

Oconee Financial Corporation Reports Fourth Quarter 2023 Results

WATKINSVILLE, Ga., February 9, 2024/PRNewswire/ -- Oconee Financial Corporation ("Oconee") (OTCQX: OSBK) is pleased to report results for the fourth quarter of 2023. Unaudited net income for the three months ending December 31, 2023, was \$847 thousand or \$0.90 per common share. This compares to \$1.3 million or \$1.42 per common share for the fourth quarter of 2022, a decrease of 33%. The decrease in net earnings for the fourth quarter 2023 was mainly attributable to a decrease in non-interest income of \$77 thousand and an increase of net interest income of \$741 thousand, offset by an increase in non-interest expense of \$1.0 million over the same period of 2022. The decrease in non-interest income was due to the recording of a tax related adjustment to the bargain purchase gain of \$222 thousand from the merger with Elberton Federal Savings & Loan Association ("Elberton Federal"). This decrease was offset by an increase in Mortgage Banking income of \$108 thousand over the same period of 2022. \$780 thousand of the quarterly increase in non-interest expense was attributable to expenses related to the Elberton Federal merger and higher incentive accruals in the fourth quarter. The net interest income increase was mainly due to increases in interest income on loans of \$1.5 million, interest income on investments of \$181 thousand, and interest income on interest-bearing bank balances of \$942 thousand, offset by increases in interest expense on deposits and interest expense on borrowings of \$1.9 million.

Unaudited net income, YTD as of December 31, 2023, was \$5.9 million, or \$6.32 per common share. This compares to \$4.1 million or \$4.60 per common share for YTD as of December 31 of the prior year. This represents an increase of 44% in year-to-date net earnings as compared to the same period in 2022. YTD earnings for 2023 also includes expenses related to our merger with Elberton Federal of \$625 thousand and a recorded bargain purchase gain of \$1.8 million.

Total assets as of December 31, 2023, were \$589.1 million, compared to total assets of \$536.7 million as of December 31, 2022, an increase of 10%. Total loans were \$342.4 million and total deposits were \$532 million as of December 31, 2023. This compared to total loans of \$295.6 million and total deposits of \$494.9 million at December 31, 2022. As of December 31, 2023, total loans increased 15.6% and total deposits increased 7.5% versus December 31, 2022. The increase in total deposits and total assets is in part due to the merger with Elberton. Elberton loans of \$19.5 million and deposits of \$16.1 million are included in the increase. Book value per share at December 31, 2023 was \$40.44 versus \$32.43 at December 31, 2022. The increase in book value per share during the year was largely due to retention of earnings, including the bargain purchase gain noted above as well as a year-to-date increase in Other Comprehensive Income, which includes an increase in the fair value of derivatives of \$355 thousand as well as a decrease in the Bank's unrealized loss in the investment portfolio of \$ 2.6 million.

Neil Stevens, President and Chief Executive Officer of Oconee, commenting on the fourth quarter and full year results noted, "We are extremely pleased with our performance in 2023. In a year where the banking industry saw an overall decline in earnings, we saw an increase in earnings per share of almost 6% excluding the bargain purchase gain and related merger expenses. I think our team did a fantastic job of navigating a very challenging interest rate environment. Particularly noteworthy was our growth in deposits of approximately 4%, excluding acquired deposits, in a year where the majority of banks experienced a decline in deposits."

Oconee Financial Corporation is headquartered in Watkinsville, Georgia and operates six full-service financial centers in Georgia, located in Oconee, Athens Clarke, Gwinnett and Macon-Bibb counties, including its newest location in Elbert County. In February 2024, Oconee State bank celebrated 64 years of service and continues to be the only locally owned and operated community bank headquartered in Oconee County. Oconee State Bank proudly serves its communities, providing unparalleled commitment to personalized service, innovative products and solutions, and brings exceptional value to all stakeholders, through local ownership, involvement, and decision making. The bank strives to be essential to those it serves, by creating remarkable experiences that significantly mark the lives of others. Oconee Financial Corporation was established in January 1999 to serve as the holding company of Oconee State Bank.

Please visit Oconee State Bank's website, www.oconeestatebank.com for a full listing of products and services.

OCONEE FINANCIAL CORPORATION
BALANCE SHEET

	<u>12/31/2023</u>	<u>12/31/2022</u>
	(Unaudited)	
<u>ASSETS</u>		
Cash and due from banks	\$ 53,094,864	\$ 51,430,016
Securities available for sale (at fair value)	159,634,267	159,640,457
Other investment	449,274	285,500
Mortgage loans held for sale	516,750	140,409
Loans, net of unearned income	346,988,279	300,130,642
Allowance for loan loss	(4,600,281)	(4,549,357)
Loans, net	<u>342,387,998</u>	<u>295,581,285</u>
Premises and equipment	8,795,018	8,000,576
Other assets	24,179,471	21,669,411
Total Assets	<u><u>\$ 589,057,644</u></u>	<u><u>\$ 536,747,654</u></u>
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
Liabilities:		
Deposits	\$ 531,966,215	\$ 494,869,684
Federal Home Loan Bank Advances	1,000,000	--
Subordinated debenture, net of capitalized expenses	9,342,342	9,818,393
Dividends payable	--	--
Accrued expenses and other liabilities	4,438,498	2,976,386
Total Liabilities	<u>546,747,054</u>	<u>507,664,463</u>
Stockholder's Equity:		
Common Stock	2,096,560	1,795,900
Restricted Stock	(71,214)	(43,528)
Additional Paid in Capital	7,042,299	4,176,342
Stock Subscription	--	--
Retained earnings	43,853,919	36,764,762
Unrealized gain/loss on securities and derivatives	(10,610,974)	(13,610,285)
Total Stockholder's Equity	<u>42,310,589</u>	<u>29,083,191</u>
Total Liabilities and Stockholder's Equity	<u><u>\$ 589,057,644</u></u>	<u><u>\$ 536,747,654</u></u>
Book Value Per Share	\$ 40.44	\$ 32.43

OCONEE FINANCIAL CORPORATION
STATEMENT OF INCOME-QTD

	12/31/2023	12/31/2022
	(Unaudited)	
Interest Income:		
Loans	\$ 5,238,907	\$ 3,767,185
Securities available for sale		
State, County & Municipal	189,258	189,802
Treasuries & Agencies	1,105,512	924,721
Corporate	94,766	94,766
Federal funds sold & other	1,373,046	431,509
Total Interest Income	8,001,489	5,407,982
Interest Expense:		
Deposits	1,849,141	275,659
Other	445,200	166,786
Total Interest Expense	2,294,341	442,444
Net interest income	5,707,148	4,965,538
Provision for loan losses	123,109	--
Net income after provision for loan losses	5,584,038	4,965,538
Noninterest income		
Service charges on deposit accounts	179,051	159,193
Gain (loss) on Sale of Assets	--	--
Bargain Purchase Gain - Elberton Federal	(221,959)	--
Securities gains (losses), net	0	--
Mortgage banking income	262,196	153,933
SBA loan related income	269,179	260,035
Commissions on investment sales	25,746	21,619
Other	395,100	391,309
Total noninterest income	909,313	986,089
Noninterest expense		
Salaries and employee benefits	3,409,346	2,628,861
Occupancy	367,609	289,423
Other operating	1,573,030	1,402,034
Total noninterest expense	5,349,986	4,320,318
Income before provision for income taxes	1,143,366	1,631,308
Provision for income taxes	296,517	359,706
Net Income	\$ 846,849	\$ 1,271,602
Period-Ending Outstanding Shares	1,046,262	896,824
Weighted Average Shares Outstanding	937,599	896,823
QTD Earnings Per Common Share	\$ 0.90	\$ 1.42

OCONEE FINANCIAL CORPORATION
STATEMENT OF INCOME-YTD

	12/31/2023	12/31/2022
	(Unaudited)	
Interest Income:		
Loans	\$ 18,281,215	\$ 13,924,934
Securities available for sale		
State, County & Municipal	757,922	765,942
Treasuries & Agencies	4,242,720	2,103,601
Corporate	389,087	379,271
Federal funds sold & other	2,797,443	743,302
Total Interest Income	26,468,388	17,917,050
Interest Expense:		
Deposits	4,493,800	783,609
Other	1,323,201	639,116
Total Interest Expense	5,817,000	1,422,725
Net interest income	20,651,387	16,494,325
Provision for loan losses	225,250	--
Net income after provision for loan losses	20,426,136	16,494,325
Noninterest income		
Service charges on deposit accounts	662,425	645,856
Gain (loss) on Sale of Assets	3,900	218,227
Bargain Purchase Gain - Elberton Federal	1,836,838	--
Securities gains (losses), net	2,237	749
Mortgage banking income	964,261	1,017,698
SBA loan related income	981,185	1,245,249
Commissions on investment sales	129,198	122,104
Other	1,510,637	1,616,323
Total noninterest income	6,090,682	4,866,206
Noninterest expense		
Salaries and employee benefits	11,436,803	9,496,173
Occupancy	1,354,236	1,181,164
Other operating	6,471,744	5,354,838
Total noninterest expense	19,262,783	16,032,175
Income before provision for income taxes	7,254,035	5,328,356
Provision for income taxes	1,327,858	1,204,672
Net Income	\$ 5,926,177	\$ 4,123,684
Period-Ending Outstanding Shares	1,046,262	896,824
Weighted Average Shares Outstanding	937,599	896,823
YTD Earnings Per Common Share	\$ 6.32	\$ 4.60