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MEDIA ALERT

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Oak Ridge Financial Services, Inc. Announces First Quarter 2015 Net Income

Oak Ridge, NC: April 22, 2015 – Oak Ridge Financial Services, Inc. (“Oak Ridge”; the “Company”) (OTCQB: BKOR), the parent company of Bank of Oak Ridge (the “Bank”), announced unaudited financial results for the first quarter of 2015 today.

The Company’s net income for the first quarter of 2015 was \$714,000 compared to net income of \$408,000 for the first quarter of 2014, an increase of \$306,000. Net income available to common stockholders for the first quarter of 2015 was \$597,000 compared to net income of \$312,000 for the first quarter of 2014, an increase of \$285,000. Basic and diluted income per common share increased \$0.11 to \$0.27 for the first quarter of 2015 compared to diluted income per common share of \$0.16 in the first quarter of 2014.

Ron Black, President and CEO of the Company and the Bank, commented, “During the first quarter, the Company continued to focus on enhancing our basic core banking business. Both loans and deposits increased from December 31, 2014 to March 31, 2015. I am thankful for the support of our clients, shareholders, employees and Board of Directors while we improve the earnings of the Bank.”

Profitability as measured by the Company’s annualized return on average assets was 0.80% and 0.47% for the three months ended March 31, 2015 and 2014, respectively.

The Company produced net interest income of \$3.4 million during the first three months of 2015, which was slightly higher than the \$3.3 million generated for the same time period of 2014. The increase was primarily caused by higher interest income, which increased \$97,000 or approximately 2.6% to \$3.9 million for the first three months of 2015 as compared to the same time period of the prior year. Interest expense increased to \$523,000 for the three months ended March 31, 2015 compared to \$447,000 for the same period in 2014.

The allowance for loan losses was \$4.3 million as of March 31, 2015, which represented 1.53% of total loans outstanding. The allowance for loan losses was \$4.2 million, or 1.52% of total loans outstanding, as of December 31, 2014. Material improvements in asset quality over the last year lowered the Company’s nonperforming assets to total assets to 1.47% as of March 31, 2015 compared to 2.04% as of March 31, 2014. Nonperforming assets decreased to \$5.3 million as of March 31, 2015 from \$7.3 million as of March 31, 2014. This 40.9% decrease has been driven by significant efforts by the Bank to dispose of nonperforming assets. Nonperforming assets to total assets increased from 1.31% as of December 31, 2014 to 1.47% as of March 31, 2015.

Noninterest income increased \$563,000 or approximately 74.3% to \$1.3 million during the first three months of 2015 as compared to the same time period of 2014. The majority of the net increase was associated with a \$678,000 gain on sale of securities during the three months ended March 31, 2015, offset by a decline of \$74,000 in fee income from accounts receivable financing from the three months ended 2014 to the same period in 2015.

Noninterest expense increased \$528,000 or approximately 17.0% to \$3.6 million for the first three months of 2015 compared to \$3.1 million for the same time period of 2014. The overall increase is largely due to increases in employee benefits, stationary and supplies, net cost of foreclosed assets, telecommunications and other expenses. Employee benefits increased \$124,000 from 2014 to 2015 which was mostly due to a \$160,000 increase in the Employee Stock Ownership Plan accrual from 2014 to 2015, offset by decreases in other employee benefit expenses. Stationary and supplies increased \$35,000 to \$80,000 for the three months ended March 31, 2015 due to greater supply purchases in 2015 compared to 2014. Net cost of foreclosed assets increased \$274,000 to \$238,000 (there was a negative expense of \$36,000 in 2014), due to writedowns of several foreclosed assets during the three months ended March 31, 2015. Telecommunications expense increased \$90,000 to \$191,000 for the three months ended March 31, 2015 due to contingency fees paid to a fixed cost reduction company based on one-time and ongoing cost savings identified during the end of 2014 and during the three months ended March 31, 2015. Lastly, other expense increased \$105,000 to \$361,000 for the three months ended March 31, 2015 mostly due to a \$121,000 increase in appraisals on problem loans and assets. Smaller decreases and increases in other expense items contributed to the overall net increase in the expense category

Total assets as of March 31, 2015 were \$362.7 million, up approximately 1.4% or \$5.0 million from \$357.7 million as of December 31, 2014. The principal components of the Company’s assets as of the end of the time period were \$274.9 million in net loans, \$17.8 million in

cash and cash equivalents and \$52.4 million in available-for-sale and held-to-maturity securities. During the first three months of 2015, net loans were \$274.9 million, up approximately 1.3% or \$3.7 million from \$271.2 million as of December 31, 2014. Cash and cash equivalents increased approximately 23.4% or \$3.4 million from \$14.4 million as of December 31, 2014, and available-for-sale and held-to-maturity investment securities decreased approximately 0.80% or \$421,000 from \$52.9 million as of December 31, 2014.

Total liabilities as of March 31, 2015 were \$335.6 million, up approximately 1.4% or \$4.7 million from \$330.9 million as of December 31, 2014. Higher levels of deposits drove the increase as noninterest-bearing and interest-bearing deposits increased \$1.2 million (3.1%) and \$3.3 million (1.2%), respectively, from December 31, 2014 to March 31, 2015.

Total stockholders' equity as of March 31, 2015 was \$27.1 million as compared to total stockholders' equity as of December 31, 2014 of \$26.8 million. Increases from December 31, 2014 to March 31, 2015 in common stock of \$189,000 and net income of \$714,000, were offset by preferred dividends of \$117,000 and a \$432,000 decrease in accumulated other comprehensive income.

About Oak Ridge Financial Services, Inc.

Oak Ridge Financial Services, Inc. (OTCQB:BKOR) is the holding company for Bank of Oak Ridge. Bank of Oak Ridge (<http://www.BankofOakRidge.com>) is a community bank with locations in Greensboro, Summerfield and Oak Ridge, North Carolina. The bank was established in 2000 with the goal of delivering Banking As It Should Be®. With a focus on providing personal attention and convenience for every client, we offer a complete range of banking services for individuals and businesses including Saturday and extended weekday hours at all locations, ATM usage world-wide, mobile banking, remote deposits for consumers and businesses, and a full line of checking accounts; savings accounts; mortgage services; insurance services; lending options; and wealth management services. Bank of Oak Ridge is a Member FDIC and Equal Housing Lender. For more information, call 336-644-9944 or visit the office location closest to you.

Forward-looking Information

This form contains certain forward-looking statements with respect to the financial condition, results of operations and business of the Company. These forward-looking statements involve risks and uncertainties and are based on the beliefs and assumptions of management of the Company and on the information available to management at the time that these disclosures were prepared. These statements can be identified by the use of words like "expect," "anticipate," "estimate" and "believe," variations of these words and other similar expressions. Readers should not place undue reliance on forward-looking statements as a number of important factors could cause actual results to differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially include, but are not limited to, (1) competition in the Company's markets, (2) changes in the interest rate environment, (3) general national, regional or local economic conditions may be less favorable than expected, resulting in, among other things, a deterioration in credit quality and the possible impairment of collectibility of loans, (4) legislative or regulatory changes, including changes in accounting standards, (5) significant changes in the federal and state legal and regulatory environment and tax laws, (6) the impact of changes in monetary and fiscal policies, laws, rules and regulations and (7) other risks and factors identified in the Company's other filings with the Federal Deposit Insurance Corporation. The Company undertakes no obligation to update any forward-looking statements.

Oak Ridge Financial Services, Inc.
Consolidated Balance Sheets
March 31, 2015 (unaudited) and December 31, 2014 (audited)
(Dollars in thousands)

	<u>2015</u>	<u>2014</u>
Assets		
Cash and due from banks	\$ 6,075	\$ 7,279
Interest-bearing deposits with banks	<u>11,704</u>	<u>7,132</u>
Total cash and cash equivalents.....	17,779	14,411
Securities available-for-sale	50,126	50,389
Securities held-to-maturity (fair values of \$2,550 in 2015 and \$2,683 in 2014).....	2,315	2,472
Federal Home Loan Bank Stock, at cost	432	426
Loans held for sale	191	864
Loans, net of allowance for loan losses of \$4,276 in 2015 and \$4,191 in 2014.....	274,865	271,205
Property and equipment, net	7,806	7,889
Foreclosed assets.....	235	450
Accrued interest receivable	1,169	1,343
Bank owned life insurance	5,357	5,329
Other assets	<u>2,488</u>	<u>2,908</u>
Total assets	<u>\$ 362,673</u>	<u>\$ 357,686</u>
Liabilities and Stockholders' Equity		
Liabilities		
Deposits:		
Noninterest-bearing.....	\$ 40,784	\$ 39,556
Interest-bearing	<u>277,186</u>	<u>273,936</u>
Total deposits	317,970	313,492
Federal Home Loan Bank advances	2,500	2,500
Notes payable	2,375	2,500
Junior subordinated notes related to trust preferred securities.....	8,248	8,248
Accrued interest payable	120	97
Other liabilities	<u>4,404</u>	<u>4,055</u>
Total liabilities.....	<u>335,617</u>	<u>330,892</u>
Stockholders' equity		
Preferred stock, Series A, no par value, \$1,000 per share liquidation preference; 7,700 shares authorized; 5,200 issued and outstanding in 2015 and 2014, respectively	5,191	5,191
Common stock, no par value; 50,000,000 shares authorized; 2,181,705 and 2,164,840 issued and outstanding in 2015 and 2014, respectively	18,638	18,449
Retained earnings	2,426	1,830
Accumulated other comprehensive income.....	<u>891</u>	<u>1,324</u>
Total stockholders' equity	<u>27,146</u>	<u>26,794</u>
Total liabilities and stockholders' equity.....	<u>\$ 362,763</u>	<u>\$ 357,686</u>

Oak Ridge Financial Services, Inc.
Consolidated Statements of Income
For the three months ended March 31, 2015 and 2014 (unaudited)
(Dollars in thousands except per share data)

	2015	2014
Interest and dividend income		
Loans and fees on loans	\$ 3,435	\$ 3,242
Interest on deposits in banks	6	7
Federal Home Loan Bank stock dividends	4	4
Taxable investment securities	439	534
Total interest and dividend income	<u>3,884</u>	<u>3,787</u>
Interest expense		
Deposits	468	407
Borrowings	55	40
Total interest expense	<u>523</u>	<u>447</u>
Net interest income	3,361	3,340
Provision for loan losses	<u>25</u>	<u>460</u>
Net interest income after provision for loan losses	<u>3,336</u>	<u>2,880</u>
Noninterest income		
Service charges on deposit accounts	187	189
Gain on sale of securities	678	27
Gain on sale of property and equipment	-	14
Gain on sale of mortgage loans	42	47
Investment commissions	13	7
Insurance commissions	36	40
Fee income from accounts receivable financing	68	142
Debit card interchange income	203	196
Income earned on bank owned life insurance	29	30
Other service charges and fees	65	66
Total noninterest income	<u>1,321</u>	<u>758</u>
Noninterest expense		
Salaries	1,457	1,410
Employee benefits	373	249
Occupancy	205	229
Equipment	183	230
Data and item processing	297	302
Professional and advertising	162	204
Stationary and supplies	80	45
Net cost of foreclosed assets	238	(36)
Telecommunications	191	101
FDIC assessment	71	78
Accounts receivable financing	21	43
Other expense	361	256
Total noninterest expense	<u>3,639</u>	<u>3,111</u>
Income before income taxes	1,018	527
Income tax expense	<u>304</u>	<u>119</u>
Net income	<u>\$ 714</u>	<u>\$ 408</u>
Preferred stock dividends	(117)	(96)
Income available to common stockholders	<u>\$ 597</u>	<u>\$ 312</u>
Basic income per common share	<u>\$ 0.27</u>	<u>\$ 0.16</u>
Diluted income per common share	<u>\$ 0.27</u>	<u>\$ 0.16</u>
Basic weighted average shares outstanding	<u>2,176,646</u>	<u>1,913,996</u>
Diluted weighted average shares outstanding	<u>2,184,974</u>	<u>1,920,034</u>

Oak Ridge Financial Services, Inc.
Selected Quarterly Financial Ratios (unaudited)

Selected Financial Ratios	March 31, 2015	December 31, 2014	September 30, 2014	June 30, 2014	March 31, 2014
Return on average assets ¹	0.80%	0.61%	0.60%	0.65%	0.47%
Return on average common stockholders' equity ¹	10.96%	6.43%	6.97%	8.70%	6.57%
Net interest margin ¹	3.97%	3.98%	4.02%	4.06%	4.06%
Net interest income to average assets ¹	3.78%	3.77%	3.83%	3.84%	3.85%
Efficiency ratio	77.7%	76.0%	73.3%	73.3%	75.9%
Nonperforming assets to total assets	1.47%	1.31%	1.45%	1.60%	2.04%

¹Annualized