PRESS RELEASE

OXFORD BANK CORPORATION
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FOR IMMEDIATE RELEASE:

November 5, 2024

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OXFORD BANK CORPORATION ANNOUNCES THIRD QUARTER 2024 AND NINE-MONTH 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 third quarter ended September 30, 2024.

The Company's quarterly consolidated earnings for the three months ended September 30, 2024, were $2.75 million, or $1.12 per weighted average share, compared to $3.15 million, or $1.28 per weighted average share for the same period one year ago. Earnings increased $0.49 million over the second quarter 2024 net income of $2.26 million. Year-to-date earnings for the first three quarters of 2024 were $8.29 million or $3.37 per share compared to $9.70 million or $3.98 per share in 2023. President and CEO, David Lamb, commented "As we expected, our quarter-over-quarter earnings have improved with ROAA remaining steady given that our balance sheet size was slightly increased. Our decrease in earnings year-over-year was mainly caused by slightly tighter margins driven by higher market deposit costs. On a quarter-over-quarter basis we have seen the ACL provision normalize and wholesale funding balances decrease due to positive deposit activity. We remain pleased with our earnings metrics and believe that we can maintain a very strong margin even in the potentially falling rate environment. Even though we have an asset sensitive balance sheet, the diversity of our product mix, disciplined loan pricing, and sticky deposit base should allow for a very comparatively strong NIM and earnings metrics.

Total Assets of the Company were $870.50 million as of September 30, 2024, compared to $794.34 million on September 30, 2023. "The balance sheet has grown year-over-year as a result of deposit and loan growth. The core of our deposit portfolio has remained resilient as our primary funding source, and we have decreased the Bank's amount of wholesale funding even further with excellent deposit activity in Q3. The investment portfolio size is normalizing down slightly as we utilize some cash flows for lending activities while maintaining a duration of roughly two years until the yield curve normalizes. Given the composition of the investment portfolio being heavily weighted in relatively short US Treasury obligations, the Company does not carry significant levels of unrealized losses, which also provides flexibility. Liquidity remains very strong between cash and readily marketable investments. Robust loan growth in the first half of the year has slowed as disciplined pricing has been maintained with further emphasis on total relationships required." reported CEO David Lamb.

Net loans at third quarter-end 2024 were $590.04 million, compared to $521.67 million at the end of the third quarter 2023, an increase of $68.37 million or roughly 13%. The main drivers of the year-over-year change were the increase in traditional commercial loans of $49.0 million as well as the growth in Oxford Commercial Finance ("OCF") of $20.0 million and roughly flat balances 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 declining rate environment that we are in. Year-over-year production has been extremely good, but we expect that it will slow to a more standard 5-10% loan growth rate for the foreseeable future. We successfully utilized excess liquidity during an opportunistic lending environment where we scaled the OCF business and 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 $747.81 million as of September 30, 2024, an increase from the $692.11 million on September 30, 2023. The Bank's loan and deposit activity in the quarter resulted in a Net Interest Margin ("NIM") of 4.63% for the first nine-months of 2024 compared to 4.85% 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 and has allowed us to maintain margin in a tough environment where competition for deposits is very high. That said, positive fluctuation in some large depositor balances resulted in the Bank reducing the amount of wholesale funding during the third quarter. As we have previously discussed, we are 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. Our ability to reduce wholesale and execution of the same speaks to our commitment to control our funding dynamic and ideally fund the majority of growth organically via core deposits if not by acquisition. 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 pricing strategy. However, we also believe that further margin compression is likely to continue and will be impacted by Fed activity."

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 issues and approval timing and is now in the process of stabilization. The Bank remains well collateralized, the borrower relationship is amicable, with a very low probability of any significant 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) which improved / normalized in the third quarter. Lamb commented, "Outside of the one non-performing asset that is skewing our asset quality metrics, the loan book is performing very well. We expect the loan portfolio to continue to show only modest and isolated losses consistent with or better than industry averages. I attribute that outcome, besides the environmental "help", to our leaders of Risk and Business Banking who are excellent structurers upfront and work as a team to catch problems early. The Bank has comparatively low levels of investment real estate and office exposure and a good mix of industry and geography that mitigates concentration risk. We also actively utilize the SBA and other government guarantee programs to mitigate slight weaknesses in transactions to allow us to continue to provide capital to the businesses within the communities where we live and work."

The Company's total shareholders' equity was $96.68 million as of September 30, 2024, representing book value per share of $39.22, compared to total shareholders' equity of $79.43 million, or $32.35 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 investment portfolio value (Accumulated Other Comprehensive Income or "AOCI"). The subsidiary Bank's Tier 1 capital totaled $94.5 million as of September 30, 2024, or 13.8% of risk-weighted assets compared to $84.3 million, or 13.7% of risk-weighted assets as of September 30, 2023.

CEO David P. Lamb commented, “Overall, our results are solid compared to the industry. With three-quarters of the year done, we have had a reasonably good year to date fighting a continued high-interest rate environment and addressing areas we can be better. That being said, even though we have noted for the past 6 quarters or more that our margin isn’t sustainable, we don’t accept that decline in net income from comparative periods is “Ok” and are actively working to further enhance our ability to perform in all environments. The principles of our strategy haven’t changed; meaning we believe in 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. However, how we achieve that should be constantly evolving. Our mission is deliver value for life and we believe our strategy will continue to allow us to do that in the short-term and long-term success for our owners, team, customers and community.”

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.

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