

**For Immediate Release**

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**Oak Ridge Financial Services, Inc. Announces First Quarter 2024 Results, 20% Increase in Quarterly Cash Dividend, and Stock Repurchase Program**

OAK RIDGE, N.C., April 30, 2024 (GLOBE NEWSWIRE) -- Oak Ridge Financial Services, Inc. ("Oak Ridge"; or the "Company") (OTCPink: BKOR), the parent company of Bank of Oak Ridge (the "Bank"), announced unaudited financial results for the first three months of 2024, an increase of \$0.02, or 20%, in its quarterly cash dividend to \$0.12 per common share, and approval of a stock repurchase program.

**First Quarter 2024 Highlights**

- **Earnings per share** of \$0.50, compared to \$0.54 for the prior quarter and \$0.47 for the first quarter of 2023.
- **Return on equity** of 9.31%, compared to 10.44% for the prior quarter and 9.61% for the first quarter of 2023.
- **Dividends declared per common share** of \$0.12, up 20% from the prior quarter and the first quarter of 2023.
- **Tangible book value per common share** of \$21.56 as of period end, compared to \$21.35 at the end of the prior quarter, and \$19.95 at the end of the first quarter of 2023.
- **Net interest margin** of 3.79% for the current and prior quarter, and 3.88% for the first quarter of 2023.
- **Efficiency ratio** of 68.3%, compared to 65.2% for the prior quarter and 71.2% for the first quarter of 2023.
- **Loans receivable** of \$477.4 million at quarter end, up 9.2% (annualized) from \$466.8 million as of the prior quarter end, up 6.8% from \$446.8 million at the end of the first quarter of 2023.
- **Nonperforming assets to total assets** of 0.06% at quarter end, compared to 0.07% as of the prior quarter end and 0.04% at the end of the first quarter of 2023.
- **Securities available-for-sale and held-to maturity** of \$107.8 million at quarter end, down 9.9% (annualized) from \$110.6 million as of the prior quarter end, and up 20.9% from \$89.2 million at the end of the first quarter of 2023.
- **Total deposits** of \$496.9 million at quarter end, up 3.1% (annualized) from \$493.1 million as of the prior quarter end, up 2.2% from \$486.2 million at the end of the first quarter of 2023.
- **Total short and long-term borrowings, junior subordinated notes, and subordinated debentures** of \$64.1 million at quarter end, up 41.5% (annualized) from \$58.2 million as of the prior quarter end, and up 58.5% from \$40.5 million at the end of the first quarter of 2023.
- **Total stockholders' equity** of \$59.6 million at quarter end, up 8.3% (annualized) from \$58.3 million as of the prior quarter end, up 9.3% from \$54.5 million at the end of the first quarter of 2023.
- At March 31, 2024, the Bank's Community Bank Leverage Ratio (CBLR) was 11.4%, up slightly from 11.2% at December 31, 2023. A bank or savings institution electing to use the CBLR will generally be considered well-capitalized and to have met the risk-based and leverage capital requirements of the capital regulations if it has a leverage ratio greater than 9.0%.

Tom Wayne, Chief Executive Officer and Chief Financial Officer, reported, "I am extremely pleased with the Company's performance in the first quarter of 2024 and the 20% increase in our quarterly cash dividend to \$0.12 per share. Earnings in the first quarter of 2024 were down slightly from the fourth quarter of 2023 but increased from the first quarter of 2023. Asset quality remained strong at the end of the first quarter of 2024, and our net interest margin was also strong during the quarter and unchanged from the fourth quarter of 2023. We achieved near double-digit annualized loan growth in the first quarter with funding provided by a combination of deposits and borrowings. Capital and liquidity levels remain solid. Oak Ridge continues to focus on maintaining and developing full client relationships including long-term core deposit and lending solutions and other products and services that meet our customers' financial objectives. We are incredibly proud of our entire team and appreciate their efforts in serving our clients and managing the Bank in a safe and sound manner."

The \$0.02, or 20%, increase in the Company's quarterly cash dividend to \$0.12 per share of common stock will be paid on June 7, 2024, to stockholders of record as of the close of business on May 23, 2024. "We are proud of our record of regularly increasing our quarterly cash dividend to our stockholders," said Mr. Wayne. "Paying stockholders a portion of our earnings reflects our continuing commitment to enhance stockholder value."

The Company also announced that its Board of Directors has approved the development and implementation of a stock repurchase program for the repurchase from time to time of up to 50,000 shares of its common stock. The new program will allow the Company to repurchase shares in the open market, including pursuant to any trading plan that the Company may adopt in accordance with Rule 10b5-1 of the Securities Exchange Act of 1934. Repurchases will be made at management's discretion at prices management considers to be attractive, subject to the availability of stock, general market conditions, the applicable trading price, future alternative advantageous uses for capital, and the Company's financial performance. Open market purchases will be made in accordance with the limitations set forth in Rule 10b-18 of the Securities Exchange Act and other applicable legal requirements.

"This repurchase program provides us with another option within our overall capital management strategy, consistent with our commitment to maximize stockholder returns and proactively manage capital," said Chief Executive Officer and Chief Financial Officer Tom Wayne.

For the three months ended March 31, 2024, and 2023, net interest income was \$5.6 million and \$5.4 million, respectively. For the three months ended March 31, 2024, the annualized net interest margin was 3.79% compared to 3.88% in the first quarter of 2023, a decrease of nine basis points.

For the three months ended March 31, 2024, the Company recorded a provision for credit losses of \$264,000, compared to a provision for credit losses of \$201,000 in the first quarter of 2023. The allowance for credit losses as a percentage of total loans was 1.03% at March 31, 2024, compared to 1.05% at December 31, 2023. Nonperforming assets represented 0.06% of total assets at March 31, 2024, compared to 0.07% at December 31, 2023.

Noninterest income totaled \$793,000 for the three months ended March 31, 2024, compared to \$1.0 million in the first quarter of 2023. There were increases and decreases in components of noninterest income from the first quarter of 2024 to the comparable quarter of 2023, with the following categories significantly contributing to the overall net decrease: there were no gains or losses on sale(s) of investment securities in the first quarter of 2024 compared to gains on sale(s) of investment securities of \$77,000 in the first quarter of 2023; and there were no gains on sale(s) of SBA loans during the first quarter of 2024, compared to gains of \$232,000 in the first quarter of 2023. The Company retained all its first quarter 2024 originations of SBA loans for balance sheet management purposes, while selling the guaranteed portion for most loans originated in the first quarter of 2023. Income from Small Business Investment Company was \$78,000 for the first quarter of 2023, with no comparable income in the first quarter of 2024. Finally, other service charges and fees were \$98,000 in the first quarter of 2024 and \$165,000 in the first quarter of 2023.

Noninterest expense totaled \$4.4 million for the three months ended March 31, 2024, compared to \$4.6 million in the first quarter of 2023. There were increases and decreases in components of noninterest expense from 2023 to 2024, with the following categories significantly contributing to the overall net decrease: salaries were \$2.2 million for the three months ended March 31, 2024, compared to \$2.3 million in first quarter 2023. The decrease in salaries is due to lower incentive plan payments to employees in the first quarter of 2024 compared to the comparable 2023 quarter. Data and items processing expenses were \$520,000 for the three months ended March 31, 2024, compared to \$470,000 in the first quarter of 2023. The increase in data and items processing expenses was related to additional investments in both client facing and internal systems and related information security enhancements. Equipment expenses were \$163,000 for the three months ended March 31, 2024, compared to \$211,000 in the first quarter of 2023; professional and advertising expenses were \$314,000 for the three months ended March 31, 2024, compared to \$357,000 in the first quarter of 2023; and telecommunications expenses were \$80,000 for the three months ended March 31, 2024, compared to \$126,000 in the first quarter of 2023.

## **About Oak Ridge Financial Services, Inc., and Bank of Oak Ridge**

At Bank of Oak Ridge, we pride ourselves on knowing your name when you walk through our door. Whether in-person or through our digital offerings, managing your financial well-being is easy, safe, and convenient. We are the longest-running employee-owned community bank in the Triad and have served community members, local businesses, and non-profit organizations since 2000. Learn more about what makes Bank of Oak Ridge the Triad's community bank by visiting one of our convenient locations in Greensboro, High Point, Summerfield, and Oak Ridge.

Oak Ridge Financial Services, Inc. (OTC Pink: BKOR) is the holding company for Bank of Oak Ridge. Bank of Oak Ridge is a member of the FDIC and an Equal Housing Lender.

**Awards & Recognitions** | Best Bank in the Triad | Triad's Top Workplace Finalist | 2016 Better Business Bureau Torch Award for Business Ethics | Triad's Healthiest Employer Winner

**Banking for Business & Personal** | Mobile & Online Banking | Worldwide ATM | Debit, Credit + Rewards | Checking, Savings & Money Market | Loans + SBA | Mortgage | Insurance | Wealth Management

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**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 the 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 the words "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**  
*(Dollars in thousands, except share data)*

	March 31, 2024	December 31, 2023	March 31, 2023
	(unaudited)	(audited)	(unaudited)
<b>ASSETS</b>			
Cash and due from banks	\$ 6,688	\$ 7,792	\$ 10,218
Interest-bearing deposits with banks	16,862	12,633	22,710
Total cash and cash equivalents	23,550	20,425	32,928
Securities available-for-sale	89,132	91,849	78,029
Securities held-to-maturity, net of allowance for credit losses	18,690	18,706	11,154
Restricted stock, at cost	2,692	2,404	2,308
Loans receivable	477,448	466,796	446,848
Allowance for credit losses	(4,941)	(4,920)	(4,779)
Net loans receivable	472,507	461,876	442,069
Property and equipment, net	8,596	8,366	9,032
Accrued interest receivable	2,841	2,580	2,278
Bank owned life insurance	6,200	6,178	6,115
Right-of-use assets – operating leases	2,393	2,466	2,672
Other assets	5,010	4,544	4,278
<b>Total assets</b>	<b>\$ 631,611</b>	<b>\$ 619,394</b>	<b>\$ 590,863</b>
<b>LIABILITIES</b>			
Noninterest-bearing deposits	\$ 99,666	\$ 99,702	\$ 114,420
Interest-bearing deposits	397,220	393,442	371,764
<b>Total deposits</b>	<b>496,886</b>	<b>493,144</b>	<b>486,184</b>
Short-term borrowings	34,000	40,000	22,000
Long-term borrowings	12,000	-	352
Junior subordinated notes – trust preferred securities	8,248	8,248	8,248
Subordinated debentures, net of discount	9,953	9,943	9,913
Lease liabilities – operating leases	2,393	2,466	2,672
Accrued interest payable	1,729	1,154	517
Other liabilities	6,848	6,092	6,480
<b>Total liabilities</b>	<b>572,057</b>	<b>561,047</b>	<b>536,366</b>
<b>STOCKHOLDERS' EQUITY</b>			
Common stock	26,854	26,736	26,339
Retained earnings	34,458	33,364	29,725
Net unrealized loss on debt securities, net of tax	(1,942)	(1,580)	(1,567)
Net unrealized loss on hedging derivative instruments, net of tax	184	(173)	-
Total accumulated other comprehensive loss	(1,758)	(1,753)	(1,567)
<b>Total stockholders' equity</b>	<b>59,554</b>	<b>58,347</b>	<b>54,497</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 631,611</b>	<b>\$ 619,394</b>	<b>\$ 590,863</b>
<b>Common shares outstanding</b>	<b>2,761,870</b>	<b>2,732,720</b>	<b>2,732,020</b>
<b>Common shares authorized</b>	<b>50,000,000</b>	<b>50,000,000</b>	<b>50,000,000</b>

**OAK RIDGE FINANCIAL SERVICES, INC.**  
**CONSOLIDATED STATEMENTS OF INCOME**  
*(Dollars in thousands, except share data)*

	Three Months Ended		
	March 31, 2024	December 31, 2023	March 31, 2023
<b>Interest and dividend income:</b>			
Loans and fees on loans	\$ 7,230	\$ 6,999	\$ 5,916
Interest on deposits in banks	151	240	241
Restricted stock dividends	45	45	57
Interest on investment securities	1,445	1,493	839
<b>Total interest and dividend income</b>	<b>8,871</b>	<b>8,777</b>	<b>7,053</b>
<b>Interest expense</b>			
Deposits	2,351	2,168	1,023
Short-term and long-term debt	899	925	670
<b>Total interest expense</b>	<b>3,250</b>	<b>3,093</b>	<b>1,693</b>
<b>Net interest income</b>	<b>5,621</b>	<b>5,684</b>	<b>5,360</b>
<b>Provision for (recovery of) credit losses</b>	<b>264</b>	<b>432</b>	<b>201</b>
<b>Net interest income after provision for credit losses</b>	<b>5,357</b>	<b>5,252</b>	<b>5,159</b>
<b>Noninterest income:</b>			
Service charges on deposit accounts	172	169	147
Gain (loss) on sale of securities	-	-	77
Brokerage commissions on mortgage loans	-	-	22
Insurance commissions	135	121	97
Gain on sale of Small Business Administration loans	-	-	232
Debit and credit card interchange income	288	301	292
Income from Small Business Investment Company	78	209	-
Income earned on bank owned life insurance	22	23	19
Other Service Charges and Fees	98	95	165
<b>Total noninterest income</b>	<b>793</b>	<b>918</b>	<b>1,051</b>
<b>Noninterest expenses:</b>			
Salaries	2,166	2,112	2,312
Employee Benefits	312	270	309
Occupancy	296	274	308
Equipment	163	214	211
Data & Item Processing	520	494	470
Professional & Advertising	314	295	357
Stationary & Supplies	32	36	35
Telecommunications	80	48	126
FDIC Assessment	114	110	74
Other expense	383	449	362
<b>Total noninterest expenses</b>	<b>4,380</b>	<b>4,302</b>	<b>4,564</b>
Income before income taxes	1,770	1,868	1,646
<b>Income tax expense</b>	<b>403</b>	<b>392</b>	<b>365</b>
Net income and income available to common shareholders	\$ 1,367	\$ 1,476	\$ 1,281
<b>Basic income per common share</b>	<b>\$ 0.50</b>	<b>\$ 0.54</b>	<b>\$ 0.47</b>
<b>Diluted income per common share</b>	<b>\$ 0.50</b>	<b>\$ 0.54</b>	<b>\$ 0.47</b>
<b>Basic weighted average shares outstanding</b>	<b>2,743,611</b>	<b>2,732,720</b>	<b>2,713,959</b>
<b>Diluted weighted average shares outstanding</b>	<b>2,743,611</b>	<b>2,732,720</b>	<b>2,713,959</b>

**OAK RIDGE FINANCIAL SERVICES, INC.**

**Selected Financial Data**

	<b>As Of Or For The Three Months Ended,</b>				
	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>September 30, 2023</b>	<b>June 30, 2023</b>	<b>March 31, 2023</b>
Return on average common stockholders' equity <sup>1</sup>	9.31%	10.44%	10.63%	10.83%	9.61%
Tangible book value per share	\$ 21.56	\$ 21.35	\$ 20.26	\$ 20.14	\$ 19.95
Return on average assets <sup>1</sup>	0.88%	0.95%	0.98%	1.02%	0.88%
Net interest margin <sup>1</sup>	3.79%	3.79%	3.83%	3.86%	3.88%
Efficiency ratio	68.3%	65.2%	68.7%	70.1%	71.2%
Nonperforming assets to total assets	0.06%	0.07%	0.08%	0.10%	0.04%
Allowance for credit losses to total loans	1.03%	1.05%	1.06%	1.06%	1.07%

<sup>1</sup>Annualized