



Oak View Bankshares, Inc. Announces Strong Financial Performance for the Second Quarter 2023

Warrenton, VA, July 21, 2023 - Oak View Bankshares, Inc. (the “Company”) (OTC Pink: OAKV), parent company of Oak View National Bank (the “Bank”), reported net income of \$1.03 million for the quarter ended June 30, 2023, compared to net income of \$674,977 for the quarter ended June 30, 2022, an increase of 53.26%. Basic and diluted earnings per share for the second quarter were \$0.35 compared to \$0.23 per share for the second quarter of 2022.

Net income for the six months ended June 30, 2023, was \$2.05 million, compared to \$1.27 million for the six months ended June 30, 2022, an increase of 61.00%. Basic and diluted earnings per share for the six months ended June 30, 2023, were \$0.69 compared to \$0.43 for the six months ended June 30, 2022.

Selected Highlights:

- Return on average assets was 0.76% and return on average equity was 14.33% for the quarter ended June 30, 2023, compared to 0.70% and 9.83%, respectively, for the quarter ended June 30, 2022. Return on average assets was 0.77% and return on average equity was 14.44% for the six months ended June 30, 2023, compared to 0.68% and 9.63%, respectively, for the six months ended June 30, 2022.
- Total assets were \$555.55 million on June 30, 2023, compared to \$497.99 million on December 31, 2022.
- Total loans were \$292.69 million on June 30, 2023, compared to \$273.87 million on December 31, 2022.
- Total securities were \$214.59 million on June 30, 2023, compared to \$193.31 million on December 31, 2022.
- Total deposits were \$464.47 million on June 30, 2023, compared to \$422.90 million on December 31, 2022.
- Asset quality remains strong with no nonperforming loans or past due loans as of June 30, 2023.
- Regulatory capital remains strong with ratios exceeding the “well capitalized” thresholds in all categories.
- Liquidity remains strong at \$434.99 million as of June 30, 2023, compared to \$379.25 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 are very pleased to report an increase in earnings per share of 52.17% on a quarter-over-quarter basis and 60.47% on a year-over-year basis. Core deposits increased \$31.76 million since year-end 2022 as we continue to benefit from the dislocation in the industry. We have deployed these proceeds into earning assets with attractive risk/return characteristics. This disciplined approach has contributed to higher levels of earnings for the quarter and year-to-date.”

Mr. Ewing concluded, “We strongly believe that community banks build better communities. In doing so, we manage the Company to seek the optimal balance among safety and soundness, profitability, and growth – in that order. As we continue this journey, we will maintain these straightforward principles which we believe will give us the strength to meet the financial needs of our customers, support our communities and optimize value for our shareholders.”

Net Interest Income

The net interest margin was 2.99% for the quarter ended June 30, 2023, compared to 3.13% for the quarter ended June 30, 2022. The net interest margin was 3.04% and 3.12% for the six months ended June 30, 2023, and 2022, respectively.

Interest income increased \$3.52 million and \$6.71 million for the quarter and six months ended June 30, 2023, respectively, as a result of increased investment opportunities to deploy capital into investments with attractive risk and return characteristics and increased loan income due primarily to the higher interest rate environment.

Interest expense increased \$2.46 million and \$4.45 million for the quarter and six months ended June 30, 2023, respectively. Increases in interest expense are primarily attributable to interest expense related to the issuance of subordinated debt in February 2022, 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 higher yielding investment opportunities.

Noninterest Income

Noninterest income was \$386,233 and \$727,774 for the quarter and six months ended June 30, 2023, respectively. Debit card interchange fee income was the largest contributor of noninterest income totaling \$193,073 and \$361,880, for the quarter and six months ended June 30, 2023, respectively.

Noninterest Expense

Noninterest expense was \$2.85 million and \$5.65 million for the quarter and six months ended June 30, 2023, respectively.

Salaries and employee benefits were the largest category of noninterest expense, which totaled \$1.66 million and \$3.39 million for the quarter and six months ended June 30, 2023, respectively. Salaries and employee benefits increased as a result of newly added positions, an overall increase in employee benefits, including health insurance premiums and the increase in quarterly incentive compensation paid to all employees as a result of the Company’s exceptional financial performance.

Liquidity

The Company’s liquidity position was very strong with \$434.99 million of liquid assets available which included cash, unencumbered securities available for sale, and secured borrowing capacity as of June 30, 2023, compared to \$379.25 million as of December 31, 2022.

The Company is in a very strong position regarding the liquidity concerns facing the banking industry, caused by the ability of large depositors to withdraw deposit balances that exceed the FDIC insurance limits. The Company had “uninsured” deposits of \$90.84 million and \$102.34 million, representing 19.56% and 24.02% of total deposits, as of June 30, 2023, and December 31, 2022, respectively, well within industry averages.

The Company's deposits proved to be stable with core deposits totaling \$433.51 million as of June 30, 2023, compared to \$401.75 million as of December 31, 2022, an increase of \$31.76 million.

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 June 30, 2023, the allowance for credit losses related to the loan portfolio was \$2.54 million or 0.87% 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. As of June 30, 2023, the Company had no nonperforming loans or past due loans compared to one loan 90 or more days past due and still accruing interest, which totaled \$18,345 as of December 31, 2022. The Company originated this loan under the Small Business Administration ("SBA") Paycheck Protection Program and received payment during the second quarter of 2023.

Shareholders' Equity

Shareholders' equity was \$29.72 million on June 30, 2023, compared to \$27.02 million on December 31, 2022. Accumulated Other Comprehensive Loss improved \$1.09 million to \$3.77 million as of June 30, 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.

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) June 30, 2023	December 31, 2022
Cash and due from banks	\$ 8,861,060	\$ 8,738,913
Federal funds sold	15,936,000	-
Interest-bearing deposits in other financial institutions	2,367,425	1,921,528
Securities held to maturity, net of allowance for credit losses of \$99,000 and \$0, respectively (fair value of \$8,779,717 and \$9,504,288, respectively)	10,422,464	10,526,520
Securities available for sale, at fair value	204,163,976	182,787,050
Restricted stock, at cost	2,191,717	2,090,617
Loans, net of allowance for credit losses of \$2,536,885 and \$2,307,592 respectively	290,149,427	271,558,400
Premises and equipment, net	6,560,212	6,424,142
Accrued interest receivable	1,873,745	1,657,754
Bank-owned life insurance	9,923,526	9,798,074
Deferred tax assets, net	1,682,581	1,744,715
Other assets	1,413,692	739,968
Total assets	\$ 555,545,825	\$ 497,987,681
Liabilities and Shareholders' Equity		
Liabilities		
Deposits:		
Noninterest bearing	\$ 100,817,186	\$ 101,410,604
Savings, interest-bearing checking and money market accounts	171,594,709	190,795,644
Time deposits	192,055,261	130,690,781
Total deposits	464,467,156	422,897,029
Federal Home Loan Bank advances and other borrowings	44,900,000	25,506,000
Subordinated debt, net of unamortized issuance costs	13,717,824	13,701,544
Accrued expenses and other liabilities	2,739,739	8,865,857
Total liabilities	\$ 525,824,719	\$ 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	12,757,712	11,140,852
Accumulated other comprehensive (loss), net	(3,769,386)	(4,856,381)
Total shareholders' equity	\$ 29,721,106	\$ 27,017,251
Total liabilities and shareholders' equity	\$ 555,545,825	\$ 497,987,681

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Interest and Dividend Income				
Interest and fees on loans	\$ 3,626,643	\$ 2,618,051	\$ 6,934,361	\$ 5,266,079
Interest on securities	2,986,432	526,958	5,533,356	685,301
Dividends on restricted stock	48,907	24,336	78,903	35,354
Interest on deposits in other banks	11,757	27,672	61,869	53,532
Interest on federal funds sold	62,824	19,120	180,817	36,733
Total interest and dividend income	6,736,563	3,216,137	12,789,306	6,076,999
Interest Expense				
Interest on deposits	2,241,923	166,227	4,014,095	314,447
Interest on subordinated debt	140,000	140,000	280,000	192,889
Interest on borrowings	422,612	41,268	740,208	81,292
Total interest expense	2,804,535	347,495	5,034,303	588,628
Net Interest Income	3,932,028	2,868,642	7,755,003	5,488,371
Provision for credit losses	160,000	131,815	247,977	76,482
Net Interest Income after provision for credit losses	3,772,028	2,736,827	7,507,026	5,411,889
Noninterest Income				
Service charges on deposit accounts	35,590	32,507	75,101	56,902
Interchange fee income	193,073	176,505	361,880	321,693
Mortgage loan fee income	89,513	59,102	104,977	119,758
Bank-owned life insurance	63,043	39,023	125,452	63,866
Gain on sales of securities, net	(30,645)	-	(5,722)	-
Other income	35,659	42,111	66,086	83,283
Total Noninterest Income	386,233	349,248	727,774	645,502
Noninterest Expenses				
Salaries and employee benefits	1,656,637	1,339,076	3,389,307	2,643,049
Occupancy and equipment expense	173,867	142,385	355,514	308,412
Professional services	64,874	57,456	128,104	110,566
Data processing	359,272	304,430	716,357	604,214
Advertising and marketing	99,891	82,544	193,391	163,891
Regulatory assessments	145,500	52,356	250,550	132,916
Taxes, other	149,154	57,294	209,154	113,256
Other operating expenses	203,419	214,248	402,910	374,122
Total noninterest expenses	2,852,614	2,249,789	5,645,287	4,450,426
Net Income Before Tax	1,305,647	836,286	2,589,513	1,606,965
Income tax expense	271,166	161,309	541,946	335,209
Net income	\$ 1,034,481	\$ 674,977	\$ 2,047,567	\$ 1,271,756
Earnings Per Share, basic and diluted	\$ 0.35	\$ 0.23	\$ 0.69	\$ 0.43