>\$ 249,809</u>	<u>\$ 787,971</u>	<u>\$ 686,179</u>
Noninterest Expenses				
Salaries and employee benefits	\$ 1,038,701	\$ 994,612	\$ 2,771,105	\$ 2,990,991
Occupancy and equipment expense	144,526	144,280	433,403	415,650
Professional services	132,859	62,475	304,741	249,398
Data processing	266,582	257,894	796,427	749,913
Promotional and marketing	35,507	41,438	103,190	133,477
Other operating expenses	161,073	157,377	478,391	497,099
Total noninterest expenses	<u>\$ 1,779,247</u>	<u>\$ 1,658,075</u>	<u>\$ 4,887,256</u>	<u>\$ 5,036,529</u>
Net Income Before Tax	\$ 723,146	\$ 719,954	1,811,905	1,914,596
Income tax expense	152,033	151,209	380,673	402,041
Net income	<u>\$ 571,113</u>	<u>\$ 568,745</u>	<u>\$ 1,431,232</u>	<u>\$ 1,512,555</u>
Earnings per Share, basic	<u>\$ 0.20</u>	<u>\$ 0.20</u>	<u>\$ 0.50</u>	<u>\$ 0.53</u>
Earnings per Share, diluted	<u>\$ 0.20</u>	<u>\$ 0.19</u>	<u>\$ 0.50</u>	<u>\$ 0.52</u>