



Oak View Bankshares, Inc. Delivers Strong First Quarter Results

Warrenton, VA, - Oak View Bankshares, Inc. (the “Company”) (OTC Pink: OAKV), parent company of Oak View National Bank (the “Bank”), reported net income of \$1.01 million for the quarter ended March 31, 2023, compared to net income of \$596,779 for the quarter ended March 31, 2022. Basic and diluted earnings per share for the first quarter were \$0.34 compared to \$0.20 per share for the first quarter of 2022.

Selected Highlights:

- Net Income of \$1,013,086 for the quarter ended March 31, 2023, compared to \$596,779 for the quarter ended March 31, 2022. This represents a 70% increase on a year-over-year basis.
- Return on average assets was 0.76% and return on average equity was 14.03% for the quarter ended March 31, 2023, compared to 0.67% and 8.40%, respectively, for the quarter ended March 31, 2022.
- Total assets were \$537.38 million on March 31, 2023, compared to \$497.99 million on December 31, 2022.
- Total loans were \$280.15 million on March 31, 2023, compared to \$273.87 million on December 31, 2022.
- Total securities were \$226.02 million on March 31, 2023, compared to \$193.31 million on December 31, 2022.
- Total deposits were \$455.92 million on March 31, 2023, compared to \$422.90 million on December 31, 2022.
- Regulatory capital remains strong with ratios exceeding the “well capitalized” thresholds in all categories.
- Liquidity remains strong at \$409.35 million as of March 31, 2023, compared to \$377.86 million as of December 31, 2022. Liquidity includes cash, unencumbered securities available for sale, and available secured borrowing capacity.

Michael Ewing, Chairman of the Board and CEO said, “We value the relationships, both new and old, that we have established and are honored to be the trusted community bank for our shareholders, customers, and communities. We believe in *Passionate Community Banking* and our team of dedicated, knowledgeable, and experienced bankers provided exceptional service during a very challenging period for the banking industry. While many banks are experiencing liquidity concerns, the Company proved to be steadfast and strong.” Mr. Ewing continued by saying, “Even though we did not need the funding, we used the recent crisis as an opportunity to test our liquidity strategy and were able to decisively validate that it is reliable. Our earnings performance resulted in a 70% increase over the quarter ended March 31, 2022, total deposits grew \$33.02 million during the quarter and, we remain comfortably above regulatory thresholds for a well-capitalized bank. We manage the Company to seek the optimal balance among safety and soundness, profitability, and growth – in that order. Adherence to these straightforward principles has allowed us to stay strong and be prepared to meet the needs of our customers even in challenging times.”

Net Interest Income

The net interest margin was 3.01% for the quarter ended March 31, 2023, compared to 3.12% for the quarter ended March 31, 2022. Net interest income was \$3.82 million for the quarter ended March 31, 2023, compared to \$2.62 million for the quarter ended March 31, 2022.

Interest income increased to \$6.05 million for the quarter ended March 31, 2023, compared to \$2.86 million for the quarter ended March 31, 2022. The primary contributor to the increase in interest income was the increase in interest on securities of \$2.61 million compared to \$158,344 for the quarter ended March 31, 2022. This income stream was the result of the Company's investment strategy that began over 18 months ago to deploy capital into securities with attractive risk and return characteristics.

Interest expenses were \$2.23 million and \$241,133 for the quarter ended March 31, 2023, and 2022, respectively. Increases in interest expense are primarily attributable to interest expense paid on deposits resulting from increases in volume and in interest rates and interest expense paid on FHLB advances and other borrowings due to higher balances needed to deploy capital into securities with attractive risk and return characteristics.

Noninterest Income

Noninterest income was \$341,541 for the quarter ended March 31, 2023, compared to \$296,254 for the quarter ended March 31, 2022. For the quarter ended March 31, 2023, the largest contributors of the increase in noninterest income compared to March 31, 2022, were debit card interchange fee income of \$168,807, and income related to bank-owned life insurance of \$62,409. Both increases are due, in large part, to increases in volume.

Noninterest income also included net gains on the sales of available for sale securities of \$24,923 as of March 31, 2023. The sales of these investment securities were redeployed into assets with more attractive risk and return characteristics.

Noninterest Expense

Noninterest expense was \$2.79 million for the quarter ended March 31, 2023, compared to \$2.20 million for the quarter ended March 31, 2022.

Salaries and employee benefits were the largest category of noninterest expense, which totaled \$1.73 million for the quarter, compared to \$1.30 million for the quarter ended March 31, 2022. Salaries and employee benefits increased as of the quarter ended March 31, 2023, compared to the quarter ended March 31, 2022, as a result of newly added positions, the overall increase in employee benefits, including health insurance premiums and the increase in quarterly incentive compensation to all employees as a result of the Company's exceptional financial performance.

Liquidity

The Company's liquidity position was very strong with \$409.35 million of liquid assets available which included cash, unencumbered securities available for sale, and secured borrowing capacity as of March 31, 2023, compared to \$377.86 million as of December 31, 2022.

The Company is in a very strong position regarding the liquidity concerns facing the banking industry which were caused by the ability of large depositors to withdraw deposit balances that exceed the FDIC insurance limits. The Company had "uninsured" deposits of \$93.64 million and \$102.34 million, representing 22.54% and 24.02% of total deposits, on March 31, 2023, and December 31, 2022, respectively, well within industry averages. The Company's total available liquidity exceeded its uninsured deposits by over 400%, meaning that the Company had sufficient capacity to replace every uninsured dollar four times, thus assuring everyone's access to their money. The Company's deposit base proved to be stable as total deposits increased by \$33.02 million for the quarter ended March 31, 2023.

Asset Quality

The Company adopted the recent accounting pronouncement for current expected credit losses (“CECL”), effective January 1, 2023. Prior to CECL’s effective date, the Company accounted for the allowance for loan losses under the incurred loss model.

As of March 31, 2023, the allowance for credit losses related to the loan portfolio was \$2.39 million or 0.85% of outstanding loans, net of unearned income, compared to \$2.31 million or 0.84% of outstanding loans, net of unearned income, on December 31, 2022. On March 31, 2023, and December 31, 2022, there was one loan 90 or more days past due and still accruing interest, which totaled \$18,345. This loan originated under the Small Business Administration (“SBA”) Paycheck Protection Program and as of both reporting periods, the Company was awaiting payment of the 100% guarantee from the SBA. After March 31, 2023, the Company received this payment from the SBA.

Shareholders’ Equity & Regulatory Capital

Shareholders’ equity was \$28.61 million on March 31, 2023, compared to \$27.02 million on December 31, 2022. Accumulated Other Comprehensive Loss improved \$1.01 million to \$3.85 million as of March 31, 2023, compared to \$4.86 million as of December 31, 2022, and is primarily related to unrealized losses in the available-for-sale securities portfolio which are attributable to mark-to-market adjustments resulting from rising interest rates.

As of March 31, 2023, the Bank’s regulatory capital ratios were 13.70% in Common Equity Tier 1 and Tier 1 Capital, 14.48% in Total Capital and 8.65% in Leverage Ratio. These ratios exceeded the “well capitalized” thresholds for the period.

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

	(Unaudited) March 31, 2023	December 31, 2022
Cash and due from banks	\$ 7,636,985	\$ 8,738,913
Interest-bearing deposits in other financial institutions	2,441,844	1,921,528
Securities held to maturity, net of allowance for credit losses of \$111,000 and \$0, respectively (fair value of \$9,313,025 and \$9,504,288, respectively)	10,911,206	10,526,520
Securities available for sale, at fair value	215,106,172	182,787,050
Restricted stock, at cost	2,719,517	2,090,617
Loans, net of allowance for credit losses of \$2,390,153 and \$2,307,592 respectively	277,759,212	271,558,400
Premises and equipment, net	6,547,602	6,424,142
Accrued interest receivable	1,823,170	1,657,754
Bank-owned life insurance	9,860,483	9,798,074
Deferred tax assets, net	1,452,342	1,744,715
Other assets	1,120,888	739,968
Total assets	\$ 537,379,421	\$ 497,987,681
Liabilities and Shareholders' Equity		
Liabilities		
Deposits:		
Noninterest bearing	\$ 97,456,641	\$ 101,410,604
Savings, interest-bearing checking and money market accounts	184,717,439	190,795,644
Time deposits	173,748,948	130,690,781
Total deposits	455,923,028	422,897,029
Federal Home Loan Bank advances and other borrowings	36,438,000	25,506,000
Subordinated debt, net of unamortized issuance costs	13,709,684	13,701,544
Accrued expenses and other liabilities	2,699,946	8,865,857
Total liabilities	\$ 508,770,658	\$ 470,970,430
Shareholders' Equity		
Preferred stock, \$ 5.00 par value, 2,000,000 shares authorized, none issued and outstanding	\$ -	\$ -
Common stock, \$1.00 par value, 10,000,000 shares authorized; issued and outstanding: 2,956,157 shares	2,956,157	2,956,157
Additional paid-in capital	17,776,623	17,776,623
Retained earnings	11,723,231	11,140,852
Accumulated other comprehensive (loss), net	(3,847,248)	(4,856,381)
Total shareholders' equity	\$ 28,608,763	\$ 27,017,251
Total liabilities and shareholders' equity	\$ 537,379,421	\$ 497,987,681

OAK VIEW BANKSHARES, INC. AND SUBSIDIARY
Consolidated Statements of Income
(Unaudited)

	Three Months Ended March 31,	
	2023	2022
Interest and Dividend Income		
Interest and fees on loans	\$ 3,307,718	\$ 2,648,028
Interest on securities	2,612,827	158,344
Dividends on restricted stock	29,996	11,018
Interest on deposits in other banks	28,487	25,860
Interest on federal funds sold	73,715	17,612
Total interest and dividend income	6,052,743	2,860,862
Interest Expense		
Interest on deposits	1,772,172	148,220
Interest on subordinated debt	140,000	52,889
Interest on Federal Home Loan Bank advances and other borrowings	317,596	40,024
Total interest expense	2,229,768	241,133
Net Interest Income	3,822,975	2,619,729
Provision for (recovery of) credit losses	87,977	(55,333)
	3,734,998	2,675,062
Noninterest Income		
Service charges on deposit accounts	39,511	24,395
Interchange fee income	168,807	145,188
Mortgage loan fee income	15,464	60,656
Bank-owned life insurance	62,409	24,843
Gain on sales of securities, net	24,923	-
Other income	30,427	41,172
Total Noninterest Income	341,541	296,254
Noninterest Expenses		
Salaries and employee benefits	1,732,670	1,303,973
Occupancy and equipment expense	181,647	166,027
Professional services	63,230	53,111
Data processing	357,085	299,784
Advertising and marketing	93,500	81,347
Regulatory assessments	105,050	80,560
Bank Franchise Tax	60,000	55,962
Other operating expenses	199,491	159,873
Total noninterest expenses	2,792,673	2,200,637
Net Income Before Tax	1,283,866	770,679
Income tax expense	270,780	173,900
Net income	\$ 1,013,086	\$ 596,779
Earnings per Share, basic and diluted	\$ 0.34	\$ 0.20