PRESS RELEASE

OXFORD BANK CORPORATION
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OXFORD BANK CORPORATION ANNOUNCES SIX MONTH AND SECOND QUARTER 2024 OPERATING RESULTS

Oxford, Michigan – Oxford Bank Corporation ("the Company") (OTC Bulletin Board: OXBC), the holding company for Oxford Bank ("the Bank"), today announced operating results for the second quarter ended June 30, 2024.

The Company's quarterly consolidated earnings for the three months ended June 30, 2024, were $2.26 million, or $.92 per weighted average share, compared to $3.12 million, or $1.29 per weighted average share for the same period one year ago. Year-to-date earnings for the first half of 2024 were $5.54 million or $2.25 per share compared to $6.55 million or $2.70 per share in 2023. President and CEO, David Lamb, commented "While we are still pleased with our 1.28% ROAA and overall net income results through two quarters, we have seen a decrease in earnings year-over-year and quarter-over-quarter. During the second quarter, the Bank experienced an outsized allowance for credit losses expense ("ACL") of roughly $500 thousand. Half of this expense was positive in nature due to solid loan growth. The other portion was mainly the result of an isolated charge-off in the leasing joint venture that is part of our Commercial Finance division. We believe that we could recover some of the charge-off but will take a significant amount of time. The quarter also saw increased interest expense as a result of funding costs. We expect that the outsized ACL expense will normalize in the third quarter and that interest expense associated with some short-term wholesale funding will temper some by yearend. This should result in more normalized earnings going forward assuming there are no further unexpected economic headwinds.

Total Assets of the Company were $821.23 million as of June 30, 2024, compared to $815.22 million at June 30, 2023. "The balance sheet has not grown considerably year-over-year. However, loan balances have increased significantly, which has been offset by a decrease in total cash and investments. This equates to mostly flat total assets. The core of our deposit portfolio has remained resilient as our primary funding source and the modest decrease in our overall deposit base since the same period in 2023 is due predominately to the cash cycle of a couple of our larger deposit relationships. Deposits are also down quarter-over-quarter. As we reported in April, deposits, cash and total assets were inflated due to large temporary depositor in-flows at the end of the first quarter 2024. These elevated balances have now normalized. The investment portfolio duration remains at roughly two years and will also provide consistent cash flow through 2024 given the ladder strategy executed when core deposits increased rapidly during the pandemic. We are able to utilize some of these cash flows as part of the overall funding pool given the bank's solid liquidity position. Given the composition of the investment portfolio being heavily weighted in relatively short US Treasury Bonds, the Company does not carry significant levels of unrealized losses which also provides flexibility," reported CEO David Lamb.

Net loans at second quarter-end 2024 were $588.59 million, compared to $484.78 million at the end of the second quarter 2023, an increase of $103.80 million or roughly 21%. The main drivers of the year-over-year change were the increase in traditional commercial loans of $53.0 million as well as the growth in Oxford Commercial Finance ("OCF") of $46.9 million and roughly $3.0 million in consumer / home equity loans and SBA loans. CEO Lamb noted, "Our lending activity remains strong but controlled to drive the targeted growth seen in both conventional business lending and our commercial finance loan portfolios. The industry-wide lending environment remains fluid given the impact of rates and other economic forces. We are very mindful of the importance of pricing given the structure of our balance sheet and the continued pressure on all banks' cost of funds and margin given the inflationary rate environment that we are in. I have a high level of confidence in our team to continue their past successes as we look for steady and profitable growth. However, we do not expect the level of loan growth that we have seen year-over-year to continue. We successfully utilized excess liquidity during an opportunistic lending environment where we scaled the OCF business and also originated very good yielding conventional business credits. We also believe that we have an opportunity to gain further profitability from the current loan portfolio where maturing loans are repricing at improved market rates."

Total deposits were $693.98 million as of June 30, 2024, a decrease from the $718.90 million at June 30, 2023. The Bank's loan and deposit activity in the quarter resulted in a Net Interest Margin ("NIM") of 5.06% for the first six-months of 2024 compared to 4.98% for the same period of 2023. Lamb continued, "We have been very happy with the stickiness of our deposits and the strength of our client relationships. This is the foundation of our low-cost funding mix. That said, fluctuation in some large depositor balances resulted in the Bank obtaining a limited amount of wholesale funding during the second quarter. We believe that the amount of this type of funding could decrease over the course of the remainder of 2024. However, we are also comfortable with a limited amount of wholesale funds given the yields earned in the commercial finance business making it an appropriate funding source for those short-tenor assets. This spread allows for a continued high margin. Even with some elevated interest expense through 2024, our NIM is very strong and is being driven by a still comparatively low cost of funds that has complimented our balance sheet and loan origination strategy. However, we also believe that further margin compression is likely to continue and will be impacted by Fed activity. Inevitably, like many of our peers, our cost of funds will continue to increase if all things remain constant, but given our very low starting point, we continue to believe it will remain better than the broader industry averages. This is partially the impetus behind the scaling of the OCF business that we began roughly 2-years ago."

The Bank saw a reduction in non-performing assets ("NPAs") year-over-year. The majority of the remaining NPAs are the same single loan relationship where the borrower experienced operating delays because of various licensing and approval timing and is now in the process of stabilization. The Bank remains very well collateralized, the borrower relationship is amicable, and change from an adversely classified loan is still possible in 2024 with a very low probability of loss. As we have previously reported, while we expect continued strong credit portfolio performance, the Bank has experienced some earnings and provision balance volatility due to the Allowance for Credit Loss model methodology that was implemented in 2023. This was a component of the year-over-year and second quarter increase in ACL expense (formerly provision for loan and lease losses or ALLL). Lamb commented, "Some of the ACL expense for the second quarter and year-over-year is directly attributable to the increase in new loan balances which are now front loaded with provision expense required by the Allowance for Credit Loss methodology. The methodology puts more pressure on first year loan profitability than in the past. The ACL was also impacted by the singular lease charge-off. Given that we expect loan growth to slow to a more normalized 3%-6% and that the lease item is a one-time event, the ACL provision expense will decrease going forward and allow us to see the positive impact of the larger loan portfolio on earnings. We expect that net income should normalize to some extent in the third quarter, as a result."

The Company's total shareholders' equity was $91.45 million as of June 30, 2024, representing book value per share of $37.24, compared to total shareholders' equity of $76.70 million, or $31.64 per share one year earlier. The increase in year-over-year equity is mainly a reflection of the positive accretion of retained earnings and the fact that 2024 has seen an improvement in the negative impact of unrealized loss on the Bank's bond portfolio value (Accumulated Other Comprehensive Income or "AOCI"). The subsidiary Bank's Tier 1 capital totaled $92.04 million as of June 30, 2024, or 13.58% of risk-weighted assets compared to $82.52 million, or 14.93% of risk-weighted assets as of June 30, 2023.

CEO David P. Lamb commented, "Overall, our results are solid compared to the industry. We have had a good first half of 2024 even with a continued high-interest rate environment and softer than expected Q2 results. The principles of our strategy remain unchanged, which is a disciplined focus on relationship banking with small and mid-size businesses while creating additional value for our stakeholders by implementing technology across our businesses. We believe this strategy will continue to deliver consistent and growing financial performance that results in enhanced shareholder value. This strategy is designed for both solid short-term and long-term success for the Company and value for our stockholders."

Oxford Bank is a subsidiary of Oxford Bank Corporation, a registered holding company. It is the oldest commercial bank in Oakland County and operates seven full-service offices in Clarkston, Davison, Dryden, Lake Orion, Oakland Township, Ortonville, and Oxford, Michigan. The Bank also has Customer Experience Centers in Ann Arbor, Macomb and Rochester Hills, Michigan, with transactional services provided by Interactive Teller Machines only. In addition, Oxford Bank has business banking/commercial finance centers in Phoenix, AZ., Wixom, downtown Oxford, and Flint, Michigan. The Bank has operated continuously under local ownership and management since it first opened for business in 1884. For more information about Oxford Bank and its complete line of financial services, please visit www.oxfordbank.bank.

Except for the historical information contained herein, the matters discussed in the Release may be deemed forward-looking statements that involve risk and uncertainties. Words or phrases "will likely result", "are expected to", "will continue", "is anticipated", "estimate", "project", or similar expressions are intended to identify "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Factors which could cause actual results to differ, include, but are not limited to, fluctuations in interest rates, changes in economic conditions of the Bank's market area, changes in policies by regulatory agencies, the acceptance of new products, the impact of competitive products and pricing and the other risks detailed from time to time in the Bank's and Corporation's reports. These forward-looking statements represent the Bank's judgment as of the date of this report. The Bank disclaims, however, any intent or obligation to update these forward-looking statements.

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