



**FOR IMMEDIATE RELEASE**

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**Oak Ridge Financial Services, Inc. Announces First Quarter 2019 Results and Quarterly Cash Dividend of \$0.05 Per Share**

**Oak Ridge, NC: April 23, 2019** – Oak Ridge Financial Services, Inc. (the “Company”) (OTCPink: BKOR), the parent company of Bank of Oak Ridge (the “Bank”), announced unaudited financial results for the three months ended March 31, 2019 and a quarterly cash dividend of \$0.05 per share.

**First Quarter 2019 Highlights**

- Basic earnings per share of \$0.39 for the three months ended March 31, 2019, up 2 cents, or 5%, from 2018; diluted earnings per share of \$0.39 for the three months ended March 31, 2019, up 3 cents, or 8%, from 2018
- Return on average common stockholders’ equity of 11.61% for the three months ended March 31, 2019, compared to 12.44% for the same period in 2018
- Period end book value per common share of \$13.80, up \$1.93, or 16.3%, from March 31, 2018
- Period end loans of \$377.9 million, up 6.5% (annualized) from December 31, 2018
- Period end deposits of \$397.4 million, up 16.0% (annualized) from December 31, 2018
- Period end nonperforming assets of \$2.6 million, down from \$2.7 million at December 31, 2018
- Paid the Company’s first quarterly cash dividend of \$0.05 per share on March 1, 2019

Tom Wayne, Chief Executive and Chief Financial Officer, reported, “Although we were pleased with the continued loan and deposit growth during the first quarter of 2019, our year over year results were somewhat impacted by the strong quarter we had in the prior year period, including gains on the sale of SBA loans of \$305,000 in 2018 and no comparable gains in 2019. We also completed the upgrade to Fiserv’s DNA core banking system in March of 2019, while this did not have a material impact on our noninterest expense, the time commitment necessary to achieving the successful system upgrade nevertheless impacted our focus on growth. With the system upgrade largely behind us, we intend to begin maximizing the new client relationship management and marketing capabilities of the system for the remainder of 2019. I want to express my sincere thanks to the team for the significant efforts they extended to make the system upgrade a success. Thank you as well to our Board of Directors and our clients for their continued support.”

The Company also announced that its Board of Directors has declared a quarterly cash dividend of \$0.05 per share of common stock. The dividend will be paid on or about June 3, 2019 to stockholders of record as of the close of business on May 17, 2019. “We are pleased to announce our second quarterly cash dividend to our stockholders,” said Tom Wayne. “We believe that paying stockholders a portion of our earnings reflects our continuing commitment to enhance stockholder value.”

The Bank’s capital ratios remain strong and exceed all regulatory requirements at March 31, 2019. As of March 31, 2019, the Company’s stockholders’ equity was 7.7% of total assets, up slightly from 7.6% as of December 31, 2018.

With respect to the consolidated statement of operations, net interest income was \$4.0 million for the first three months of 2019, up \$139,000, or 3.7%, from \$3.8 million during the same period in 2018. For the three months ended March 31, 2019, the net interest margin was 3.72% compared to 3.83% for the same period in 2018, a decrease of 11 basis points.

The Company recorded a negative provision for loan losses of \$40,000 for the three months ended March 31, 2019, compared with no provision for the same period in 2018. The allowance for loan losses as a percentage of total loans was 0.87% at March 31, 2019 compared to 0.90% at December 31, 2018. The reduction in the allowance for loan losses in 2019 was due to improvements in various quantitative and qualitative factors used in the determination of the allowance. Nonperforming assets represented 0.56% of total assets at March 31, 2019, compared to 0.63% at December 31, 2018.

Noninterest income totaled \$602,000 for the three months ended March 31, 2019, compared with \$956,000 for the same period in 2018, a decrease of \$354,000 or 37.0%. The biggest noninterest income category contributing to the decrease were gains on the sale of SBA loans, which decreased \$305,000 from 2018 to 2019.

Noninterest expense totaled \$3.4 million for the three months ended March 31, 2019, compared with \$3.6 million for the same period in 2018, a decrease of \$226,000 or 6.3%. The majority of the decrease was due to a decrease in salaries. Salaries decreased primarily due to lower quarterly incentive accruals in 2019, partially offset by annual merit increases effective January 1, 2019.

**About Oak Ridge Financial Services, Inc.**

Oak Ridge Financial Services, Inc. (OTCPink: BKOR) is the holding company for Bank of Oak Ridge. Bank of Oak Ridge is an employee-owned community bank that delivers personal attention and convenience for every client. Bank of Oak Ridge has been named Best Bank in the Triad six years in a row, a 2018 Top Workplace, one of the Triad's Healthiest Employers, and was the winner of the Better Business Bureau's Torch award for ethics in 2016. We offer a complete range of banking services for individuals and businesses. Bank of Oak Ridge is a member of the FDIC and an Equal Housing Lender.

**Banking Services** | ATM Usage Worldwide | Mobile Banking | Online Billpay | Remote Deposit | Checking | Savings | Mortgage | Insurance | Lending | Wealth Management

**Visit Us** | To learn more, visit us during our extended weekday and Saturday hours at one of our convenient locations in Greensboro, Summerfield and Oak Ridge, North Carolina, or call 336.644.9944, or online at [www.BankofOakRidge.com](http://www.BankofOakRidge.com).

**Forward-looking Information**

*This earnings release 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 collectability 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, and (6) the impact of changes in monetary and fiscal policies, laws, rules and regulations. The Company undertakes no obligation to update any forward-looking statements.*

**Oak Ridge Financial Services, Inc.**  
**Consolidated Balance Sheets**  
*March 31, 2019 (unaudited) and December 31, 2018 (audited)*  
*(Dollars in thousands)*

	<u>2019</u>	<u>2018</u>
<b>Assets</b>		
Cash and due from banks.....	\$ 7,637	\$ 7,167
Interest-bearing deposits with banks.....	12,972	11,293
Federal Funds sold.....	9,278	791
Total cash and cash equivalents.....	29,887	19,251
Securities available-for-sale.....	42,104	41,443
Securities held-to-maturity (fair values of \$992 in 2019 and \$1,030 in 2018).....	846	892
Federal Home Loan Bank Stock, at cost.....	1,042	1,023
Loans, net of allowance for loan losses of \$3,285 in 2019 and \$3,347 in 2018.....	374,573	368,562
Property and equipment, net.....	10,079	9,886
Accrued interest receivable.....	1,660	1,555
Bank owned life insurance.....	5,763	5,739
Right-of-use assets – operating leases.....	1,574	-
Other assets.....	4,317	4,990
Total assets.....	<u>\$ 471,845</u>	<u>\$ 453,341</u>
<b>Liabilities and Stockholders' Equity</b>		
<i>Liabilities</i>		
Deposits:		
Noninterest-bearing.....	\$ 57,824	\$ 58,672
Interest-bearing.....	339,600	323,646
Total deposits.....	397,424	382,318
Short-term borrowings.....	15,000	15,000
Long-term borrowings.....	1,283	1,304
Junior subordinated notes related to trust preferred securities.....	8,248	8,248
Subordinated debentures.....	5,588	5,581
Lease liabilities – operating leases.....	1,574	-
Accrued interest payable.....	342	263
Other liabilities.....	6,148	6,298
Total liabilities.....	<u>435,607</u>	<u>419,012</u>
<i>Stockholders' equity</i>		
Common stock, no par value; 50,000,000 shares authorized; 2,625,695 and 2,592,434 issued and outstanding in 2019 and 2018, respectively.....	24,479	24,353
Retained earnings.....	10,297	9,422
Accumulated other comprehensive income.....	1,462	554
Total stockholders' equity.....	<u>36,238</u>	<u>34,329</u>
Total liabilities and stockholders' equity.....	<u>\$ 471,845</u>	<u>\$ 453,341</u>

**Oak Ridge Financial Services, Inc.**  
**Consolidated Statements of Income**  
*Three months ended March 31, 2019 and 2018 (Unaudited)*  
*(Dollars in thousands except per share data)*

	<u>2019</u>	<u>2018</u>
<b>Interest and dividend income</b>		
Loans and fees on loans.....	\$ 4,871	\$ 4,202
Interest on deposits in banks.....	101	63
Federal Home Loan Bank stock dividends.....	17	15
Taxable investment securities.....	345	367
Total interest and dividend income.....	<u>5,334</u>	<u>4,647</u>
<b>Interest expense</b>		
Deposits.....	1,072	611
Short-term and long-term debt.....	312	225
Total interest expense.....	<u>1,384</u>	<u>836</u>
Net interest income.....	3,950	3,811
<b>Provision for (recovery of) loan losses.....</b>	<b>(40)</b>	<b>-</b>
Net interest income after provision for loan losses.....	3,990	3,811
<b>Noninterest income</b>		
Service charges on deposit accounts.....	145	164
Mortgage brokerage commissions.....	67	42
Investment commissions.....	-	14
Insurance commissions.....	87	74
Gain on sale of SBA loans.....	-	305
Fee income from accounts receivable financing.....	11	57
Debit card interchange income.....	206	203
Income earned on bank owned life insurance.....	24	24
Other service charges and fees.....	62	73
Total noninterest income.....	<u>602</u>	<u>956</u>
<b>Noninterest expense</b>		
Salaries.....	1,666	1,739
Employee benefits.....	285	269
Occupancy.....	218	235
Equipment.....	191	164
Data and item processing.....	455	399
Professional and advertising.....	79	213
Stationary and supplies.....	50	45
Impairment loss on securities.....	7	4
Telecommunications.....	94	128
FDIC assessment.....	50	56
Accounts receivable financing.....	3	18
Other expense.....	258	312
Total noninterest expense.....	<u>3,356</u>	<u>3,582</u>
Income before income taxes.....	1,236	1,185
<b>Income tax expense.....</b>	<b>228</b>	<b>228</b>
<b>Net income and income available to common stockholders.....</b>	<b>\$ 1,008</b>	<b>\$ 957</b>
<b>Basic income per common share.....</b>	<b>\$ 0.39</b>	<b>\$ 0.37</b>
<b>Diluted income per common share.....</b>	<b>\$ 0.39</b>	<b>\$ 0.36</b>
<b>Basic weighted average shares outstanding.....</b>	<b>2,607,121</b>	<b>2,613,437</b>
<b>Diluted weighted average shares outstanding.....</b>	<b>2,616,273</b>	<b>2,623,918</b>

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

Selected Financial Data	March 31, 2019	December 31, 2018	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017
Return on average common stockholders' equity <sup>1</sup>	11.61%	13.57%	11.70%	11.42%	12.44%	8.88%
Tangible book value per share	\$13.80	\$13.24	\$12.59	\$12.31	\$11.87	\$11.97
Return on average assets <sup>1</sup>	0.89%	1.01%	0.85%	0.85%	0.90%	0.65%
Net interest margin <sup>1</sup>	3.72%	3.71%	3.76%	3.90%	3.83%	3.75%
Net interest income to average assets <sup>1</sup>	3.52%	3.54%	3.53%	3.68%	3.57%	3.59%
Efficiency ratio	73.1%	73.5%	74.3%	75.0%	75.1%	73.2%
Nonperforming assets to total assets	0.56%	0.63%	0.63%	0.63%	0.65%	0.65%

<sup>1</sup>Annualized