



FOR IMMEDIATE RELEASE

Oak View National Bank Announces 2021 Second Quarter Results

Warrenton, VA, July 26, 2021 - Oak View National Bank (OTC Pink: OAKV) reported net income of \$215,600 for the quarter ended June 30, 2021, compared to net income of \$673,600 for the second quarter of 2020, a decrease of 68.0%. Basic and diluted earnings per share for the second quarter of 2021 were \$0.07 compared to \$0.23 per share in the second quarter of 2020.

Net income for the six months ended June 30, 2021, was \$980,500, compared to \$860,100 for the six months ended June 30, 2020. Basic and diluted earnings per share for the six months ended June 30, 2021, were \$0.34 compared to \$0.30 per share for the six months ended June 30, 2020.

Selected Highlights:

- During the second quarter of 2021, the Bank incurred several one-time, non-recurring noninterest expenses. Expenses of \$435,000 were related to the Bank's conversion of its core data processing system and legal expenses of \$95,000 which were related to establishing a holding company. These expenses contributed directly to the increased level of noninterest expense during the period.
- Total assets were \$313.7 million on June 30, 2021, an increase of \$14.1 million and \$29.6 million compared to March 31, 2021, and December 31, 2020, respectively.
- Total loans increased to \$245.0 million on June 30, 2021, compared to \$240.4 million on March 31, 2021, and \$245.8 million on December 31, 2020. Excluding Paycheck Protection Program loans (PPP), loan growth was 6.51% and 4.70% compared to March 31, 2021, and December 31, 2020, respectively.
- Credit quality continues to be outstanding as the Bank had just one non-performing loan at June 30, 2021, totaling \$14,800. The Bank had zero past due loans at the end of the second quarter 2021. The allowance for loan losses was \$2.1 million or 0.86% of total loans at June 30, 2021, compared to \$2.1 million or 0.86% of total loans at March 31, 2021, and \$2.2 million 0.88% of total loans at December 31, 2020.
- Total deposits increased to \$270.2 million on June 30, 2021, compared to \$254.3 million on March 31, 2021, and \$239.9 million on December 31, 2020.

Michael Ewing, Vice Chairman of the Board and CEO said, "While second quarter financial performance was below prior quarters, our one-time expenses incurred during the period were the result of major investments into the Bank's efforts to improve our customers' online banking experience and increase our presence in the communities in which we serve. During the period we converted to a new data processing system, purchased property for future branch expansion, increased our employee base and began working on an enhanced organization structure, all of which will provide growth opportunities for our future. These are very exciting times for our organization." Mr. Ewing continued by stating, "We are encouraged by the business opportunities we are seeing and are excited to provide products and services that contribute to our focus of delivering best-in-class community banking services."

Earnings

Return on average assets was 0.28% and return on average equity was 3.17% for the second quarter of 2021 compared to 0.89% and 10.89% respectively for the second quarter of 2020. Return on average assets was 0.65% and 0.62% for the six months ended June 30, 2021, and 2020, respectively. Return on average equity was 7.33% and 7.04% for the six months ended June 30, 2021, and 2020, respectively.

Paycheck Protection Program (PPP) Update

As of June 30, 2021, the Bank had \$15.2 million in outstanding PPP loans, \$3.4 million of which were originated in 2020 and the remaining \$11.8 million were originated in 2021. Net PPP loan fees recognized for the quarter totaled \$268,300, of which \$177,500 represented accelerated PPP loan fees earned from PPP loan forgiveness of \$9.4 million in principal loan balances during the quarter.

Loan Payment Deferrals

During 2020, the Bank granted payment deferrals on 94 loans with an outstanding principal balance of \$24.3 million, representing approximately 9% of the loan portfolio. As of June 30, 2021, all loans have returned to their normal payment cycle.

Net Interest Margin

The net interest margin was 3.43% for the quarter ended June 30, 2021, compared to 3.47% for the quarter ended March 31, 2021, and 2.90% for the quarter ended June 30, 2020. The average yield on earning assets was 3.83% for the quarter ended June 30, 2021, compared to 3.99% for the quarter ended March 31, 2021, and 3.63% for the quarter ended June 30, 2020. The cost of funds was 0.59% in the second quarter of 2021, compared to 0.75% for the quarter ended March 31, 2021, and 1.16% for the quarter ended June 30, 2020.

Noninterest Income

Noninterest income increased by \$88,300 or 25.73% to \$431,400 for the quarter ended June 30, 2021, compared to the quarter ended March 31, 2021, and increased by \$166,200 or 62.67% compared to the quarter ended June 30, 2020. This increase was primarily related to higher levels of debit card fee income and mortgage loan fee income.

Noninterest Expenses

Noninterest expenses increased by \$822,000 or 45.5% for the quarter ended June 30, 2021, compared to the quarter ended March 31, 2021, and increased \$1.2 million or 90.3% compared to the quarter ended June 30, 2020. The period-over-period increases in noninterest expenses were due primarily to the \$435,000 onetime costs associated with the core data processor conversion and \$95,000 in expenses related to the creation of the holding company. Also, the comparable periods had extraordinary FAS-91 cost deferrals related to the large volume of PPP loan originations in the comparable periods resulting in the reduction in salary expense of \$282,870 and \$530,390 for the quarters ended March 31, 2021, and June 30, 2020, respectively.

Oak View National Bank is a locally owned and managed community bank offering a full range of financial services for commercial and retail customers, as well as not-for-profit entities. Oak View National Bank is headquartered in Warrenton, Virginia serving Fauquier, Culpeper, Rappahannock and surrounding counties with full-service offices in Warrenton, Marshall and Culpeper and a loan production office in Washington, Virginia. Visit us at www.oakviewbank.com. Member FDIC.

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OAK VIEW NATIONAL BANK
Balance Sheets

	(Unaudited)	
	June 30,	December 31,
	2021	2020
	<u> </u>	<u> </u>
Assets		
Cash and due from banks	\$ 3,469,140	\$ 3,640,065
Federal funds sold	36,995,000	7,261,000
Interest-bearing deposits in other banks	12,518,479	12,579,174
Securities held to maturity, at cost	3,286,727	3,149,392
Restricted stock, at cost	1,475,005	1,725,605
Loans, net of allowance for loan losses of \$2,110,363 and \$2,173,910, respectively	242,859,587	243,585,780
Premises and equipment, net	6,142,931	5,470,408
Accrued interest receivable	737,858	889,704
BOLI investment	5,256,367	5,204,850
Deferred tax asset	660,299	660,299
Other assets	334,113	505,926
	<u> </u>	<u> </u>
Total assets	<u>\$ 313,735,506</u>	<u>\$ 284,672,203</u>
Liabilities and Shareholders' Equity		
Liabilities		
Deposits:		
Noninterest bearing	\$ 84,298,104	\$ 66,056,128
Savings, interest-bearing checking and money market accounts	113,915,555	97,972,610
Time deposits	71,974,207	75,856,953
Total deposits	<u>\$ 270,187,866</u>	<u>\$ 239,885,691</u>
Federal Home Loan Bank advances	14,900,000	16,900,000
Accrued expenses and other liabilities	1,171,096	1,572,864
Total liabilities	<u>\$ 286,258,962</u>	<u>\$ 258,358,555</u>
Commitments and Contingent Liabilities	<u>\$ --</u>	<u>\$ --</u>
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	6,743,764	5,879,143
Accumulated other comprehensive income	--	--
Total shareholders' equity	<u>\$ 27,476,544</u>	<u>\$ 26,313,648</u>
Total liabilities and shareholders' equity	<u>\$ 313,735,506</u>	<u>\$ 284,672,203</u>

OAK VIE NATIONAL BANK
Statements of Operations

For the Three and Six Months Ended June 30, 2021 and 2020

(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
Interest and Dividend Income				
Interest and fees on loans	\$ 2,711,039	\$ 2,456,092	\$ 5,305,423	\$ 4,856,133
Interest on held to maturity securities	30,256	30,393	60,715	60,939
Dividends on restricted stock	18,173	25,809	34,816	57,722
Interest on interest-bearing deposits in other banks	53,763	86,812	106,902	181,794
Interest on federal funds sold	6,791	7,491	9,731	72,596
Total interest and dividend income	<u>\$ 2,820,023</u>	<u>\$ 2,606,598</u>	<u>\$ 5,517,587</u>	<u>\$ 5,229,183</u>
Interest Expense				
Interest on deposits	\$ 235,180	\$ 436,546	\$ 529,466	\$ 937,845
Interest on Federal Home Loan Bank advances	59,243	89,723	121,519	212,568
Total interest expense	<u>\$ 294,423</u>	<u>\$ 526,269</u>	<u>\$ 650,985</u>	<u>\$ 1,150,413</u>
Net Interest Income	<u>\$ 2,525,600</u>	<u>\$ 2,080,329</u>	<u>\$ 4,866,603</u>	<u>\$ 4,078,771</u>
Provision for Loan Losses				
	<u>38,457</u>	<u>61,511</u>	<u>(67,542)</u>	<u>324,968</u>
Net interest income after provision for loan losses	<u>\$ 2,487,143</u>	<u>\$ 2,018,819</u>	<u>\$ 4,934,145</u>	<u>\$ 3,753,803</u>
Noninterest Income				
Service charges on deposit accounts	\$ 29,564	\$ 14,970	\$ 52,959	\$ 43,235
Card Fee Income	154,146	79,440	248,763	156,855
Income on BOLI	25,989	27,089	51,517	54,382
Other income	203,504	93,177	386,426	188,493
Total Noninterest Income	<u>\$ 413,203</u>	<u>\$ 214,676</u>	<u>\$ 739,665</u>	<u>\$ 442,964</u>
Noninterest Expenses				
Salaries and employee benefits	\$ 1,195,163	\$ 703,640	\$ 2,136,646	\$ 1,732,404
Occupancy and equipment expense	149,051	142,608	298,639	288,877
Professional services	150,606	90,598	199,802	171,882
Data processing	786,779	246,330	1,157,572	529,845
Promotional and marketing	93,055	35,412	148,745	67,683
Other operating expenses	252,781	162,280	491,509	317,318
Total noninterest expenses	<u>\$ 2,627,435</u>	<u>\$ 1,380,869</u>	<u>\$ 4,432,914</u>	<u>\$ 3,108,009</u>
Net Income Before Tax	<u>\$ 272,911</u>	<u>\$ 852,626</u>	<u>\$ 1,240,896</u>	<u>\$ 1,088,758</u>
Income tax expense	<u>57,327</u>	<u>179,051</u>	<u>260,415</u>	<u>228,639</u>
Net income	<u>\$ 215,583</u>	<u>\$ 673,574</u>	<u>\$ 980,481</u>	<u>\$ 860,119</u>
Earnings per Share, basic and diluted	<u>\$ 0.07</u>	<u>\$ 0.23</u>	<u>\$ 0.34</u>	<u>\$ 0.30</u>