



Oak View Bankshares, Inc. Announces Financial Results for 2021 and the Declaration of an Annual Dividend

Warrenton, VA, January 28, 2022 - Oak View Bankshares, Inc. (the “Company”) (OTC Pink: OAKV), parent company of Oak View National Bank (the “Bank”), reported net income of \$867,882 for the quarter ended December 31, 2021, compared to net income of \$585,715 for the quarter ended December 31, 2020, an increase of 48.17%. Basic and diluted earnings per share for the fourth quarter were \$0.29 compared to \$0.20 per share for the fourth quarter of 2020.

Net income for the twelve months ended December 31, 2021, was \$2.47 million, compared to \$2.02 million for the twelve months ended December 31, 2020, an increase of 22.46%. Basic and diluted earnings per share for the twelve months ended December 31, 2021, were \$0.84 compared to \$0.70 per basic share and \$0.69 per diluted share for the twelve months ended December 31, 2020.

On January 20, 2022, the Board of Directors of the Company declared an annual dividend of \$0.05 per share to shareholders of record as of the close of business on January 31, 2022, payable on February 7, 2022.

Selected Highlights:

- The net interest margin was 3.35% for the quarter, compared to 3.28% and 3.32% for the prior quarter and the fourth quarter of 2020, respectively. Year to date net interest margin was 3.37%, compared to 3.16% for the twelve months ended December 31, 2020.
- Total assets were \$345.10 million on December 31, 2021, an increase of \$17.38 million and \$60.43 million compared to September 30, 2021, and December 31, 2020, respectively.
- Total loans increased to \$251.20 million on December 31, 2021, compared to \$246.50 million on September 30, 2021, and \$245.76 million on December 31, 2020. Excluding Paycheck Protection Program loans (PPP) which declined due to anticipated forgiveness by the SBA, loan growth was 4.77% and 13.13% compared to September 30, 2021, and December 31, 2020, respectively.
- Credit quality continues to be outstanding as the Bank had just one non-performing loan, totaling \$2,385 and one loan totaling \$9,148 that was thirty-four days past due on December 31, 2021.
- The Bank recorded a recovery in the provision for loan losses of \$1,796 for the quarter, compared to a provision for loan losses of \$9,695 for the prior quarter and \$96,793 for the fourth quarter of 2020. Year to date recovery of provision for loan losses was \$59,644, compared to a provision for loan losses of \$469,052 for the twelve months ended December 31, 2020. While the Bank provided additional reserves for loan growth, these additional reserves were partially offset by reserve releases as previously anticipated credit deterioration at the onset of the pandemic has not been experienced.
- Total deposits increased to \$300.31 million on December 31, 2021, compared to \$283.73 million on September 30, 2021, and \$239.89 million on December 31, 2020. This represents an increase of \$16.59 million and \$60.43 million compared to September 30, 2021, and December 31, 2020, respectively.
- Regulatory capital remains strong with ratios exceeding the well capitalized thresholds in all categories.

Michael Ewing, CEO and Chairman of the Board said, “We are thrilled to report another year of record earnings for the Company. Our Company had an exceptional year that was full of change and opportunity. We began the year preparing for and converting our core data processing system to a new, more scalable platform which will offer efficiencies in operations and added value and flexibility for our customers. Mid-year, we began our reorganization into a bank holding company and completed that transaction during the fourth quarter. While these two initiatives added approximately \$677,000 in one-time expenses during 2021, we believe that both will enable our Company to better serve the needs of our customers and communities going forward.” Mr. Ewing continued by stating, “We are extremely excited for the future. We have taken advantage of adding key employees to our team, we opened over 1,000 new deposit accounts with new and existing customers, our loan pipeline remains strong, and our new technology and holding company are in place, all of which will position us well for the future.”

Earnings

Return on average assets was 1.01% and return on average equity was 12.19% for the quarter, compared to 0.76% and 8.87%, respectively, for the prior quarter and 0.81% and 8.92%, respectively, for the fourth quarter of 2020. Year to date return on average assets was 0.78% and return on average equity was 8.98%, compared to 0.71% and 8.00%, respectively, for the twelve months ended December 31, 2020.

Paycheck Protection Program Lending Update

The Bank originated a total of \$38.10 million in PPP loans during 2020 and 2021. Of this amount, \$2.89 million remain outstanding as of December 31, 2021. Total interest and fees, net of costs, recognized on these loans for the quarter totaled \$301,388 and \$1.11 million for the twelve months ended December 31, 2021.

Net Interest Margin

Increases in the net interest margin were impacted by changes in the yield on average earning assets, primarily higher yield on loans resulting from the acceleration of net deferred loan fees from the forgiveness of PPP loans. The yield on loans was 4.55% for the quarter, compared to 4.34% for the prior quarter and 4.20% for the fourth quarter of 2020. In addition, given the low interest rate environment and the maturity of higher yielding time deposits, cost of funds were 0.38%, a decline of nine basis points compared to the prior quarter of 0.47% and a decline of fifty basis points compared to 0.88% for the fourth quarter of 2020.

Year to date yield on loans was 4.45% compared to 4.39% for the twelve months ended December 31, 2020. Year to date cost of funds were 0.54% compared to 1.09% for the twelve months ended December 31, 2020.

Noninterest Income

Noninterest income was \$372,969 for the quarter, compared to \$466,459 for the prior quarter, and \$404,029 for the fourth quarter of 2020. Debit card interchange fee income and mortgage loan fee income are the largest contributors of noninterest income. Debit card interchange fee income was \$150,326 for the quarter, an increase of \$7,201 and \$62,766 when compared to the prior quarter and fourth quarter 2020, respectively. Mortgage loan fee income was \$113,166 for the quarter, a decrease of \$82,857 and \$112,851 compared to the prior quarter and fourth quarter of 2020, respectively.

Year to date noninterest income increased \$287,058 to \$1.48 million, compared to the twelve months ended December 31, 2020. Debit card interchange fee income was \$527,451 and \$319,847 for the twelve months ended December 31, 2021, and 2020, respectively. Mortgage loan fee income was \$563,727 and \$518,853 for the twelve months ended December 31, 2021, and 2020, respectively.

Noninterest Expense

Noninterest expense was \$2.07 million for the quarter, compared to \$2.20 million for the prior quarter and \$1.87 million for the fourth quarter of 2020. Year to date noninterest expense was \$8.71 million, compared to \$6.75 million for the twelve months ended December 31, 2020.

Salaries and employee benefits represents the largest category of noninterest expense. Expenses related to salaries and benefits were \$1.25 million for the quarter, compared to \$1.38 million for the prior quarter and \$1.03 million for the fourth quarter of 2020. Year to date salary and employee benefit expenses were \$4.77 million compared to \$3.80 million for the twelve months ended December 31, 2020. Increases to salaries and employee benefits are primarily related to newly added positions, taking advantage of growth opportunities in our markets.

Data processing expenses also contributed to the increase in noninterest expense. Data processing expenses were \$303,327 for the quarter, compared to \$262,872 for the prior quarter and \$384,102 for the fourth quarter of 2020. Year to date data processing expenses were \$1.72 million compared to \$1.18 million for the twelve months ended December 31, 2020. During the second quarter of 2021, the Bank converted its core data processing platform, which added one-time additional expenses of \$511,543.

The Bank reorganized into a bank holding company effective December 15, 2021. During the year, this reorganization added an additional \$165,221 in one-time professional and shareholder related expenses. Professional and shareholder expenses were \$35,640 for the quarter, compared to \$101,813 for the prior quarter and \$40,860 for the fourth quarter of 2020. Year to date professional and shareholder expenses were \$359,114 compared to \$196,774 for the twelve months ended December 31, 2020.

About Oak View Bankshares, Inc. and Oak View National Bank

Oak View Bankshares, Inc. is the parent bank holding company for Oak View National Bank, a locally owned and managed community bank serving Fauquier, Culpeper, Rappahannock, and surrounding Counties. For more information about Oak View Bankshares, Inc. and Oak View National Bank, please visit our website at www.oakviewbank.com. Member FDIC.

For additional information, contact Tammy Frazier, Executive Vice President & Chief Financial Officer, Oak View Bankshares, Inc., at 540-359-7155.

OAK VIEW BANKSHARES, INC. AND SUBSIDIARY

Consolidated Balance Sheets

As of December 31, 2021 and 2020

	(Unaudited) December 31, 2021	December 31, 2020
Cash and due from banks	\$ 12,969,342	\$ 3,640,065
Federal funds sold	36,995,000	7,261,000
Interest-bearing deposits in other banks	6,412,288	12,579,174
Securities held to maturity, at cost	5,783,291	3,149,392
Securities available for sale, at fair value	19,157,381	-
Restricted stock, at cost	1,483,955	1,725,605
Loans, net of allowance for loan losses of \$2,125,650 and \$2,173,910, respectively	249,070,663	243,585,780
Premises and equipment, net	6,224,006	5,470,408
Accrued interest receivable	722,403	889,704
Bank owned life insurance	5,309,354	5,204,850
Deferred tax asset	602,097	660,299
Other assets	369,771	505,926
Total assets	\$ 345,099,551	\$ 284,672,203
Liabilities and Shareholders' Equity		
Liabilities		
Deposits:		
Noninterest bearing	\$ 91,242,635	\$ 66,056,128
Savings, interest-bearing checking and money market accounts	138,351,658	97,972,610
Time deposits	70,719,527	75,856,953
Total deposits	300,313,820	239,885,691
Federal Home Loan Bank advances	14,900,000	16,900,000
Accrued expenses and other liabilities	1,253,945	1,572,864
Total liabilities	\$ 316,467,765	\$ 258,358,555
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, 2,956,157 and 2,896,502 shares issued and outstanding, respectively		
	2,956,157	2,896,502
Additional paid-in capital	17,776,623	17,538,003
Retained earnings	8,233,200	5,879,143
Accumulated other comprehensive income (loss)	(334,194)	-
Total shareholders' equity	\$ 28,631,786	\$ 26,313,648
Total liabilities and shareholders' equity	\$ 345,099,551	\$ 284,672,203

OAK VIEW BANKSHARES, INC. AND SUBSIDIARY
Consolidated Statements of Operations
For the Three and Twelve Months Ended December 31, 2021 and 2020
(Unaudited)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2021	2020	2021	2020
Interest and Dividend Income				
Interest and fees on loans	\$ 2,830,733	\$ 2,572,774	\$ 10,891,346	\$ 9,971,797
Interest on securities	80,755	32,028	196,191	123,113
Dividends on restricted stock	24,330	32,444	76,662	110,300
Interest on interest-bearing deposits in other banks	28,218	62,991	177,420	318,782
Interest on federal funds sold	11,225	2,230	30,000	76,670
Total interest and dividend income	<u>2,975,261</u>	<u>2,702,467</u>	<u>11,371,619</u>	<u>10,600,662</u>
Interest Expense				
Interest on deposits	168,819	353,440	900,991	1,684,708
Interest on Federal Home Loan Bank advances	40,913	64,045	206,471	347,524
Total interest expense	<u>209,732</u>	<u>417,485</u>	<u>1,107,462</u>	<u>2,032,232</u>
Net Interest Income	2,765,529	2,284,982	10,264,157	8,568,430
Provision for (Recovery of) Loan Losses	(1,796)	96,793	(59,644)	469,052
Net interest income after provision for (recovery of) loan losses	<u>2,767,325</u>	<u>2,188,189</u>	<u>10,323,801</u>	<u>8,099,378</u>
Noninterest Income				
Service charges on deposit accounts	33,775	19,866	117,230	80,433
Interchange fees	150,326	87,560	527,451	319,847
Mortgage loan fee income	113,166	226,017	563,727	518,853
Income on bank owned life insurance	26,369	27,595	104,504	109,707
Other income	49,333	42,991	166,146	163,160
Total Noninterest Income	<u>372,969</u>	<u>404,029</u>	<u>1,479,058</u>	<u>1,192,000</u>
Noninterest Expenses				
Salaries and employee benefits	1,253,628	1,033,326	4,767,304	3,804,430
Occupancy and equipment	137,392	144,133	567,600	577,536
Professional services	34,010	39,205	304,177	187,103
Data processing	303,327	384,102	1,723,771	1,180,529
Advertising	63,665	44,550	298,784	147,740
Regulatory assessments	64,001	35,255	228,799	184,973
Other operating expenses	216,234	184,653	816,714	670,169
Total noninterest expenses	<u>2,072,257</u>	<u>1,865,224</u>	<u>8,707,149</u>	<u>6,752,480</u>
Net Income Before Tax	1,068,037	726,994	3,095,710	2,538,898
Income tax expense	<u>200,155</u>	<u>141,279</u>	<u>625,793</u>	<u>521,951</u>
Net income	<u>\$ 867,882</u>	<u>\$ 585,715</u>	<u>\$ 2,469,917</u>	<u>\$ 2,016,947</u>
Earnings per Share, basic	<u>\$ 0.29</u>	<u>\$ 0.20</u>	<u>\$ 0.84</u>	<u>\$ 0.70</u>
Earnings per Share, diluted	<u>\$ 0.29</u>	<u>\$ 0.20</u>	<u>\$ 0.84</u>	<u>\$ 0.69</u>