



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

Warrenton, VA, October 23, 2023 - Oak View Bankshares, Inc. (the “Company”) (OTC Pink: OAKV), parent company of Oak View National Bank (the “Bank”), reported net income of \$1.18 million for the quarter ended September 30, 2023, compared to net income of \$580,081 for the quarter ended September 30, 2022, an increase of 104.10%. Basic and diluted earnings per share for the third quarter were \$0.40 compared to \$0.20 per share for the third quarter of 2022.

Net income for the nine months ended September 30, 2023, was \$3.23 million, compared to \$1.85 million for the nine months ended September 30, 2022, an increase of 74.50%. Basic and diluted earnings per share for the nine months ended September 30, 2023, were \$1.09 compared to \$0.63 for the nine months ended September 30, 2022.

Selected Highlights:

- Return on average assets was 0.81% and return on average equity was 15.75% for the quarter ended September 30, 2023, compared to 0.55% and 8.17%, respectively, for the quarter ended September 30, 2022. Return on average assets was 0.78% and return on average equity was 14.90% for the nine months ended September 30, 2023, compared to 0.64% and 9.64%, respectively, for the nine months ended September 30, 2022.
- Total assets were \$592.66 million on September 30, 2023, compared to \$497.99 million on December 31, 2022.
- Total loans were \$297.75 million on September 30, 2023, compared to \$273.87 million on December 31, 2022.
- Total securities were \$244.23 million on September 30, 2023, compared to \$193.31 million on December 31, 2022.
- Total deposits were \$470.03 million on September 30, 2023, compared to \$422.90 million on December 31, 2022.
- Asset quality remains strong with no nonperforming loans as of September 30, 2023, and one past due loan totaling \$2,716 as of September 30, 2023.
- Regulatory capital remains strong with ratios exceeding the “well capitalized” thresholds in all categories.
- Liquidity remains strong at \$436.57 million as of September 30, 2023, compared to \$379.25 million as of December 31, 2022. Liquidity includes cash, unencumbered securities available-for-sale, and available secured and unsecured borrowing capacity.

Michael Ewing, Chairman of the Board and CEO said, “Over 100% earnings growth on a quarter-over-quarter basis is a wonderful outcome in an exceptionally challenging interest rate environment for most community banks. We continue to strategically assess the Company’s financial position to make necessary adjustments in deploying the capital entrusted to us to seek the optimal balance among safety and soundness, profitability, and growth – in that order. Our disciplined approach continues to contribute to higher levels of earnings for the quarter and year-to-date results.”

Mr. Ewing concluded, “Our balance sheet remains strong, our asset quality continues to be superb, the number of deposit accounts, as well as balances, continue to grow and on-hand liquidity provides added strength to our financial position. Our team of passionate community bankers understands that a strong community bank builds better communities, and we strive to provide an organization that will remain focused on the financial needs of our customers, supporting our communities and optimizing shareholder value.”

Net Interest Income

The net interest margin was 3.01% for the quarter ended September 30, 2023, compared to 3.17% for the quarter ended September 30, 2022. The net interest margin was 3.05% and 3.14% for the nine months ended September 30, 2023, and 2022, respectively.

Interest income increased \$3.97 million and \$10.68 million for the quarter and nine months ended September 30, 2023, respectively, when compared to the quarter and nine months ended September 30, 2022, as a result of the Company’s strategy to deploy capital into investments with attractive risk and return characteristics and increased loan income due primarily to the higher interest rate environment.

Total interest expense increased \$2.89 million and \$7.34 million for the quarter and nine months ended September 30, 2023, respectively, when compared to the quarter and nine months ended September 30, 2022. Increases in interest expense were 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 \$194,417 and \$922,221 for the quarter and nine months ended September 30, 2023, respectively, compared to \$66,448 and \$711,950 for the quarter and nine months ended September 30, 2022, respectively. Debit card interchange fee income was the largest contributor of noninterest income which totaled \$187,046 and \$548,956, for the quarter and nine months ended September 30, 2023, respectively.

During the quarter, the Company sold \$18.45 million of investments with a weighted average rate of 2.78% and redeployed the proceeds into assets with more attractive risk and return characteristics. As part of the portfolio repositioning, the Company incurred a net loss of \$144,583 for the quarter ended September 30, 2023.

Noninterest Expense

Noninterest expenses were \$2.82 million and \$8.47 million for the quarter and nine months ended September 30, 2023, respectively, compared to \$2.38 million and \$6.83 million for the quarter and nine months ended September 30, 2022, respectively.

Salaries and employee benefits were the largest category of noninterest expense, which totaled \$1.64 million and \$5.03 million for the quarter and nine months ended September 30, 2023, respectively, an increase of 12.81% and 22.76%, over the quarter and nine months ended September 30, 2022, respectively. The increase in employee health insurance premiums and quarterly employee incentive compensation were the main contributors to increased expenses for the quarter and nine months ended September 30, 2023.

Liquidity

The Company's liquidity position continues to be very strong with \$436.57 million of liquid assets available which included cash, unencumbered securities available for sale, and secured and unsecured borrowing capacity as of September 30, 2023, compared to \$379.25 million as of December 31, 2022.

The Company's deposits proved to be stable with core deposits, which are defined as total deposits excluding brokered deposits, of \$439.35 million as of September 30, 2023, compared to \$401.75 million as of December 31, 2022. Uninsured deposits, those deposits that exceed FDIC insurance limits, were \$81.33 million as of September 30, 2023, or 17.30% of total deposits, well within industry averages.

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 September 30, 2023, the allowance for credit losses related to the loan portfolio was \$2.62 million or 0.88% 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 September 30, 2023, the Company had no nonperforming loans and one past due loan which totaled \$2,716. As of December 31, 2022, the Company had 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 with full principal payment received during the second quarter of 2023.

Shareholders' Equity

Shareholders' equity was \$30.35 million on September 30, 2023, compared to \$27.02 million on December 31, 2022.

Accumulated other comprehensive loss represents unrealized losses related primarily to mark-to-market adjustments resulting from rising interest rates on the available-for-sale securities portfolio and totaled \$4.33 million as of September 30, 2023, compared to \$4.86 million as of December 31, 2022.

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) September 30, 2023	December 31, 2022
Assets		
Cash and due from banks	\$ 9,736,975	\$ 8,738,913
Federal funds sold	12,076,000	-
Interest-bearing deposits in other financial institutions	1,057,527	1,921,528
Securities held to maturity, net of allowance for credit losses of \$99,000 and \$0, respectively (fair value of \$8,890,281 and \$9,504,288, respectively)	10,422,303	10,526,520
Securities available for sale, at fair value	233,811,506	182,787,050
Restricted stock, at cost	3,815,917	2,090,617
Loans, net of allowance for credit losses of \$2,616,581 and \$2,307,592 respectively	295,133,722	271,558,400
Premises and equipment, net	6,718,384	6,424,142
Accrued interest receivable	2,353,244	1,657,754
Bank-owned life insurance	9,987,856	9,798,074
Deferred tax assets, net	2,023,068	1,744,715
Other assets	5,518,614	739,968
Total assets	\$ 592,655,116	\$ 497,987,681
Liabilities and Shareholders' Equity		
Liabilities		
Deposits:		
Noninterest bearing	\$ 97,512,297	\$ 101,410,604
Savings, interest-bearing checking and money market accounts	165,944,801	190,795,644
Time deposits	206,573,078	130,690,781
Total deposits	470,030,176	422,897,029
Federal Home Loan Bank advances and other borrowings	74,900,000	25,506,000
Subordinated debt, net of unamortized issuance costs	13,725,963	13,701,544
Accrued expenses and other liabilities	3,649,784	8,865,857
Total liabilities	\$ 562,305,923	\$ 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	13,941,661	11,140,852
Accumulated other comprehensive (loss), net	(4,325,248)	(4,856,381)
Total shareholders' equity	\$ 30,349,193	\$ 27,017,251
Total liabilities and shareholders' equity	\$ 592,655,116	\$ 497,987,681

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

	<u>Three Months Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	2023	2022	2023	2022
Interest and Dividend Income				
Interest and fees on loans	\$ 3,803,646	\$ 2,889,296	\$ 10,738,007	\$ 8,155,375
Interest on securities	3,701,888	842,832	9,235,244	1,528,453
Dividends on restricted stock	43,181	22,136	122,084	57,490
Interest on deposits in other banks	30,665	29,858	92,534	83,391
Interest on federal funds sold	204,988	31,937	385,805	68,349
Total interest and dividend income	<u>7,784,368</u>	<u>3,816,059</u>	<u>20,573,674</u>	<u>9,893,058</u>
Interest Expense				
Interest on deposits	2,707,050	431,874	6,721,145	746,321
Interest on subordinated debt	140,000	140,000	420,000	332,889
Interest on borrowings	730,075	111,147	1,470,313	192,439
Total interest expense	<u>3,577,125</u>	<u>683,021</u>	<u>8,611,458</u>	<u>1,271,649</u>
Net Interest Income	4,207,243	3,133,038	11,962,216	8,621,409
Provision for credit losses	80,000	85,039	327,977	161,521
	<u>4,127,243</u>	<u>3,047,999</u>	<u>11,634,239</u>	<u>8,459,888</u>
Noninterest Income				
Service charges on deposit accounts	29,469	41,076	104,570	97,978
Interchange fee income	187,046	166,344	548,956	488,037
Mortgage loan fee income	22,831	49,560	127,808	169,318
Bank-owned life insurance	64,330	62,290	189,782	126,156
Losses on sales of securities, net	(144,583)	(287,383)	(150,305)	(287,383)
Other income	35,324	34,561	101,410	117,844
Total Noninterest Income	<u>194,417</u>	<u>66,448</u>	<u>922,221</u>	<u>711,950</u>
Noninterest Expenses				
Salaries and employee benefits	1,637,557	1,451,659	5,026,864	4,094,708
Occupancy and equipment expense	171,591	158,312	527,105	466,724
Professional services	77,838	46,227	205,942	156,793
Data processing	353,742	346,843	1,070,099	951,057
Advertising and marketing	100,368	84,616	293,759	248,507
Regulatory assessments	133,391	58,909	383,941	191,825
Taxes, other	90,000	57,470	299,154	170,726
Other operating expenses	258,502	175,876	661,412	549,998
Total noninterest expenses	<u>2,822,989</u>	<u>2,379,912</u>	<u>8,468,276</u>	<u>6,830,338</u>
Net Income Before Tax	1,498,671	734,535	4,088,184	2,341,500
Income tax expense	314,721	154,454	856,667	489,663
Net income	<u>\$ 1,183,950</u>	<u>\$ 580,081</u>	<u>\$ 3,231,517</u>	<u>\$ 1,851,837</u>
Earnings per Share, basic and diluted	<u>\$ 0.40</u>	<u>\$ 0.20</u>	<u>\$ 1.09</u>	<u>\$ 0.63</u>