



Oak View Bankshares, Inc. Announces Financial Results for First Quarter 2022

Warrenton, VA, - Oak View Bankshares, Inc. (the “Company”) (OTC Pink: OAKV), parent company of Oak View National Bank (the “Bank”), reported net income of \$596,779 for the quarter ended March 31, 2022, compared to net income of \$764,898 for the quarter ended March 31, 2021. Basic and diluted earnings per share for the first quarter were \$0.20 compared to \$0.26 per share for the first quarter of 2021.

Selected Highlights:

- The net interest margin was 3.12% for the quarter, compared to 3.35% and 3.47% for the quarters ending December 31, 2021, and March 31, 2021, respectively.
- Total assets increased to \$379.7 million on March 31, 2022, compared to \$345.1 million on December 31, 2021.
- Total loans decreased to \$245.4 million on March 31, 2022, compared to \$251.2 million on December 31, 2021.
- Credit quality continues to be outstanding. The Company reported no nonperforming loans and no past due loans on March 31, 2022. The Company had only one nonperforming 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 \$55,333 for the quarter, compared to a recovery in the provision for loan losses of \$1,796 and \$105,999 for the quarters ending December 31, 2021, and March 31, 2021, respectively.
- Total deposits increased to \$321.8 million on March 31, 2022, compared to \$300.31 million on December 31, 2021, and \$254.3 million on March 31, 2021.
- Regulatory capital remains strong with ratios exceeding the well capitalized thresholds in all categories.

Michael Ewing, CEO and Chairman of the Board said, “Our first quarter earnings are in line with our current expectations. Loan growth lagged for the quarter due primarily to unexpected payoffs that were the result of borrowers taking advantage of liquidity events. Our deposits continue to grow, and our branch teammates continue to work extremely hard in keeping pace with the demand for deposit account openings.” Mr. Ewing continued by saying, “the current market conditions will present challenges and opportunities throughout the year. We believe the Company is well positioned to execute our strategic objectives by adding key employees to our team, leveraging the increased capital levels, completing our core processor conversion and improving our digital capabilities.”

Earnings

Return on average assets was 0.67% and return on average equity was 8.40% for the quarter, compared to 1.01% and 12.19%, respectively, for the prior quarter and 1.06% and 11.66%, respectively, for the first quarter of 2021.

Net Interest Margin

The decrease in the net interest margin was due primarily to growth in lower yielding investments, lower interest income because of lower accretion of net PPP origination fees, higher cost of funds due to the additional interest expense associated with the subordinated debt issuance offset, in part, by the lower average cost of deposits, specifically the shift in balances from time deposits to lower-cost demand deposits, savings, and money market accounts.

Noninterest Income

Noninterest income was \$296,254 for the quarter, compared to \$372,969 for the prior quarter, and \$296,241 for the first quarter of 2021. This represents a decrease of \$76,715 when compared to the prior quarter. Mortgage loan fee income was the largest contributor for the change in noninterest income for the quarter based on changes in the interest rate environment relative to secondary market loans.

Noninterest Expense

Noninterest expense was \$2.2 million for the quarter, compared to \$2.1 million for the prior quarter and \$1.8 million for the first quarter of 2021.

Salaries and employee benefits represents the largest category of noninterest expense. Expenses related to salaries and benefits were \$1.3 million for the quarter, relatively unchanged when compared to the prior quarter and \$941,484 for the first quarter of 2021. Increases to salaries and employee benefits are primarily related to newly added positions, taking advantage of growth opportunities in our markets.

Asset Quality

The allowance for loan losses was \$2.1 million on March 31, 2022, and December 31, 2021. Changes in the allowance for loan losses related primarily to the recovery of reserves as previously anticipated credit deterioration, at the onset of the COVID-19 pandemic, has not been experienced. Management believes that the level of the allowance for loan losses is sufficient to absorb losses inherent in the portfolio.

Capital

Total consolidated equity was \$27.9 million on March 31, 2022, compared to \$28.6 million on December 31, 2021.

The Bank benefited from the downstream of \$8.0 million of capital from the Company as a result of the Company's subordinated debt issuance of \$13.7 million, net of debt issuance costs of \$322,875 during the quarter. This resulted in the Bank's regulatory capital ratios of 16.2% in Common Equity Tier 1 and Total Tier 1 Capital, 17.1% in Total Capital and 10.4% in Leverage Ratio for the quarter ending March 31, 2022. 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, 2022	December 31, 2021
Cash and due from banks	\$ 6,184,316	\$ 12,996,754
Federal funds sold	27,096,000	36,995,000
Interest-bearing deposits in other banks	6,372,694	6,412,288
Securities held to maturity, at cost	10,031,540	5,283,291
Securities available for sale, at fair value	71,318,339	19,657,380
Restricted stock, at cost	1,514,255	1,483,955
Loans, net of allowance for loan losses of \$2,070,326 and \$2,125,650 respectively	243,315,594	249,061,856
Premises and equipment, net	6,257,755	6,224,005
Accrued interest receivable	925,025	722,402
Bank-owned life insurance	5,334,197	5,309,354
Deferred tax asset	904,176	602,097
Other assets	484,513	378,580
Total assets	\$ 379,738,404	\$ 345,126,962
Liabilities and Shareholders' Equity		
Liabilities		
Deposits:		
Noninterest bearing	\$ 103,363,385	\$ 91,242,636
Savings, interest-bearing checking and money market accounts	148,904,460	138,351,659
Time deposits	69,482,690	70,719,527
Total deposits	321,750,535	300,313,822
Federal Home Loan Bank advances	14,900,000	14,900,000
Subordinated debt	13,677,125	-
Accrued expenses and other liabilities	1,466,381	1,281,354
Total liabilities	\$ 351,794,041	\$ 316,495,176
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, respectively	2,956,157	2,956,157
Additional paid-in capital	17,776,623	17,776,623
Retained earnings	8,682,171	8,233,200
Accumulated other comprehensive (loss), net	(1,470,588)	(334,194.00)
Total shareholders' equity	\$ 27,944,363	\$ 28,631,786
Total liabilities and shareholders' equity	\$ 379,738,404	\$ 345,126,962

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

	Three Months Ended March 31,	
	2022	2021
Interest and Dividend Income		
Interest and fees on loans	\$ 2,648,028	\$ 2,624,608
Interest on securities	158,344	30,458
Dividends on restricted stock	11,018	16,643
Interest on deposits in other banks	25,860	53,140
Interest on federal funds sold	17,612	2,940
Total interest and dividend income	2,860,862	2,727,789
Interest Expense		
Interest on deposits	148,220	294,286
Interest on subordinated debt	52,889	-
Interest on Federal Home Loan Bank advances	40,024	62,276
Total interest expense	241,133	356,562
Net Interest Income	2,619,729	2,371,227
Recovery of Loan Losses	(55,333)	(105,999)
	2,675,062	2,477,226
Noninterest Income		
Service charges on deposit accounts	24,395	23,395
Interchange fee income	145,188	94,619
Mortgage loan fee income	60,656	122,537
Bank-owned life insurance	24,843	25,528
Other income	41,172	30,162
Total Noninterest Income	296,254	296,241
Noninterest Expenses		
Salaries and employee benefits	1,303,973	941,484
Occupancy and equipment expense	166,027	149,587
Professional services	53,111	49,196
Data processing	299,784	370,794
Advertising and marketing	81,347	55,691
Regulatory assessments	80,560	50,575
Bank Franchise Tax	55,962	62,640
Other operating expenses	159,873	125,514
Total noninterest expenses	2,200,637	1,805,481
Net Income Before Tax	770,679	967,986
Income tax expense	173,900	203,088
Net income	\$ 596,779	\$ 764,898
Earnings per Share, basic and diluted	\$ 0.20	\$ 0.26