



For Immediate Release

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Oak Ridge Financial Services, Inc. Announces First Quarter 2025 Results and 17% Increase in Quarterly Cash Dividend

OAK RIDGE, N.C., May 8, 2025 (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 2025 and an increase of \$0.02, or 17%, in its quarterly cash dividend to \$0.14 per common share.

First Quarter 2025 Highlights

- **Earnings per share** were \$0.57, up from \$0.56 in the fourth quarter of 2024 and \$0.50 in the first quarter of 2024.
- **Return on equity** of 10.04%, compared to 9.63% for the prior quarter and 9.31% for the first quarter of 2024.
- **Net Income** was \$1.6 million, up from \$1.5 million in the fourth quarter of 2024 and \$1.4 million in the first quarter of 2024.
- **Tangible book value per common share** of \$23.50 as of period end, compared to \$23.02 at the end of the prior quarter, and \$21.80 at the end of the first quarter of 2024.
- **Dividends declared per common share** of \$0.14, up 17% from \$0.12 for the prior quarter and the first quarter of 2024.
- **Net interest margin** was 3.97%, increasing from 3.92% in the fourth quarter of 2024 and from 3.79% in the first quarter of 2024, representing a sequential increase of 5 basis points and a year-over-year increase of 18 basis points.
- **Efficiency ratio** of 66.8%, compared to 64.6% for the prior quarter and 68.3% for the first quarter of 2024.
- **Loans receivable** of \$528.5 million at quarter end, up 11.7% (annualized) from \$514.3 million as of the prior quarter end, up 10.7% from \$477.4 million at the end of the first quarter of 2024.
- **Nonperforming assets to total assets** of 0.67% at quarter end, compared to 0.44% as of the prior quarter end and 0.07% at the end of the first quarter of 2024.
- **Nonperforming assets** were \$4.6 million at quarter end, compared to \$3.5 million as of the prior quarter-end and \$461,000 as of the prior year quarter end. \$4.0 million of the \$4.1 million increase in nonperforming assets from the prior year quarter-end to the current quarter end is due to the guaranteed and nonguaranteed balances of eight Small Business Administration ("SBA") 7(a) loans that moved to nonaccrual status during the third and fourth quarters of 2024, and the first quarter of 2025. The balances as of March 31, 2025, of SBA nonperforming loans **guaranteed** and **unguaranteed** by the SBA were \$3.1 million and \$858,000, respectively.
- **Securities available-for-sale and held-to maturity** of \$98.9 million at quarter end, representing an annualized decrease of 21.1% from \$104.4 million at the prior quarter end, and a decrease of 8.3% from \$107.8 million at the end of the first quarter of 2024.
- **Total deposits** of \$542.5 million at quarter end, representing annualized growth of 8.6% from \$531.3 million at the prior quarter end, and an increase of 9.2% from \$496.9 million at the end of the first quarter of 2024.
- **Total short and long-term borrowings, junior subordinated notes, and subordinated debentures** of \$59.7 million at quarter end, representing an annualized increase of 10.5% from \$58.2 million at the prior quarter end, and a decrease of 7.0% from \$64.2 million at the end of the first quarter of 2024.
- **Total stockholders' equity** of \$64.3 million at quarter end, up 8.6% (annualized) from \$63.0 million as of the prior quarter end, up 8.0% from \$59.6 million at the end of the first quarter of 2024.
- On March 31, 2025, the Bank's Community Bank Leverage Ratio (CBLR) was 11.1%, up slightly from 11.0% on December 31, 2024. 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%.

We are pleased to report a strong start to 2025, marked by solid financial performance and a significant 17% increase in our quarterly cash dividend to \$0.14 per share. Our first quarter earnings demonstrated positive momentum, showing improvement both sequentially from the fourth quarter of 2024 and year-over-year. We continued to experience healthy loan growth, achieving a double-digit annualized rate, supported by a robust deposit base and strategic use of borrowings. While we noted a manageable increase in nonperforming assets predominantly related to specific SBA loans, our overall asset quality remains sound, and our net interest margin strengthened during the quarter. Our capital and liquidity positions remain robust, providing a strong foundation for continued growth and the ability to deliver enhanced value to our shareholders. At Oak Ridge, our commitment to building strong client relationships through tailored financial solutions remains paramount, and we appreciate the dedication of our team in consistently serving our customers and managing the Bank effectively.

The \$0.02, or 17% increase in the Company's quarterly cash dividend to \$0.14 per share of common stock will be paid on June 9, 2025, to stockholders of record as of the close of business on May 23, 2025. "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."

For the three months ending March 31, 2025 and 2024, net interest income was \$6.3 million and \$5.6 million, respectively. For the three months ending March 31, 2025, the net interest margin increased 18 basis points to 3.97%, compared to 3.79% for the three months ending March 31, 2024.

For the three months ending March 31, 2025, the Company recorded a provision for credit losses of \$304,000, compared to a provision for credit losses of \$264,000 in the same period in 2024. The allowance for credit losses as a percentage of total loans was 1.05% and 1.03% on March 31, 2025 and 2024, respectively. As highlighted earlier, nonperforming assets increased during the quarter and represented 0.67% of total assets on March 31, 2025, compared to 0.07% on March 31, 2024. The recorded balances of nonperforming loans were \$4.6 million on March 31, 2025, compared to \$461,000 on March 31, 2024. The \$4.1 million increase in nonperforming loans from March 31, 2024 to March 31, 2025, was primarily attributable to eight SBA 7(a) loans totaling \$4.0 million moving to nonaccrual status during the third and fourth quarters of 2024, and the first quarter of 2025, of which \$3.1 million is guaranteed by the SBA. The SBA loans are also secured by real estate and personal guarantees.

Noninterest income experienced a decrease from \$918,000 for the three months ended March 31, 2024, to \$784,000 for the comparable period in 2025. This net decrease of \$134,000 was driven by offsetting trends within its components. A significant increase was observed in service charges on deposit accounts, which rose from \$628,000 in the first quarter of 2024 to \$836,000 in the first quarter of 2025, primarily due to the implementation of a new deposit account fee in 2024. Conversely, income from Small Business Investment Company (SBIC) investments decreased. The Company recorded \$209,000 in income from these investments during the three months ended March 31, 2024, but recognized no comparable income in the same period of 2025 due to no income distributions received.

Noninterest expense increased from \$4.3 million for the three months ended March 31, 2024, to \$4.7 million for the three months ended March 31, 2025, representing a net increase of \$400,000. Several categories contributed significantly to this rise. Salaries increased by \$188,000 to \$2.4 million in the first quarter of 2025, up from \$2.2 million in the first quarter of 2024, primarily due to higher salaries and incentive payments. Employee benefits also saw an increase of \$100,000, rising to \$370,000 in the first quarter of 2025 from \$270,000 in the corresponding 2024 period, mainly due to increased expenses related to the Bank's employee stock ownership plan and overall employee benefits. Occupancy expenses rose by \$47,000 to \$321,000 in the three months ended March 31, 2025, compared to \$274,000 in 2024, largely due to higher property maintenance costs. Partially offsetting these increases was a decrease in equipment expense of \$80,000, falling to \$134,000 in the first quarter of 2025 from \$214,000 in the same period of 2024, primarily due to lower equipment depreciation expense. Data and items processing expense also increased by \$108,000 to \$602,000 in the three months ended March 31, 2025, up from \$494,000 in 2024, mainly due to higher software licensing fees paid to the Bank's core processing vendor.

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

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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, 2025	December 31, 2024	March 31, 2024
	(unaudited)	(audited)	(unaudited)
ASSETS			
Cash and due from banks	\$ 10,641	\$ 8,075	\$ 6,688
Interest-bearing deposits with banks	14,614	13,102	16,862
Total cash and cash equivalents	25,255	21,177	23,550
Securities available-for-sale	80,291	85,714	89,132
Securities held-to-maturity, net of allowance for credit losses	18,653	18,662	18,690
Restricted stock, at cost	3,616	3,439	2,692
Loans receivable	528,521	514,292	477,448
Allowance for credit losses	(5,558)	(5,388)	(4,941)
Net loans receivable	522,963	508,904	472,507
Property and equipment, net	8,740	8,664	8,596
Accrued interest receivable	3,478	3,135	2,841
Bank owned life insurance	6,290	6,268	6,200
Right-of-use assets – operating leases	2,165	2,166	2,393
Other assets	5,218	5,553	5,010
Total assets	\$ 676,669	\$ 663,682	\$ 631,611
LIABILITIES			
Noninterest-bearing deposits	\$ 124,274	\$ 119,851	\$ 99,666
Interest-bearing deposits	418,245	411,464	397,220
Total deposits	542,519	531,315	496,886
Short-term borrowings	41,500	18,000	34,000
Long-term borrowings	-	22,000	12,000
Junior subordinated notes – trust preferred	8,248	8,248	8,248
Subordinated debentures, net of discount	9,993	9,983	9,953
Lease liabilities – operating leases	2,165	2,166	2,393
Accrued interest payable	956	709	1,729
Other liabilities	6,970	6,546	6,848
Total liabilities	612,351	600,692	572,057
STOCKHOLDERS' EQUITY			
Common stock	26,881	26,733	26,854
Retained earnings	38,562	37,771	34,458
Net unrealized loss on debt securities, net of tax	(1,118)	(1,771)	(1,942)
Net unrealized loss on hedging derivative instruments, net of tax	(7)	257	184
Total accumulated other comprehensive loss	(1,125)	(1,514)	(1,758)
Total stockholders' equity	64,318	62,990	59,554
Total liabilities and stockholders' equity	\$ 676,669	\$ 663,682	\$ 631,611
Common shares outstanding	2,747,920	2,736,770	2,761,870
Common shares authorized	50,000,000	50,000,000	50,000,000

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

	Three Months Ended		
	March 31, 2025	December 31, 2024	March 31, 2024
Interest and dividend income:			
Loans and fees on loans	\$ 8,276	\$ 8,212	\$ 7,230
Interest on deposits in banks	166	217	151
Restricted stock dividends	49	64	45
Interest on investment securities	1,282	1,279	1,445
Total interest and dividend income	9,773	9,772	8,871
Interest expense			
Deposits	2,714	2,700	2,351
Short-term and long-term debt	767	786	899
Total interest expense	3,481	3,486	3,250
Net interest income	6,292	6,286	5,621
Provision for credit losses	304	514	264
Net interest income after provision for credit losses	5,988	5,772	5,357
Noninterest income:			
Service charges on deposit accounts	227	234	172
Gain (loss) on sale of securities	-	19	-
Insurance commissions	150	125	135
Gain on sale of Small Business Administration loans	-	-	-
Debit and credit card interchange income	272	285	288
Income from Small Business Investment Company	-	-	78
Income earned on bank owned life insurance	22	23	22
Other Service Charges and Fees	88	98	98
Total noninterest income	759	784	793
Noninterest expenses:			
Salaries	2,354	2,198	2,166
Employee Benefits	335	370	312
Occupancy	300	321	296
Equipment	164	134	163
Data and Item Processing	615	602	520
Professional & Advertising	219	298	314
Stationary and Supplies	31	21	32
Telecommunications	80	65	80
FDIC Assessment	120	118	114
Other expense	491	441	383
Total noninterest expenses	4,709	4,568	4,380
Income before income taxes	2,038	1,988	1,770
Income tax expense	469	461	403
Net income and income available to common shareholders	\$ 1,569	\$ 1,527	\$ 1,367
Basic income per common share	\$ 0.57	\$ 0.56	\$ 0.50
Diluted income per common share	\$ 0.57	\$ 0.56	\$ 0.50
Basic weighted average shares outstanding	2,761,870	2,744,609	2,743,611
Diluted weighted average shares outstanding	2,761,870	2,744,609	2,743,611

OAK RIDGE FINANCIAL SERVICES, INC.
Selected Financial Data

	As Of Or For The Three Months Ended,				
	March 31, 2025	December 31, 2024	September 30, 2024	June 30, 2024	March 31, 2024
Return on average common stockholders' equity ¹	10.04%	9.63%	9.56%	8.57%	9.31%
Tangible book value per share	\$ 23.41	\$ 23.02	\$ 22.78	\$ 21.95	\$ 21.56
Return on average assets ¹	0.95%	0.91%	0.91%	0.80%	0.88%
Net interest margin ¹	3.97%	3.92%	3.81%	3.81%	3.79%
Efficiency ratio	66.8%	64.6%	67.9%	70.0%	68.3%
Nonperforming assets to total assets	0.67%	0.53%	0.45%	0.08%	0.06%
Allowance for credit losses to total loans	1.05%	1.05%	1.06%	1.06%	1.03%

¹Annualized